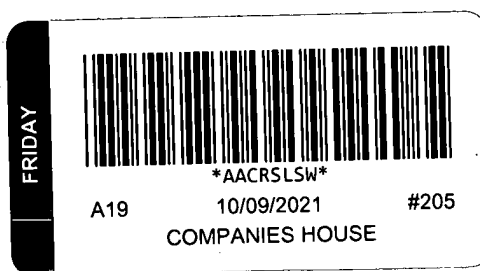


Company Registration No. 07085757 (England and Wales)

**INFOBIP LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**



## INFOBIP LIMITED

### COMPANY INFORMATION

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<b>Directors</b>	I Jelenic	
	R Kusic	
	S Kusic	
	A Kusurin	(Appointed 7 August 2020)
	M Baburic	(Appointed 21 August 2020)
	P C Schorr IV	(Appointed 7 August 2020)
<b>Company number</b>	07085757	
<b>Registered office</b>	5th Floor 86 Jermyn Street London SW1Y 6AW	
<b>Auditor</b>	BDO LLP 55 Baker Street London WU1 7EU	

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## **INFOBIP LIMITED**

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## INFOBIP LIMITED

### STRATEGIC REPORT

#### FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present the strategic report for the year ended 31 December 2020.

#### 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
Sector and market focus	Employees, suppliers and customers	<ul style="list-style-type: none"><li>• Extending Software as a Services products</li><li>• Monitoring of customer experiences</li></ul>
Products and services	Employees, suppliers and customers	<ul style="list-style-type: none"><li>• Extension of services from A2P to an omni-channel Contact Centre</li></ul>
Acquisition of OpenMarket	Employees, suppliers and customers	<ul style="list-style-type: none"><li>• Aim of bringing together related trading businesses and teams</li></ul>
Covid-19	Employees and customers	<ul style="list-style-type: none"><li>• Extensive engagement with our people to ensure their safety and wellbeing</li><li>• Maintaining full service and operations in all geographies</li></ul>
Environment and community	All	<ul style="list-style-type: none"><li>• Donation of equipment to schools and other educational institutions</li><li>• Sponsorship of activities focused on the wellbeing of the wider community</li></ul>
OEP investment	All	<ul style="list-style-type: none"><li>• First outside capital raised by Infobip, achieving a unicorn valuation</li></ul>

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

Understanding what is important to Infobip's customers is a key to the business's long-term success. The Directors received regular reporting about customers and about strategic initiatives. Furthermore the Directors closely monitored customers' experience along with a dedicated leadership team in order to understand customers' expectations. In 2020 Infobip sought to strengthen its position in the SaaS market (Software as a Service - a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted). Namely, Infobip launched and expanded three new products which, whilst not yet significant, are expected to be key areas of future growth:

## INFOBIP LIMITED

### STRATEGIC REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2020

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1) Answers (*Infobip's chatbot building platform that enables to build, test and deploy artificial intelligence and keyword-based chatbot*);

2) Conversations (*Infobip contact center solution that enables engaging in conversations over multiple channels such as: SMS, Voice, Video, WhatsApp, Viber, Facebook Messenger, RCS etc*);

3) Moments (*omnichannel customer engagement hub that unifies everything a customer facing team needs to build personal, consistent, and timely communication. Moments cover everything from communication and automation, to unified customer profiles and analytics*).

Since the start of the global pandemic Infobip has been working hard to deliver solutions to help entities dealing with the new situation when timely and transparent communication is a must. Therefore Infobip took part in strategic initiative due to COVID-19 and delivered Communication support solutions worldwide helping in providing accurate information.

Furthermore, during the year Infobip has expanded direct connection with telecom operators and set foundations to achieve the levels of further exponential growth.

Infobip has a continuous practice of donating IT equipment (hardware) to schools and other educational institutions. Infobip regularly donates and sponsors various programs focusing on activities which contribute to the wellbeing of the wider community with emphasis on the fields of science, 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 various benefits to employees.

The Directors provide employees regularly and timely with the information on all matters of concern to them, such as company-wide quarterly overviews of company's objectives and key results or significant company announcements and news, throughout the year, achieving a common awareness in all offices worldwide.

This type of internal communication is provided through e-mail communication, company's intranet, internal newsletters etc.

Consultation of employees (in order to obtain their opinion on important decisions) takes place through: Infobip Product Ideas Portal (internal forum for sharing ideas regarding products and more), internal events and forum, slack groups etc.

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.

It is important to emphasize that Infobip conducts its business in environmentally and socially responsible manner, ensuring that success and development does 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.

## INFOBIP LIMITED

### STRATEGIC REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2020

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##### **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 €106m (18%) compared with 2019. Gross profit also increased by €38m (37%). Adjusted EBITDA decreased by €1m (10%) and the group reported a statutory loss of €38m, compared with statutory loss of €11m in 2019, due to continued investment in technology and people.

Investing in future growth, the group's average headcount increased by 578 (33%) to a full year average of 2,317. This increased in headcount has expanded sales, back office functions and the group's development teams. The group does not elect to capitalise internal development and expanded investment in research and development, which has increased €6.0m (38%) over 2019, has directly impacted the result for the year.

2020 continued to be year of expansion for Infobip, across both revenues and market share, with new software as a service solutions on market, growing at steady pace and reaching almost 700 active customers at the year end. For 2020 these revenues are still not on the significant level.

Infobip continued investing in expanding partnerships with key messaging chat application companies, extending its reach by adding additional both regional and global chat applications in its portfolio. Investments in this segment, further fuel growth across Infobip's key markets, as businesses are looking to meet consumers in the places where consumers spend their time.

Newest partnerships include Line, Zalo, KakaoTalk, Telegram, Google Business Messages and Apple Business Chat.

Across the Rich Communication Services (RCS) ecosystem, Infobip partnered with Google, to support launch of RCS Business Messaging (RBM) across all operators in Brazil, increasing its reach across RCS tier 1 markets in Latin America. With commercial application across many of the global markets and customers with great outcomes, we expect to see significant growth and demand in services across the full ecosystem.

On-going partner network expansion has seen 35 new partners being added, across the globe, to further accelerate market adoption of Infobip's CPaaS and software and a service portfolio.

Employing over 2,500 staff, the company 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 stand out from the alternative options.

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

In July 2020 Infobip raised EUR 300 million from private equity One Equity Partners in a deal which values the Infobip Group at over USD\$1 billion (thus became the first unicorn in the history of Croatia) and was its first external round of funding. Investment is expected to help Infobip further expand in the United States through potential acquisitions.

2020 marked significant operational growth across key strategic Markets, such as APAC, LATAM, Europe and Middle East.

## **INFOBIP LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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In November 2020 Infobip signed an agreement with American communications company Amdocs to acquire OpenMarket for a purchase consideration USD\$ 298 million paid in cash. On December 31<sup>st</sup> the transaction was formally closed. OpenMarket is a leading provider of mobile engagement solutions helping enterprises conduct SMS, MMS, over-the-top (OTT) and RCS-based Application-to-Person (A2P) customer communication at scale. OpenMarket has long been a leading player and a pioneer in the United States market. It also boasts a premium brand reputation with carriers and customers alike, and is known for the quality of its service and support to its marquee customer base. The company is headquartered in Seattle, Washington, USA, with offices in Detroit, London, Sydney, Pune, and Guadalajara.

This milestone of Infobip came months after closing the institutional investment from One Equity, proceeds of which were used to finance the transaction. With the acquisitions of OpenMarket Infobip is expanding its presence, particularly into North America.

#### **Principal risks and uncertainties**

The primary risks to which the group is exposed are credit risk, currency 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 several policies to mitigate the risk of client default and non-payment, together with regular monitoring and reporting on aged trade receivables. 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. The credit risk on cash balances is considered limited because the counterparties are banks with high credit ratings.

After acquisition of Open Market in 2020, Infobip is currently implementing existing risk policies and procedures in order to have unified credit risk management approach to the newly acquired portfolio.

Despite widespread COVID-19 pandemic, Infobip's portfolio remains very stable, 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 60 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 profits. Group is using two 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.

## INFOBIP LIMITED

### STRATEGIC REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2020

##### 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. Funding flexibility is achieved through existing Revolving Credit Facilities (RCF), investment loans, leases and also through intra-group lending. Only the parent company, Infobip Limited (UK) and Infobip d.o.o. (Croatia) have access to external lending while all other related companies rely solely on intra-group loans. Long Term Debts relate to financing of CAPEX e.g. construction of campus in Vodnjan and campus in Zagreb, whereas Short Term Debt arises from RCF which is maturing in September 2021 but is planned to be refinanced with a new mid-term RCF in the second half of 2021. Moreover, we have rendered available EUR 50 million Master Factoring Agreement with Raiffeisenbank International, whereby we are executing purchase of selected receivables on a non-recourse basis thus providing us with support to increasing working capital requirements due to increase in revenues. Additionally, a documentary business limit was also made available which will 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 2020. 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 2020 are set out below:

	2020	2019
	€m	€m
Sales	708	602
Gross profit	140	102
Gross profit margin %	19.8%	16.9%
Adjusted EBITDA*	10	11
Adjusted EBITDA %*	1.4%	1.9%

\*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

S Kutic  
Director

11.06.2021

The directors present their annual report and financial statements for the year ended 31 December 2020.



## INFOBIP LIMITED

### DIRECTORS' REPORT

#### FOR THE YEAR ENDED 31 DECEMBER 2020

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##### 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 in-house developed, 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, 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 80+ offices on six continents offering natively built technology with the capacity to reach over seven billion mobile devices in 190+ countries connected to over 800 telecom networks.

The company serves and partners with leading mobile operators, messaging apps, banks, social networks, tech companies, and aggregators. As of December 2020, the group employs over 2,500 people, among which 500+ engineers in 9 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 and ISO 27001 certificates, and its SSMS service for secure PIN delivery is PCI DSS certified, meaning it is trusted to deliver even the most sensitive cardholder information, like credit card PINs and numbers.

##### 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

(Appointed 7 August 2020)

M Baburic

(Appointed 21 August 2020)

P C Schorr IV

(Appointed 7 August 2020)

S C Turner

(Resigned 7 August 2020)

R Orton

(Resigned 7 August 2020)

## **INFOBIP LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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##### **Results and dividends**

The results for the year are set out on page 13.

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

##### **Infobip Group - COVID-19**

Infobip activated the company's Business Continuity Plan for pandemic at the beginning of February 2020. At the same time, Infobip Group's internal Crisis and Business Continuity Management teams were set up with the task to monitor daily the global Covid –19 situation and have continued their operations to this day. The team's goal is to ensure the safety of all employees as well as the continuity of business operations.

A work from home mandate was activated for all our employees in the Croatian offices in February 2020 and prolonged at least until September 2021. The same measure was put in place in most of the regions as spreading of Covid-19 was progressing. Infobip continues to monitor development of epidemiological situation in all the regions it operates in, and accordingly releases or activates safety measures. A microsite was created at the beginning of the pandemic within Infobip company intranet and is updated regularly with relevant information.

A crisis management team holds regular meetings to address all open questions as they arise. In parallel, regular coordination meetings are held with our Regional Safety teams to ensure alignment of recommendations and safety measures in all Infobip offices.

In line with a global guide for a safe return to offices, employees that have urgent or essential need to work from an office are granted that permission when the epidemiological situation and local health authorities allow (less than 10% of staff per office). In the meantime, the remaining Infobip employees, both in Croatia and globally, continue to work from home. In person meetings or other business events are allowed providing the epidemiological situation continues to indicate that it is safe to do so, and if they are held in accordance with recommendations made by the Infobip Crisis Team, local government and public health authorities. Following the teleworking experience from the pandemic, the company is currently preparing a flexible working policy to be applied within each country. The new policy will be implemented in 2021, however, the safety regulations will still apply on top of the new policy in all company offices globally to ensure safety of all employees and the business continuity.

As part of maintaining staff interconnected while working from home, Infobip holds weekly remote panel sessions on various topics via teleconference called #WFH.

Chatbot Joy, designed to help our employees maintain their well-being during pandemic was launched and is regularly updated with new information.

To support our employees, Infobip offered:

- Covering the expenses of the flu vaccination for every interested employee.
- Covering 100% of employee's salary during specified period in case employee needs to be on sick leave due to Covid-19.
- Possibility to borrow IT and office equipment from their local offices to enable better working conditions at home.
- Monthly Internet allowance was introduced and is being paid to employees to help cover internet expenses.

Regarding business continuity for our service provision, there were no changes - the process and the protocol were followed to ensure the guaranteed service levels to our customers. All regions are serviced by our specialists based out of local offices as well as 24/7 "Follow-the-Sun" support and the team remains ready and able to continue business as usual, performing all core business operations as expected. We have not experienced any disruption to service provision and continue to be on alert for any potential issues.

##### **Group energy and carbon report**

Infobip has consumed less than 40,000 kWh of energy in the United Kingdom during the period for which the report is prepared therefore no detailed streamlined energy carbon reporting disclosure is required.

## INFOBIP LIMITED

### DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 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 new cloud-based digital solutions. The group intends to focus on strengthening its market share in Africa, 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, and sharing economy industries. Furthermore, as part of an accelerated growth strategy, group will continue completing strategic mergers & acquisitions.

Infobip, as a full-stack in-house communications platform as a service (CPaaS), is continuously expanding its offerings in line with technology trends and market demands. Services such as the Internet of Things (IoT), Rich Communications Services (RCS), ChatApps, Mobile identity, Contact Centre as a Service (CCaaS), Chatbots and Customer Engagement solutions will be enhanced throughout 2021. Significant investments across artificial intelligence are being done.

In 2021, new SaaS services are planned to be launched globally - Infobip's Customer Data Platform People is expected to be expanded in its functionality and start to be monetized during the end of 2021.

The number and variety of services available online are growing and it will be additionally boosted once the benefits of IoT are fully realized. IoT is expected to be a key investment in the years to come, as the offline world, continuously transitions in the online space.

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.

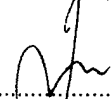
#### Auditor

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



S Kutic

Director

Date: 11.06.2021

## **INFOBIP LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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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 2020**

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#### **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 2020 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 2020 which comprise the group profit and loss account, group statement of comprehensive income, group and company balance sheet, group and company statement of changes in equity, 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 remain 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's and 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 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. 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.

## **INFOBIP LIMITED**

### **INDEPENDENT AUDITOR'S REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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##### **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 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.

##### *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 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.

## INFOBIP LIMITED

### INDEPENDENT AUDITOR'S REPORT

#### FOR THE YEAR ENDED 31 DECEMBER 2020

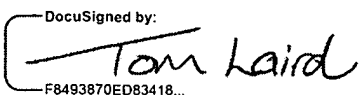
- We assessed the susceptibility of the Group and Parent Company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where they considered was a susceptibility to fraud.
- Our audit planning identified fraud risks in relation to revenue 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 rotated the scope of non-significant group components subject to testing to add unpredictability to our audit procedures completed year on year.
- 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, enquiries of in-house legal, compliance teams and group management and challenging the assumptions made by management in their significant accounting estimates. Our audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

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: [www.frc.org.uk/auditorsresponsibilities](http://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.

DocuSigned by:  
  
F8493870ED83418...

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

11 June 2021

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 2020**

	Notes	2020 € 000's	2019 € 000's
Turnover	3	707,564	602,269
Cost of sales		(567,152)	(500,297)
<b>Gross profit</b>		<b>140,412</b>	<b>101,972</b>
Administrative expenses		(131,405)	(91,789)
Other operating income		926	1,135
<b>Adjusted EBITDA*</b>		<b>9,933</b>	<b>11,318</b>
Depreciation and impairment		(5,592)	(4,504)
Amortisation		(12,251)	(13,103)
Exceptional and separately reported items	4	(13,786)	(1,240)
<b>Operating loss</b>	5	<b>(21,696)</b>	<b>(7,529)</b>
Net interest payable and similar expenses	18	(14,369)	(1,451)
<b>Loss before taxation</b>		<b>(36,065)</b>	<b>(8,980)</b>
Tax on loss	8	(2,048)	(2,164)
<b>Loss for the financial year</b>		<b>(38,113)</b>	<b>(11,144)</b>

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 19 to 48 form part of these financial statements.



**INFOBIP LIMITED****GROUP STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2020**

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	<b>2020</b>	<b>2019</b>
	<b>€ 000's</b>	<b>€ 000's</b>
<b>Loss for the year</b>	<b>(38,113)</b>	<b>(11,144)</b>
<b>Other comprehensive income</b>		
Currency translation differences	<u>(3,281)</u>	<u>2,947</u>
<b>Total comprehensive loss for the year</b>	<u><b>(41,394)</b></u>	<u><b>(8,197)</b></u>

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

The notes on pages 19 to 48 form part of these financial statements.

INFOBIP LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2020

		2020	2019
	Notes	€ 000's	€ 000's
<b>Fixed assets</b>			
Goodwill	9	223,622	4,540
Other intangible assets	9	32,492	8,496
<b>Total intangible assets</b>		<b>256,114</b>	<b>13,036</b>
Tangible assets	10	40,994	24,403
Investments	11	95	216
<b>Total fixed assets</b>		<b>297,203</b>	<b>37,655</b>
<b>Current assets</b>			
Debtors	14	256,208	185,116
Cash at bank and in hand		78,250	46,108
<b>Total current assets</b>		<b>334,458</b>	<b>231,224</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(291,625)</b>	<b>(201,564)</b>
<b>Net current assets</b>		<b>42,833</b>	<b>29,660</b>
<b>Total assets less current liabilities</b>		<b>340,036</b>	<b>67,315</b>
Preference shares treated as liabilities	18	(305,956)	-
Long term creditors		(13,161)	(5,002)
<b>Creditors: amounts falling due after more than one year</b>		<b>(319,117)</b>	<b>(5,002)</b>
<b>Net assets</b>		<b>20,919</b>	<b>62,313</b>
<b>Capital and reserves</b>			
Called up share capital	18	85,009	85,009
Share premium account		2,041	2,041
Foreign exchange reserve		(4,776)	(1,495)
Merger reserve		(1,502)	(1,502)
Profit and loss reserves		(59,853)	(21,740)
<b>Total equity</b>		<b>20,919</b>	<b>62,313</b>

The financial statements were approved by the board of directors and authorised for issue on 11.06.2021 and are signed on its behalf by:

S Kutic  
Director

The notes on pages 19 to 48 form part of these financial statements.

INFOBIP LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	€ 000's	€ 000's	€ 000's	€ 000's
<b>Fixed assets</b>					
Goodwill	9		-		4,540
Other intangible assets	9		5		7,461
<b>Total intangible assets</b>			<b>5</b>		<b>12,001</b>
Tangible assets	10		1,623		2,816
Investments	11		278,041		14,212
<b>Total fixed assets</b>			<b>279,669</b>		<b>29,029</b>
<b>Current assets</b>					
Debtors	14	164,055		159,254	
Cash at bank and in hand		44,013		24,829	
<b>Total current assets</b>		<b>208,068</b>		<b>184,083</b>	
<b>Creditors: amounts falling due within one</b>	15	(165,883)		(158,565)	
<b>Net current assets</b>			<b>42,185</b>		<b>25,518</b>
<b>Total assets less current</b>			<b>321,854</b>		<b>54,547</b>
Preference shares treated as liabilities	18		(305,956)		-
Long term creditors			(1,656)		(1,507)
<b>Creditors: amounts falling due after more</b>			<b>(307,612)</b>		<b>(1,507)</b>
<b>Net assets</b>			<b>14,242</b>		<b>53,040</b>
<b>Capital and reserves</b>					
Called up share capital	18		85,009		85,009
Share premium account			2,041		2,041
Profit and loss reserves			(72,808)		(34,010)
<b>Total equity</b>			<b>14,242</b>		<b>53,040</b>

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 €38,798,000 (2019: €12,266,000).

The financial statements were approved by the board of directors and authorised for issue on 11.06.2021 and are signed on its behalf by:

S Kutic  
Director

Company Registration No. 07085757

The notes on pages 19 to 48 form part of these financial statements.

INFOBIP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital € 000's	Share premium account € 000's	Foreign exchange reserve € 000's	Merger reserve € 000's	Profit and loss reserves € 000's	Total € 000's
Balance at 1 January 2019	85,009	2,041	(4,442)	63		72,075
<b>Year ended 31 December 2019:</b>						
Loss for the year	-	-	-	-	(11,144)	(11,144)
Other comprehensive income:						
Currency translation differences	-	-	2,947	-	-	2,947
Acquisition of a subsidiary	-	-	-	(1,565)	-	(1,565)
Total comprehensive loss for the year	-	-	2,947	(1,565)	(11,144)	(9,762)
Balance at 31 December 2019	85,009	2,041	(1,495)	(1,502)	(21,740)	62,313
<b>Year ended 31 December 2020:</b>						
Loss for the year	-	-	-	-	(38,113)	(38,113)
Other comprehensive income:						
Currency translation differences	-	-	(3,281)	-	-	(3,281)
Total comprehensive loss for the year	-	-	(3,281)	-	(38,113)	(41,394)
Balance at 31 December 2020	85,009	2,041	(4,776)	(1,502)	(59,853)	20,919

The notes on pages 19 to 48 form part of these financial statements.

**INFOBIP LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share capital	Share premium account	Profit and loss reserves	Total
	€ 000's	€ 000's	€ 000's	€ 000's
<b>Balance at 1 January 2019</b>	<u>85,009</u>	<u>2,041</u>	<u>(21,744)</u>	<u>65,306</u>
<b>Year ended 31 December 2019:</b>				
Total comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>(12,266)</u>	<u>(12,266)</u>
<b>Balance at 31 December 2019</b>	<u>85,009</u>	<u>2,041</u>	<u>(34,010)</u>	<u>53,040</u>
<b>Year ended 31 December 2020:</b>				
Total comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>(38,798)</u>	<u>(38,798)</u>
<b>Balance at 31 December 2020</b>	<u>85,009</u>	<u>2,041</u>	<u>(72,808)</u>	<u>14,242</u>

The notes on pages 19 to 48 form part of these financial statements.

**INFOBIP LIMITED**
**GROUP STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020		2019	
	€ 000's	€ 000's	€ 000's	€ 000's
(Loss)/profit for the year after tax		(38,113)		(11,144)
<i>Adjustments for:</i>				
Taxation charged		2,048		2,164
Finance costs		14,624		1,483
Investment income		(255)		(32)
Amortisation of intangible assets		12,251		13,103
Depreciation of tangible fixed assets		5,592		4,504
Loss on sale of investments		-		-
Foreign exchange losses		12,098		1,240
<i>Movement in working capital:</i>				
Increase/decrease in debtors		(20,759)		(69,559)
Increase/decrease in creditors		10,612		66,704
<b>Cash (outflow)/generated from operations</b>		<b>(1,902)</b>		<b>8,463</b>
Interest paid		(1,999)		(1,483)
Interest received		326		38
Income taxes paid		(346)		(2,473)
<b>Net cash inflow from operating activities</b>		<b>(3,921)</b>		<b>4,545</b>
<b>Investing activities</b>				
Purchase of intangible assets	(222)		(4,759)	
Purchase of tangible fixed assets	(19,077)		(10,959)	
Purchase of fixed asset investments	-		(52)	
Proceeds on disposal of tangible fixed asset	279		430	
Proceeds on disposal of fixed asset investments	116		72	
Interest received	(71)		(5)	
Acquisition of a subsidiary, net of cash acquired	(243,615)		(1,565)	
<b>Net cash used in investing activities</b>		<b>(262,590)</b>		<b>(16,838)</b>
<b>Financing activities</b>				
Increase in short term borrowings		485		33,560
Increase in long term borrowings		7,509		-
Net proceedings from preference shares		293,331		-
<b>Net cash used in financing activities</b>		<b>301,325</b>		<b>33,560</b>
<b>Net increase in cash and cash equivalents</b>		<b>34,814</b>		<b>21,267</b>
Cash and cash equivalents at beginning of year		46,108		21,871
Effect of foreign exchange rates		(2,672)		2,970
<b>Cash and cash equivalents at end of year</b>		<b>78,250</b>		<b>46,108</b>

The notes on pages 19 to 48 form part of these financial statements.

# INFOBIP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 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, 86 Jermyn Street, London, United Kingdom SW1Y 6AW.

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 2020**

---

#### **1 Accounting policies**

##### **1.2 Basis of consolidation (continued)**

All financial statements are made up to 31 December 2020. 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.

Compatel Limited and its underlying subsidiaries, and Infobip Singapore have been included in the group financial statements for 2019 using the merger accounting method. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of Compatel Limited for the year. Assets and liabilities were added at book value and the difference between consideration and share capital of the acquired entities is shown through the creation of a merger reserve.

The group profit and loss account and statement of cash flows also include the results and cash flows of Compatel Limited and Infobip Singapore for both the current and comparative year.

##### **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 2022 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.

The financial statements show bank loans of €50 million as falling due for repayment within one year of the reporting date. This amount relates to a rolling revolving credit facility which is currently due to expire in September 2021. The Directors expect to negotiate the new facility, which will replace the existing one. However, at the time of approving the financial statements the facility has not yet been signed. The Directors have therefore produced detailed forecasts which assume full repayment of this facility in September 2021. Whilst the expectation is that the new facility is likely to be signed subsequent to the approval of the financial statements, the Directors are satisfied that should it not be signed, and repayment be required, the group and company has sufficient cash reserves to repay the facility in full in September 2021.

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 in September 2021. In the opinion of the Directors the downside sensitivity required to reduce the cash headroom to zero is too extreme and not reasonably foreseeable. 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 2020

---

#### 1 Accounting policies

##### 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. "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. 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 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.

##### 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.

##### 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 1 to 5 years
Brand	Straight line over 6 years
Technology	Straight line over 6 years
Trade names	Straight line over 10 years

## INFOBIP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 1 Accounting policies

##### 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 1 to 2 years
Furniture and fittings	Straight line over 1 to 5 years
Servers	Straight line over 1 to 3 years
Property and equipment	Straight line over 1 to 5 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.

##### 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 2020

---

#### 1 Accounting policies

##### 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 2020

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### 1 Accounting policies

#### 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.

#### 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 2020

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#### 1 Accounting policies

##### 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 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.

## INFOBIP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2020

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## 1 Accounting policies

### 1.18 Foreign exchange (continued)

#### (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'.

### 1.19 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.

## 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.

#### Impairment of non-financial assets

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 2020**

**3 Turnover and other revenue**

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

	2020 € 000's	2019 € 000's
<b>Turnover analysed by geographical market</b>		
United Kingdom	435,281	365,880
Rest of Europe	67,351	57,159
Rest of World	204,932	179,230
	<u>707,564</u>	<u>602,269</u>

**4 Exceptional and separately reported items**

	2020 € 000's	2019 € 000's
<b>Exceptional items</b>		
Acquisitions expenses	875	-
Equity raising expenses	488	-
Finance transformation expenses	96	-
Non-recurring bank agreement expenses	<u>228</u>	<u>-</u>
	<b>1,687</b>	<b>-</b>
<b>Separately reported items</b>		
Foreign exchange losses	<u>12,099</u>	<u>1,240</u>
	<b>12,099</b>	<b>1,240</b>
<b>Exceptional and separately reported items</b>	<u><b>13,786</b></u>	<u><b>1,240</b></u>

Acquisition expenses relate to the post acquisition integration and potential acquisitions not undertaken by the Group. Acquisition costs related to Open Market acquisition have been capitalised.

Infobip has incurred some one-off costs related to transformation of Finance department, and some one-off costs related to signing RBI Master Factoring Agreement.

Equity raising expenses relate to costs attributable to a share repurchase completed after the balance sheet date (see note 25).

**5 Operating loss**

	2020 € 000's	2019 € 000's
Operating loss for the year is stated after charging:		
Exceptional and separately reported items	13,786	1,240
Depreciation of owned tangible fixed assets	5,592	4,504
Amortisation of intangible assets	12,251	13,103
Research and development costs	22,647	15,380
Defined contribution pension expense	7,914	5,279
Operating lease charges	6,326	5,688

**INFOBIP LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**FOR THE YEAR ENDED 31 DECEMBER 2020**
**6 Auditor's remuneration**

	2020 € 000's	2019 € 000's
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	549	372
Audit of the financial statements of the company's subsidiaries	113	148
	<u>662</u>	<u>520</u>

**7 Employees**

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Sales	907	692	19	10
Support	815	639	5	2
Development	595	408	-	-
Total	<u>2,317</u>	<u>1,739</u>	<u>24</u>	<u>12</u>

Their aggregate remuneration comprised:

	Group 2020 € 000's	2019 € 000's	Company 2020 € 000's	2019 € 000's
Wages and salaries	58,014	40,891	1,125	509
Social security costs	14,190	9,671	649	244
Pension costs	7,914	5,351	75	28
	<u>80,118</u>	<u>55,913</u>	<u>1,849</u>	<u>781</u>

Directors' remuneration has been disclosed in note 21.

**8 Taxation**

	2020 € 000's	2019 € 000's
<b>Current tax</b>		
UK corporation tax on profits for the current period	16	425
Foreign current tax on profits for the current period	2,051	1,901
Other foreign taxes	1	3
Total current tax charge for the year	<u>2,068</u>	<u>2,329</u>



**INFOBIP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**8 Taxation (continued)**

	<b>2020</b> <b>€ 000's</b>	<b>2019</b> <b>€ 000's</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>(20)</u>	<u>(165)</u>
 Total tax charge for the year	 <u>2,048</u>	 <u>2,164</u>

The actual 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:

	<b>2020</b> <b>€ 000's</b>	<b>2019</b> <b>€ 000's</b>
(Loss)/profit before taxation	<u>(38,113)</u>	<u>(11,144)</u>
 Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2019: 19%)	 (7,241)	 (2,117)
UK corporation tax on profits for the current period	16	425
Tax effect of expenses that are not deductible in determining taxable profit	780	238
Higher taxes on overseas earnings	<u>8,493</u>	<u>3,618</u>
 Tax expense for the year	 <u>2,048</u>	 <u>2,164</u>

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Intangible fixed assets

Group	Goodwill	Licences, domains and computer programs	Brand and Trade name	Technology	Total
	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's
<b>Cost</b>					
At 1 January 2020	27,240	12,446	2,837	27,982	70,505
Additions as part of business combination	223,622	780	31,013	-	255,415
Additions	-	222	-	-	222
Disposals	-	(93)	-	-	(93)
Transfer from / to	-	(145)	-	-	(145)
Exchange adjustments	-	(96)	-	-	(96)
<b>At 31 December 2020</b>	<b>250,862</b>	<b>13,114</b>	<b>33,850</b>	<b>27,982</b>	<b>325,808</b>
<b>Amortisation and impairment</b>					
At 1 January 2020	22,700	9,086	2,364	23,319	57,469
Amortisation charged for the year	4,548	2,567	473	4,663	12,251
Disposals	-	(23)	-	-	(23)
Transfer from / to	-	105	-	-	105
Exchange adjustments	(8)	(100)	-	-	(108)
<b>At 31 December 2020</b>	<b>27,240</b>	<b>11,635</b>	<b>2,837</b>	<b>27,982</b>	<b>69,694</b>
<b>Carrying amount</b>					
At 31 December 2020	223,622	1,479	31,013	-	256,114
At 31 December 2019	4,540	3,360	473	4,663	13,036

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Intangible fixed assets (continued)

Company	Goodwill	Licences, domains and computer programs	Brand	Technology	Total
	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's
<b>Cost</b>					
At 1 January 2020	27,240	10,942	2,837	27,982	69,001
Additions	-	47	-	-	47
<b>At 31 December 2020</b>	<b>27,240</b>	<b>10,989</b>	<b>2,837</b>	<b>27,982</b>	<b>69,048</b>
<b>Amortisation and impairment</b>					
At 1 January 2020	22,700	8,618	2,365	23,317	57,000
Amortisation charged for the year	4,540	2,366	472	4,665	12,043
<b>At 31 December 2020</b>	<b>27,240</b>	<b>10,984</b>	<b>2,837</b>	<b>27,982</b>	<b>69,043</b>
<b>Carrying amount</b>					
At 31 December 2020	-	5	-	-	5
At 31 December 2019	4,540	2,324	472	4,665	12,001

**INFOBIP LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**FOR THE YEAR ENDED 31 DECEMBER 2020**
**10 Tangible fixed assets**

Group	Assets under construction € 000's	Computer equipment € 000's	Furniture and fittings € 000's	Servers € 000's	Property and Equipment € 000's	Total € 000's
<b>Cost</b>						
At 1 January 2020	3,198	8,203	3,206	11,695	12,919	39,221
Additions-business combination	-	2,662	-	-	1,018	3,680
Additions	13,908	2,268	219	1,973	709	19,077
Disposals	(98)	(312)	(22)	(11)	(318)	(761)
Transfers	(135)	48	(6)	36	201	144
Exchange adjustments	20	(347)	(159)	(345)	(342)	(1,173)
<b>At 31 December 2020</b>	<b>16,893</b>	<b>12,522</b>	<b>3,238</b>	<b>13,348</b>	<b>14,187</b>	<b>60,188</b>
<b>Depreciation and impairment</b>						
At 1 January 2020	-	4,091	1,479	7,527	1,721	14,818
Depreciation charged in the year	-	1,758	421	2,691	722	5,592
Eliminated in respect of disposals	-	(289)	(15)	(10)	(238)	(552)
Transfers	-	30	(83)	(118)	66	(105)
Exchange adjustments	-	(204)	(84)	(188)	(83)	(559)
<b>At 31 December 2020</b>	<b>-</b>	<b>5,386</b>	<b>1,718</b>	<b>9,902</b>	<b>2,188</b>	<b>19,194</b>
<b>Carrying amount</b>						
At 31 December 2020	16,893	7,136	1,520	3,446	11,999	40,994
At 31 December 2019	3,198	4,112	1,727	4,168	11,198	24,403

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Tangible fixed assets (continued)

Company	Computer equipment € 000's	Furniture and fittings € 000's	Servers € 000's	Total € 000's
<b>Cost</b>				
At 1 January 2020	271	134	8,785	9,190
Additions	47	-	996	1,043
<b>At 31 December 2020</b>	<b>318</b>	<b>134</b>	<b>9,781</b>	<b>10,233</b>
<b>Depreciation and impairment</b>				
At 1 January 2020	249	134	5,991	6,374
Depreciation charged in the year	46	-	2,190	2,236
<b>At 31 December 2020</b>	<b>295</b>	<b>134</b>	<b>8,181</b>	<b>8,610</b>
<b>Carrying amount</b>				
At 31 December 2020	23	-	1,600	1,623
At 31 December 2019	22	-	2,794	2,816

11 Fixed asset investments

	Notes	Group 2020 € 000's	2019 € 000's	Company 2020 € 000's	2019 € 000's
Investments in subsidiaries	12	-	-	278,041	14,213
Unlisted investments		95	216	-	-
		95	216	278,041	14,213

Movements in fixed asset investments

Group	Shares in group undertakings € 000's	Other investments other than loans € 000's	Total € 000's
<b>Cost or valuation</b>			
At 1 January 2020	-	216	216
Additions	-	-	-
Disposals	-	(121)	(121)
<b>At 31 December 2020</b>	<b>-</b>	<b>95</b>	<b>95</b>
<b>Carrying amount</b>			
At 31 December 2020	-	95	95
At 31 December 2019	-	216	216

**INFOBIP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**11 Fixed asset investments (continued)**

**Movements in fixed asset investments  
Company**

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

**Cost or valuation**

At 1 January 2020

14,213

Additions

264,318

Impairment

(490)

**At 31 December 2020**

**278,041**

**Carrying amount**

At 31 December 2020

278,041

At 31 December 2019

14,213

During 2020 the Company acquired Open Market Group for consideration of € 251,259 thousand.

Also, the Company has increased its investment in Group companies: Infobip Brazil, Infobip Russia, Infobip Bangladesh, Infobip India and Infobip Jordan, and has founded two new entities: Infobip Poland Lab and Infobip Slovenia.

Impairment relates to decrease in value of investment in Infobip Bangladesh.

# **INFOBIP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **12 Subsidiaries**

Details of the company's subsidiaries, all of which are wholly owned, either directly or indirectly, at 31 December 2020 are as follows:

Name of undertaking	Country of incorporation	Subsidiary address
Infobip SRL	Italy	Via Spadolini 9A, Milano
Infobip Latam S.A.	Argentina	Av. Dorrego 1789 Piso 2 Dpto. 1 - CP1414 - CABA CABA
Infobip PTY Limited	Australia	Jason Andrew Campling, 18 Currumbin Chase, Currumbin QLD 4223
Infobip Communications Inc	Canada	410-1333 West Broadway, Vancouver BC V6H 4C1, Canada
Infobip SP Zoo	Poland	ul. Żelazna 40/101 00-832 Warszawa
Infobip s.r.o.	Slovakia	Rolnicka 187, Bratislava 83107
Infobip LLC	USA	111 Town Square Place, Suite 830, Jersey City, NJ 07310, USA
Infobip G.K.	Japan	Cerulean Tower 15th Floor, 26-1, Sakuragaoka-cho, Shibuya-ku, Tokyo
Parseco Limited	UK	5th Floor, 86 Jermyn Street, London SW1Y6AW
Infobip BH d.o.o.	Bosnia and Herzegovina	Tešanjaska 24 a, 71000 Sarajevo
Infobip s.r.o.	Czech Republic	Na Strži 1702/65, 140 00 Praha - Nusle
Infobip d.o.o.	Croatia	Istarska 157, 52 215 Vodnjan
Infobip Serbia d.o.o.	Serbia	Bulevar Zorana Đinđića 48 B, sprat 5, Beograd - Novi Beograd, 11173
Infobip LLC	Russia	St. B.Tul'skaya, 11, fl 5, premises XIII, room 1, Moscow 115191
Infobip LLC	South Korea	12th Floor, Woong Jin Tower, 81, Banpo-daero 30-gil, Seocho-gu, 06644 Seoul
Infobip (Thailand) Limited	Thailand	140/36 ITF Tower, 17th Floor Silom Road, Suriyawong, Bang Rak 10500 Bangkok
Cong Ty TNHH Infobip	Vietnam	117-119-121, 7th Floor, Nguyen Du, District 1, Ho Chi Minh City
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
Infobip Peru S.A.C.	Peru	Avenida dionisio Derteano 184 of 302 San Isidro, Lima, Perú
Infobip Mobile Services, Sociedad Limitada	Spain	Madrid, Plaza Puerta del Sol nº 6, Piso 4, Pta. DC, C.P. 28013
Infobip Colombia SAS	Colombia	Carrera 11 B No. 97-56 Edificio Ápice Oficina 601, Bogotá, Colombia
Infobip Gulf FZ-LLC	United Arab Emirates	EIB Building No.1, Office 301, Dubai Internet City, P.B 500284, Dubai
Infobip Africa (Pty) Limited	South Africa	1st Floor, Building B, Bryanston Corner, 18 Ealing Crescent, Bryanston, Gauteng, 2188
Infobip Telekomunikasyon Hizmetleri LTD STI	Turkey	Veko Giz Plaza Kat:21 No:74, Maslak Şişli, İstanbul
Infobip LLC	Belarus	House 10, office 17, room 1, Surazhskaya
Infobip Brazil Ltda	Brazil	Av Calçadas das Margaridas, 163, Sala 2, Alphaville Comercial, Barueri, São Paulo, ZIP CODE 06.453-038, Brazil

**INFOBIP LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**FOR THE YEAR ENDED 31 DECEMBER 2020**
**12 Subsidiaries (continued)**

Infobip Nigeria	Nigeria	2 Loius Solomon, Close off Ahmadu Bello Way, Victoria island, Lagos, Nigeria
Infobip India Private Limited	India	Unit No. 808, 8th Floor, Marathon Nextgen Icon, Ganpatrao Kadam Marg, Lower Parel West, Mumbai, Maharashtra-400013
Mobile Services Cloud SA de CV	Mexico	Avenida Paseo de la Reforma 180, interior 1803, Juarez, Cuauhtemoc, 0600 Ciudad de Mexico
Infobip Limited	Bangladesh	Bilquis Tower, Level-4 (North Side), Plot 6, Gulshan Circle-2, Dhaka-1212, Bangladesh
Infobip Kenya Limited	Kenya	6th Floor, Marsabit Plaza, LR No 330/676 Ngong Road, P.O. Box 21937 - 00500,
Infobip Tanzania Limited	Tanzania	Viva Towers, Plot 294, Ali Hassan Mwinyi Road, 2nd Floor, office no. 7, Dar Es Salaam
Infobip SARL	Morocco	22 Soumaya street, Shehrazade residence, 5th Floor, 20000 Palmiers-Casablanca
Infobip Uganda Limited	Uganda	5th Floor Rwenzori Towers, Nakasero Road PO. Box 37468, Kampala
Infobip Limited	Hong Kong	18/F, On Building, 162 Queens Road Central, Central Hong Kong
Infobip Asia Pacific Sdn.Bhd	Malaysia	09-01 Menara K1, No. 1 Lorong 3/137C, Off Jalan Kelang Lama, 58000 Kuala Lumpur
Infobip SAS	France	35, rue des Mathurins 75008 Paris, France
Infobip Information Technology (Shanghai) Limited Company	China	No 1204C, China Merchants Tower, 161 Lu Jia Zui East Road, China (Shanghai) Pilot Free Trade Zone, Shanghai
PT. Infobip Technology Indonesia	Indonesia	Menara Prima 24th Floor Unit 1 Jalan Doktor Ide Anak Agung Gede Agung Blok 6.2 Mega Kuningan Area, Kuningan Timur Sub-district, Setia Budi Sub-district, Jakarta
Infobip (Ghana) Limited	Ghana	Annex B Rooms 6&7 Kojo Thompson Road, Republic House Opposite Accra
Infobip Congo Republic	Congo	46/B, Avenue du Livre, Gombe, Kinshasa
Infobip Chile Limitada	Chile	AV PDTE KENNEDY 6800 OF 406 A, VITACURA, Santiago de Chile, Chile
INFOBIPTELCOM S.A.	Ecuador	Av. República Oe3-30 e Ignacio de San Maria, Quito, Distrito Metropolitano
Progress of Technology Limited	Russia	Street 2-Sovetskaya, 7, Building A, Premises/Room 14-H / 1, 191036 Saint-Petersburg
Infobip Sweden AB	Sweden	Brunnsgatan 21B, 111 38 Stockholm
INFOBIP EGYPT LLC	Egypt	The Spot Building, in front of gate 4 AUC, 5th Settlement, New Cairo, Cairo
Infobip Zambia Limited	Zambia	Unit 5B, Aquarius House, Katima Mulilo Road, Olympia Park, Lusaka
Infobip Côte d'Ivoire	Ivory Coast	Cocody, 2 Plateaux Vallon, Immeuble Antilope, 1er étage, Porte 64, Cité Sogefiha, 01 BP 4651 Abidjan 01
Infobip Global	UK	26-28 Bedford Row, London, WC1R 4HE
BSmart Tech Private Limited	India	Unit No. 808, 8th Floor, Marathon Nextgen Icon, Ganpatrao Kadam Marg, Lower Parel West, Mumbai, Maharashtra-400013



**INFOBIP LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**FOR THE YEAR ENDED 31 DECEMBER 2020**
**12 Subsidiaries (continued)**

Infobip Phillipines	Phillipines	3/F Hatchasia Bonifacio Technology Center 31st Street cor. 2nd Avenue Crescent Park West Global City, Taguig City 1634, Metro Manila
Infobip LLC	Kyrgyzstan	125/1 Toktogula Str., Bishkek, Kyrgyzstan
Infobip Paraguay S.A.	Paraguay	AVDA. JEJUI N° 1036 ENTRE AVND. COLON Y HERNANDARIAS
Infobip GmbH	Germany	Maximilianplatz 22 80333 Munich, Germany
Infobip (Private) Limited	Pakistan	2nd floor, No:208, ISE Towers, 55-B, Jinnah Avenue, Islamabad
Infobip Myanmar Company Limited	Myanmar	192 Kabar Aye Pagoda Road, Centre Tower- 1, 8th Floor, No.10 Bahan, Yangon, Myanmar 11201
Infobip CIS MChJ	Uzbekistan	Shayhontohursky district, Beruniy street 41, Tashkent
Infobip Costa Rica SRL	Costa Rica	Pavas, Rorhmoser del Parque de la Amistad, 275 N, Número 2486, San José
Infobip Bolivia Limitada	Bolivia	Calle Federico Zuazo 1598, Zona Central, Edificio Park Inn, Piso 11, La Paz
Infobip Limited	Saudi Arabia	King Fahd Al Olaya Dist., Unit Number: 577, Office 201-202, Armada Tower, Arar Mustafa Wahbi Al Tal St. 183 Saqra Complex A 1st
INFOBIP LIMITED (JORDAN)	Jordan	
Makinatech (Pty) Ltd	Republic of South Africa	1st Floor, Building B, Bryanston Corner, 18 Ealing Crescent, Bryanston, Gauteng, RSA
Proteatech Holdings (Pty) Ltd	Republic of South Africa	1st Floor, Building B, Bryanston Corner, 18 Ealing Crescent, Bryanston, Gauteng, RSA
Infobip Singapore	Singapore	87 Beach Road, #02-09P Chye Sing Building, Singapore 189695
Compatel Limited	UK	26-28 Bedford Row, London, WC1R 4HE
Compatel Africa (Pty) Ltd	South Africa	1st Floor, Building B, Bryanston Corner, 18 Ealing Crescent, Bryanston, Gauteng, 2188
Compatel Chile Limitada	Chile	Avenida Bernardo Ohiggins 1186, Depto. 511, Concepción, Chile
Compatel Colombia SAS	Colombia	CL 93 # 16 - 46 OF 702, Bogotá, Colombia
Compatel Communications RO s.r.l.	Romania	Bucharest, 56D Pasarani Street, Ground Floor, Office no.33, 2nd District, Romania
Compatel d.o.o.	Serbia	Palmira Toljatija 60, sprat III, stan 16, Beograd - Novi Beograd, 11070 Novi Beograd, Srbija
Compatel India Private Limited	India	Shop No.1, 1st Floor, A-Wing, Laxmi Shopping Center Near New Post office, H D Rd Ghatkopar West Mumbai Mumbai City MH 400086 IN
Compatel Informatica Ltda	Brazil	Av Calçadas das Margaridas, 163, Sala 2, Alphaville Comercial, Barueri, São Paulo, ZIP CODE 06.453-038, Brazil
Compatel Kenya Limited	Kenya	L.R. No. 140/36 Piedmont Plaza, Ngong Road, 00100 Nairobi, Kenya - registered office address
Compatel LLC	USA	19 West 34th Street, Suite 1018, New York, NY 10001, USA

**INFOBIP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**12 Subsidiaries (continued)**

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
Compatel s.r.o.	Czech Republic	Klimentská 1216/46, Nove Mesto, CZ - 110 00 Prague 1, Czech Republic
Compatel Shpk.	Albania	Ibrahim Rugova Str, P.O.Box 8264, Tirana, Albania
Compatel Telekomu nikasyon Hizmetleri LTD STI	Turkey	Meydan Street, No 3, Veko Giz Plaza, Kat 21, No 74 Maslak, Sariyer/ Istanbul
Compatel Ukraine	Ukraine	Verkhni Val str., 4-A, suite 14, Kyiv, 04071, Ukraine
MX-COMPATEL, SA de c.v.	Mexico	Av Paseo de la Reforma 180, Piso 14, Juarez, Cuauhtemoc, 06600 CDMX
INFOBIP LAB sp. z o.o.	Poland	ul. Powstańców Śląskich 2-4, 2nd floor 53-333 Wrocław, Poland
Infobip Slovenia	Slovenia	Crystal palace, Ameriška ulica 8, 6th floor, 1000 Ljubljana, Slovenia
INFOBIP LLC	Qatar	Workinton, 7th floor, Al Gassar Tower No. 27 Fasht Lahadid No. 920, Onaiza No. 63 Doha
OPENMARKET Pty Ltd	Australia	Baker & McKenzie Level 19 181 William Street, Melbourne, VIC 3000
OPENMARKET Services India Private Limited	India	Office No. 636, Regus Business Centre, Level 6 Pentagon P-2, Magarpatta city, 15th Floor 389 Chiswick High Road, London, England, W4 4AJ
OPENMARKET Limited	UK	40600 Ann Arbor Rd E, Ste 201, Plymouth, MI 48170
OPENMARKET INC.	USA	1209 Orange Street Wilmington, New Castle Delaware 19801 USA
OPENMARKET Holdings LLC	USA (holding company)	

**13 Financial instruments**

	Group 2020 € 000's	2019 € 000's
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	270,388	176,860
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	(583,507)	(196,034)

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.

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Debtors

	Group 2020	2019	Company 2020	2019
	€ 000's	€ 000's	€ 000's	€ 000's
<b>Amounts falling due within one year:</b>				
Trade debtors	146,445	110,757	51,342	52,369
Corporation tax recoverable	6,452	7,637	-	-
Amounts owed by group undertakings	-	-	27,712	33,684
Amounts owed by companies under common control	2,488	3,647	1,200	2,066
Other debtors	20,593	14,474	32,431	36,239
Prepayments and accrued income	79,611	48,041	51,370	34,896
	<u>255,589</u>	<u>184,556</u>	<u>164,055</u>	<u>159,254</u>
Deferred tax asset (note 16)	619	560	-	-
	<u>256,208</u>	<u>185,116</u>	<u>164,055</u>	<u>159,254</u>

During the year, the Group has entered into factoring arrangement. Total value of the facility arrangement amounts to € 50 million. As at 31 December 2020, €11.9 million was utilised and related trade debtors have been derecognised.

Included within Other debtors are VAT receivables of €9,750 (2019: €5,003).

**INFOBIP LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**FOR THE YEAR ENDED 31 DECEMBER 2020**
**15 Creditors: amounts falling due within one year**

		Group 2020	2019	Company 2020	2019
	Notes	€ 000's	€ 000's	€ 000's	€ 000's
Bank loans		51,199	50,714	50,000	50,000
Deferred tax liabilities	17	1,689	214	-	-
Trade creditors		94,790	88,353	33,110	47,042
Amounts owed to group undertakings		-	-	17,181	30,692
Amounts due to companies under common control		2,233	4,965	47	106
Corporation tax payable		1,525	988	-	-
Other taxation and social security		10,708	5,378	171	159
Deferred income		9,635	3,073	7,281	1,309
Other creditors		4,872	3,954	366	592
Accruals		114,974	43,925	57,727	28,665
		<u>291,625</u>	<u>201,564</u>	<u>165,883</u>	<u>158,565</u>

**16 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.

	Assets 2020	Assets 2019	Liabilities 2020	Liabilities 2019	Net assets 2020	Net assets 2019
Group	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's
Accelerated capital allowances	<u>619</u>	<u>560</u>	<u>(1,689)</u>	<u>(214)</u>	<u>(1,070)</u>	<u>346</u>

# INFOBIP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 17 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 19).

##### 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:

- (i) 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.
- (ii) 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;
- 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 2019 and 2020 are as follows:

Group	Number of share options		Weighted average exercise price	
	2020 Number	2019 Number	2020 € 000's	2019 € 000's
Outstanding at 1 January 2020	2,663,139	2,946,882	3.74	3.20
Granted	871,726	88,389	7.74	4.81
Forfeited	(111,232)	(372,132)	4.56	3.21
Outstanding at 31 December 2020	3,423,633	2,663,139		

During 2020, no options were exercised (2019: nil). The options outstanding at the end of the year have a weighted average contractual life of 2.27 years (2019: 1.84).

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

**INFOBIP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**17 Share-based payments (continued)**

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

**18 Share capital and reserves**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>€ 000's</b>	<b>€ 000's</b>	<b>€ 000's</b>	<b>€ 000's</b>
<b>Ordinary share capital</b>				
<b>A class ordinary share capital</b>				
Issued and fully paid				
61,596,202 of £1 each	85,002	85,002	85,002	85,002
<b>B class ordinary share capital</b>				
Issued and fully paid				
642,188 of £2.88 each	7	7	7	7
<b>Share premium</b>	2,041	2,041	2,041	2,041
<b>Total share capital</b>	<u>87,050</u>	<u>87,050</u>	<u>87,050</u>	<u>87,050</u>
<b>Shares classified as debt</b>				
<b>C class ordinary share capital</b>				
Issued and fully paid				
11,406,703 of £1 each	293,331	-	293,331	-
Rolled up interest	12,625	-	12,625	-
<b>Total</b>	<u>305,956</u>	<u>-</u>	<u>305,956</u>	<u>-</u>

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 were 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 2020****18 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 € 300 million, decreased by transaction costs amounting to € 6.7 million. 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.

During the year, € 12,625,000 of interest payable was also added to the balance outstanding on the preference Class C shares.

**19 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:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>€ 000's</b>	<b>€ 000's</b>	<b>€ 000's</b>	<b>€ 000's</b>
Within one year	4,861	4,687	14	160
Between two and five years	8,438	6,640	-	132
In over five years	1,326	309	-	-
	<u>14,625</u>	<u>11,636</u>	<u>14</u>	<u>292</u>

The Group has capital commitments due within one year amounting to €5,138,000 (2019: €nil).

**INFOBIP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**20 Related party transactions**

**Remuneration of key management personnel**

Remuneration for Directors and key management personnel is detailed below:

	2020 € 000's	2019 € 000's
Directors' remuneration	567	98
Amounts paid to third parties in respect of directors' services	7	7
	<u>574</u>	<u>105</u>
	2020 € 000's	2019 € 000's
Directors' remuneration	574	105
Senior management remuneration	1,489	784
	<u>2,063</u>	<u>889</u>

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.

**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	
	2020 € 000's	2019 € 000's	2020 € 000's	2019 € 000's
<b>Group</b>				
Commonly controlled entities	801	1,298	408	2,330
	<u>801</u>	<u>1,298</u>	<u>408</u>	<u>2,330</u>
<b>Company</b>				
Commonly controlled entities	489	591	47	84
	<u>489</u>	<u>591</u>	<u>47</u>	<u>84</u>



**INFOBIP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**20 Related party transactions (continued)**

The following amounts were outstanding at the reporting end date:

<b>Amounts due to related parties</b>	<b>2020</b>	<b>2019</b>
	<b>€ 000's</b>	<b>€ 000's</b>
<b>Group</b>		
Commonly controlled entities	2,233	4,965
	<u>2,233</u>	<u>4,965</u>
<b>Company</b>		
Commonly controlled entities	47	106
	<u>47</u>	<u>106</u>

The following amounts were outstanding at the reporting end date:

<b>Amounts due from related parties</b>	<b>2020</b>	<b>2019</b>
	<b>€ 000's</b>	<b>€ 000's</b>
<b>Group</b>		
Commonly controlled entities	2,488	3,647
	<u>2,488</u>	<u>3,647</u>
<b>Company</b>		
Commonly controlled entities	1,200	2,066
	<u>1,200</u>	<u>2,066</u>

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

21 Business combinations

*Acquisition of Open Market*

On 31 December 2020 the Group acquired 100% of Open Market Group companies, provider of mobile messaging solutions to enterprises, located in USA, UK, Australia and India, for \$ 298 million paid in cash.

	€ 000's		
Purchase consideration	251,259		
Contingent purchase consideration	8,080		
	<u>259,339</u>		
	Book value	Revaluation	Fair value
	€ 000's	adjustment	€ 000's
		€ 000's	€ 000's
<b>Fixed assets</b>			
Tangible	3,387	293	3,680
Intangible	780	31,013	31,793
Other non current assets	5	-	5
<b>Current assets</b>			
Trade debtors	39,270	-	39,270
Prepayments and accrued income	22,796	-	22,796
Other debtors	1,553	-	1,553
Cash at bank and in hand	7,644	-	7,644
<b>Total assets</b>	<u>75,435</u>	<u>31,306</u>	<u>106,741</u>
<b>Creditors</b>			
Trade creditors	(19,965)	-	(19,965)
Accruals and deferred income	(47,405)	-	(47,405)
Other creditors	(1,499)	-	(1,499)
Creditors due after more than one year	(651)	-	(651)
Deferred tax on differences between fair values and tax bases	-	(1,504)	(1,504)
<b>Net assets</b>	<u>5,915</u>	<u>29,802</u>	<u>35,717</u>
<b>Goodwill</b>			<b>223,622</b>
<b>Total purchase consideration (incl. contingent consideration)</b>			<b>259,339</b>
Purchase consideration settled in cash			251,259
Cash and cash equivalents acquired			<u>(7,644)</u>
Cash outflow on acquisition			243,615

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 on acquisition. Deferred tax is in relation to these adjustments.

The useful economic life of goodwill has been estimated to be 6 years, while useful life of intangible assets is estimated to be 10 years.

Included within goodwill are intangible assets that do meet the criteria for separate recognition in the financial statements. These intangible assets relate to customer relationships, telecom operator relationships and developed technology. As the acquisition occurred at year-end, Open Market Group companies' contribution to 2020 Group turnover and Group results was nil.

**INFOBIP LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****22 Net debt reconciliation**

	1 January 2020	Cash flows	Acquisition & disposal of subsidiaries	Other non- cash changes	31 December 2020
	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's
Cash at bank and in hand	46,108	27,170	7,644	(2,672)	78,250
Bank and other loans	(55,716)	(7,993)	-	-	(63,709)
Preference shares	-	(293,331)	-	(12,625)	(305,956)
<b>Net debt</b>	<b>(9,608)</b>	<b>(274,154)</b>	<b>7,644</b>	<b>(15,297)</b>	<b>(291,415)</b>

**23 Subsidiary undertaking audit exemptions**

The parent, being Infobip Limited, has taken the exemption requirements under section 479A of the Companies Act 2006 not to file audited accounts for wholly owned subsidiaries Infobip Global Limited, Parseco Limited and Compatel Limited for the year ended 31 December 2020. All three subsidiaries are included in the parent's consolidated accounts for the current and prior year.

**24 Ultimate controlling party**

The immediate and ultimate controlling party of the group and company is Silvio Kutić.

**25 Post balance sheet events**

On 12 March 2021 the Company entered into a share buyback agreement for purchase of 380,224 A ordinary shares for price of 26.30 EUR per share.

In April 2021 Infobip has acquired Anam Technologies, the world leading SMS firewall vendor providing world messaging solutions.