

Company Registration No. 07085757 (England and Wales)

INFOBIP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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INFOBIP LIMITED

COMPANY INFORMATION

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

INFOBIP LIMITED

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INFOBIP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present the Strategic report and financial statements for the year ended 31 December 2023.

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.

In light of developments within the global market landscape in 2023, Infobip intensified its focus on cost management endeavours, with the overarching objective of attaining significant milestones in alignment with our strategy of sustainable and profitable growth.

Revenues increased by €172m (11%) compared with 2022. Gross profit also increased by €48m (14%). Adjusted EBITDA increased by €70m and the Group reported a statutory loss of €227m, compared with statutory loss of €209m in 2022, due to continued investment in technology and people, as well as significant non-cash expenses (€250m) below EBITDA.

Sustainable growth, the Group's average headcount slightly decreased by 301 (8%) to a full year average of 3,462.

The Group implemented a strategic transformation of its customer-facing structure, transitioning towards cross-functional, agile teams. This change is complemented by ongoing investments in local expertise, aimed at facilitating localized customer engagement. Firmly rooted in the principle of prioritizing the customer's needs, Infobip holds the conviction that adopting a "customer-first" / "zero-distance" approach tailored to local contexts is instrumental in delivering optimal customer service, thereby solidifying its position as a leading CPaaS provider.

In terms of geographical focus, Infobip continued with its activities in all key markets with stronger focus on the USA market.

We strategically prioritize industry verticals based on the observed growth in Communications Platform as a Service and Software as a Service consumption, as well as the level of interaction intensity within these sectors. The finance/fintech, retail/e-commerce, telco, and software sectors remain pivotal verticals for us, as they provide a robust foundation for our continued growth initiatives. Having clearly defined customer segments helps us understand the dynamic, sales cycle, scalability potential, scope of interest among different buying centres, etc. Further partnering with platforms and helping them scale both geographically as well as with new channels, we see opportunities for further growth together.

Infobip's offering towards telecom operators has been enhanced thanks to the ANAM acquisition in 2021. SMS firewall and monetization offering are unparalleled in the industry and is making Infobip one of the key partners for telecom operators when it comes to A2P business. Besides securing telecom's A2P business, Infobip is also partnering and working directly with telecoms on different activities.

Infobip is continuing to build its partnership network and further strengthening of relationship with the prominent global companies – Adobe, Microsoft, Oracle etc. Infobip is one of the largest WhatsApp for Business partners and in 2023, Meta and Infobip continued with joint go-to market activities across several regions.

Although SMS still constitutes the majority of Infobip's revenues, the Company is consistently working to increase the contribution of other more profitable products. Enhancing the proportion of revenue generated from non-SMS sources was a key focus for us in 2023, and this effort remains a central part of our strategic agenda moving forward.

Infobip has consistently earned recognition from various associations for its innovation, quality, and leadership demonstrated across its product portfolio, garnering awards in numerous categories.

INFOBIP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

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

Significant events and decisions	Stakeholders impacted	Considerations
Products and services	Employees, suppliers and customers	<ul style="list-style-type: none">• Launch of new product Signals.• Artificially Inflated Traffic (ATI) protection solution.• Maturing of SaaS products.• Expansion of CPaaS platform with CPaaS X.• Expand of exponential sales channels (Selfservice, Partnerships).• Augmentation of product capabilities through implementation of gen AI.
Environment and community	All	<ul style="list-style-type: none">• Donation of equipment and donation of monetary funds to schools, other educational institutions and non-profits organizations.• Supporting activities focused on the wellbeing of the wider community.

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

In 2023, Infobip continued to mature across both, software product applications as well as core CPaaS offerings. The Company became focused on platforms as a customer segment, and as a result launched the CPaaS X offering, which provides value to our platform customers – namely to utilize complexities of CPaaS more easily and to open new business opportunities. We continued working on our vision to become the platform of platforms and on our strategic product pillars (platform, API first, modularity, AI, self-serviceable). However, we accelerated within some of the strategic pillars. With the growth of GenAI, our product strategy in the AI field has been accelerated and modified in a way to speed up the adoption of predictive AI solutions, replacing them with a combination of GenAI and Predictive AI solutions. An increase in AIT has accelerated the development of Signals and the expansion of its functionalities towards the active blocking of fraudulent traffic.

INFOBIP LIMITED**STRATEGIC REPORT (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****Promoting the success of the company (continued)**

Infobip has the largest number of direct connections and its own, proprietary telecom infrastructure. In addition to telco infrastructure, Infobip is the top provider in WA, RCS, Apple and Viber, being part of all the alpha and beta programs available on those chat apps. This position has been achieved due to the traffic delivered through these new channels, allowing us to be at the forefront of new channel features, and giving us a competitive advantage. Infobip partners with RCS technology providers that provide the necessary software to mobile network operators (MNOs). Infobip also launched a new anti-fraud offering, aimed at artificially inflated traffic – which became a plague in the industry. As many of our top customers were hit, we recognized the need to stop this from happening in the future. Infobip co-developed the solution with some of the largest brands. Our single platform, built in-house, provides a seamless UX/UI for customers. Infobip built a single platform from the start, allowing for very fast development of new features, seamless integration and scaling. As we look toward our future, we are excited about the opportunities to strategically enhance our offerings in the messaging and voice space by providing simplified solutions and omnichannel communication capabilities.

Due to adverse market trends observed in Q1 2023, management decided on and executed cost control measures throughout 2023. On staff cost these measures included: revising new hiring or replacement hiring for people that have left the company, replacing higher cost for lower cost geographical locations for replacement and new hires, organizational optimization due to process transformations or digitalization, accelerating post-merger integration. On other operating expenses, cost control measures included: office footprint optimization where some offices were closed, rationalizing cloud usage, reducing travel and marketing expenses. CAPEX was also reduced and some of the non-essential projects related to facility investments postponed for future years.

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

Engagement with employees

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

Infobip as a company through its Internal Communications team puts great efforts in managing the quality, timing, and flow of internal communication to its employees through direct internal communication, different internal communication channels (e-mail, company's intranet, internal newsletters, Slack, Workplace) and strategic events on a company, vertical and regional level (business updates, company planning events, quarterly townhalls, all hands meetings etc). The Directors, with the support of the Internal Communications team have an important role in creating and delivering a streamlined, timely, tailor-made communication for the targeted audience. Leadership communication by the Directors helps create open dialogue between the employees and the management/leadership. Internal Communication at Infobip together with the Directors and the entire leadership is an important part of all the changes in the company as well as a great contributor to the cross-departmental/cross-vertical cooperation. Internal, customer and external communications functions have been established within the Company and important communication protocols are defined for each function.

In 2023 Infobip updated the Communication Playbook – an official document that provides important process and protocol that employees should adhere to when considering distributing or sharing company information including but not limited to customer, corporate, product or financial news/data – via the customer, external or internal communications functions to any audience (employee, industry contacts, press or any other audience cohort). This is critical in order to ensure that Infobip's brand and corporate integrity are protected as well as to have informed, engaged and connected employee community. Additionally, Crisis Communication Guidelines are created and shared with the Crisis Communication team, clearly stating the responsibilities and process of managing crisis communication.

INFOBIP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Promoting the success of the company (continued)

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

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

Principal risks and uncertainties

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

Credit risk:

The Group's credit risk is primarily attributable to its principal assets, being cash balances, trade and other receivables. The Group has adopted and further improved several policies to mitigate the risk of client default and non-payment, together with regular monitoring and reporting on aged trade receivables. Risk mitigation activities include consistent implementation of credit limits on a major part of existing portfolio, which started during 2021 and continued throughout 2022 and 2023. The Group does not have significant concentration of credit risk, with exposure spread over a large number of clients. Where trade receivables are considered to be uncollectable, that amount of receivables is written off to the profit and loss account as a loss of the current period. Level of write-offs recorded slight increase during 2023 compared to the previous year(s), but remained on materially insignificant level, well below 0.5%, and primarily due to release of historical provisions. The credit risk on cash balances is considered limited as the majority of cash is concentrated in banks with high credit ratings.

During 2023 Infobip continued with enforcement of existing risk policies and procedures in all related companies and started with implementation of the same risk policies in Peerless Network in order to have unified credit risk management approach across the whole Group.

Despite challenging political and macroeconomic circumstances, Infobip's portfolio remained very stable during 2023, with robust credit risk management procedures in place, especially in terms of risk assessment, monitoring and collection activities.

Currency risk:

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

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

INFOBIP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Principal risks and uncertainties (continued)

Interest Rate Risk:

The Group interest rate risk arises from existing debt financing arrangement. The credit facility has floating interest rate tied to 3 month USD LIBOR (from 2023 changed to 3 months Term SOFR) since July 2023 when the related Interest Rate Swap was settled. The upward movement in reference rate is resulting in higher interest cost for the Group.

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 as well as TWCF model (13-week cash flow model) that is prepared as to render a forward-looking quarterly view on anticipated liquidity development. Funding flexibility is achieved through the USD 500m Term Loan Facility, leases and also through intra-group lending. Moreover, the Group also has available €75m Master Factoring Agreement with Raiffeisen Bank International, whereby they are executing purchase of selected receivables on a non-recourse basis thus providing the Group with support to increase working capital requirements due to increase in revenues.

Additionally, documentary business limits are available which provide the Group with improved flexibility and cash savings, due to the fact that cash deposits are no longer needed for guarantees. 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 2023. Further details of how the business has responded and continues to monitor the risk of Covid-19 is set out in the Directors' report.

Non financial and sustainability Information statement

We are implementing the recommendations of the TCFD and a fuller report can be found in our Annual Sustainability Report 2023 under development. A high-level summary is given below.

Governance

Ultimate responsibility for lies with VP Business Integrity who report to the board and delegate day-to-day responsibility to ESG team.

Strategy

We are in the process of implementing our ESG corporate strategy and building climate change considerations into our approach. This will include developing a climate transition plan to halve emissions before 2030 and achieve net-zero before 2050.

Risk

We are undergoing a process to identify material climate-related risks and opportunities. This is being led by the ESG team with support from our ERM team within enterprise risk management process.

Metrics and targets

We regularly calculate our Scope 1, 2 and 3 emissions and are currently in the process of calculating our 2023 emissions.

INFOBIP LIMITED**STRATEGIC REPORT (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****Non financial and sustainability Information statement (continued)**

Our last calculations for 2022 were done based on the Greenhouse Gas Protocol and for Infobip Group (Infobip Holdings Limited and all its subsidiaries) they amount to:

Scope 1 - 774 tCO₂e

Scope 2 - 1,443 tCO₂e

Scope 3 - 20,124 tCO₂e

We are developing science-based targets as part of our ESG strategy.

In November 2023 we signed the SBTi commitment letter where we committed to set long-term science-based targets to reach net-zero value chain GHG emissions by no later than 2050 in line with the SBTi Net-Zero Standard and submit it for SBTi validation within a maximum of 24 months.

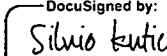
Key performance indicators

The summary consolidated results for the Group for the year ending 31 December 2023 are set out below:

	2023	2022
	€m	€m
Sales	1,735	1,563
Gross profit	402	354
Gross profit margin %	23.2%	22.6%
Adjusted EBITDA*	85	15
Adjusted EBITDA %*	4.9%	1.0%

*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 report was approved by the board of Directors and signed on behalf of the board by:

DocuSigned by:

 S Kutic D41A86505D5F454...
Director

Date: 30 April 2024

INFOBIP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Going concern and basis of preparation of financial statements

The Directors have assessed the ability of the Group to continue to operate as a going concern. To support this assessment forecasts covering the period to the end of December 2025 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 Directors are satisfied it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

Principal activities

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

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

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

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

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

With over a decade of industry experience, Infobip has expanded to include 70+ offices on six continents offering natively built technology with the capacity to reach over seven billion mobile devices in 190+ countries connected to over 800 telecom networks.

The Company serves and partners with leading mobile operators, messaging apps, banks, social networks, tech companies, and aggregators. As of December 2023, the Group employs over 3,300 people, among which 700+ engineers in 10 international research and development centres.

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

Infobip Group is an active member of leading global trade associations, including GSMA, MMA, Mobey Forum, MEF, as well as numerous regional and national associations. The Company holds ISO 9001, ISO 27001, ISO 27017, ISO 27018, ISO 22301 certificates and AICPA SOC2 type I compliance, and conducts self-evaluation with CSA STAR Level1 program.

Results and dividends

The results for the year are set out on page 16.

The Directors do not recommend any payment of dividend for this year.

INFOBIP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Directors

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

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

(Resignation 17 March 2023)

COVID-19

The global situation regarding COVID-19 has significantly improved in 2023 after the implementation of all recommended measures. Infobip Group's internal crisis management and business continuity teams have been in touch with international and national health information sources for all updates on possible new waves of the pandemic and prepared appropriate responses. This was done to ensure the safety of all employees and maintain business continuity.

On May 5, 2023, the World Health Organization announced that it no longer considers COVID-19 a public health emergency of international concern.

From June 2023, we returned to regular work, and until the end of the year we did not record any major consequences.

Group energy and carbon report

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

In November 2023 we signed the SBTi commitment letter where we committed to set long-term science-based targets to reach net-zero value chain GHG emissions by no later than 2050 in line with the SBTi Net-Zero Standard and submit it for SBTi validation within a maximum of 24 months.

In the meantime, we are in the process of developing our ESG strategy, with targets and goals, including emissions ones.

Regarding greenhouse gas emissions, for the year ended 31 December 2023 the quantity of total emission by the Group entities in the UK was approximately 7.99 tons of carbon dioxide equivalent (tCO₂e) (in 2022: 25.73 tons). The calculation was in line with Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. The intensity ratio calculated as consumption of carbon dioxide equivalent per employee is 112.47 kg/tCO₂e (in 2022: 265.21 kg/tCO₂e). Total energy consumption in 2023 was 17 MWh (in 2022: 56 MWh).

Russian Ukraine conflict

In 2023, Infobip Group continued its restricted operations within Russian territory. We reduced our workforce by 40%, focusing solely on clients we assessed to be neither currently nor potentially under direct or indirect government control in Moscow.

Our primary objective remains unchanged: prioritising the safety of our employees, preserving jobs, and ensuring business stability. While our revenue experienced a slight increase, this was not due to enhanced sales efforts but resulted from market price hikes driven by inflation and local market opportunities. Our existing clients in Russia predominantly hail from the digital and e-commerce sectors, while foreign clients utilising our platform to offer services in Russia are primarily American technology companies.

INFOBIP LIMITED**DIRECTORS' REPORT (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****Engagement with suppliers, customers and others**

The Group's engagement with suppliers, customers and others is explained in the Strategic report under sections Promoting the success of the company and Principal activities, as well as in Directors' report under section Future developments.

Research and development

The Group's development work is undertaken across a number of Group companies. From the start, the Group has relied on internal development of its products and services rather than buying ready-made solutions. The Group's R&D activities relate to the development of communication platform through various products (including SMS, Conversations, Answers, Moments, Email, Voice and Numbers). The Group's software is internally developed to meet its own needs, which is primarily to provide its services to customers.

During 2023 the Group's R&D efforts were connected to already existing products, however new features and updates were developed on regular basis. With this the Group is able to ensure existence of a market for the output or in case of internal tools that internal users will benefit from them.

Starting from 2023, the Group changed accounting policy and started to capitalise costs of internally developed software. Research expenditure is written off against profits in the year in which it is incurred. Comparative information for prior periods as well as retained earnings were not restated since it is not practicable to determine prior period amounts due to non-existence of relevant underlying information.

Future developments

Faced with a challenging macroeconomic landscape and disruptive technology trends such as gen AI and expansion of superApps, brands are actively seeking strategies to improve customer experience, explore avenues for new growth channels, all while ensuring efficient operations. As Infobip looks ahead and following these trends, strategic priority is to shift from product-centric sales to value-based selling. This transition will have a positive impact on customer retention, differentiation, product mix, and profitability. In the upcoming period, Infobip will maintain its strategic emphasis on a 'global' business approach, characterized by globally devised programs executed at the local level across various operational domains. Positioned strategically, the Company stands ready to leverage emerging communication trends, supported by clear expansion drivers. As part of its growth strategy, Infobip aims to expand internationally while diversifying revenue streams through cloud-based digital solutions, alongside with voice, email, and OTT channels. With its full-stack communication platform as a service (CPaaS), Company is well positioned to meet the new demands of brands worldwide. Infobip is continually investing in fully integrated solutions for conversational marketing, conversational commerce, and conversational support. At the same time, investing in the development of the next generation CPaaS APIs that will dramatically simplify integration of omnichannel digital communication capabilities into third party SaaS solutions and platforms. Integration of all SaaS products into one conversational platform - AI Hub - that's enriched with generative AI, both as integrated products and individual products. With that, on commercial side Infobip will scale vertical offering & digital transformation service offering to drive impact on business transformation alone or with partners.

The Group is committed to bolstering its market presence in key regions, including the Americas, Asia, and Western Europe, while continually enhancing its ability to deliver exceptional quality to clients and partners worldwide. Emphasizing further growth, the Company will concentrate on strengthening its foothold in pivotal industry verticals such as finance & banking, retail & e-commerce, and telecommunications. 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. Infobip's single platform, built in-house, provides a seamless UX/UI for customers. Company built a single platform from the start, allowing for very fast development of new features, seamless integration, and scaling — all in line with vision to become platform in the centre of cloud communication ecosystem.

To maintain its position as a leader in the CPaaS industry, continued investment in proprietary infrastructure and telco connectivity is crucial. This includes upgrading hardware, enhancing proprietary software and infrastructure, and fostering ongoing relationships with mobile operators to ensure connectivity. As SMS traffic transitions to OTTs, there is a resurgence of interest from telecoms in enabling RCS business messaging. This presents an opportunity for collaborative approaches with partners to penetrate markets and monetize RCS. Furthermore, the Company plans to offer new channel partnership models to mobile network operators and system integrators. This includes providing consultancy, professional services, and platform solutions to large brands, as well as introducing features like customer engagement, CRM, and e-commerce through its platform partnership program.

INFOBIP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Events after the balance sheet date

In March 2024 the Group borrowed additional funds \$30m from its bankers. The loan has the same terms as the existing loan, disclosed in the Note 17 of Notes to financial statements, and is repayable in September 2026.

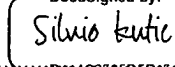
Auditor

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.

The report was approved by the board of Directors and signed on behalf of the board by:

DocuSigned by:

D41A88305D5F434...
S Kutić
Director

Date: 30 April 2024

INFOBIP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Company financial statements in accordance with United Kingdom generally accepted accounting practice (United Kingdom Accounting Standards, comprising FRS 102 'The financial reporting standard applicable in the UK and Republic of Ireland', and applicable law).

Under company law, 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 the Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

INFOBIP LIMITED

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 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 2023 which comprise the group profit and loss account, the group statement of comprehensive income, the group and the company balance sheet, the group and the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

INFOBIP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Climate change

Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector;
- Review of the minutes of Board and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment.

We also assessed the consistency of managements disclosures included as 'Other Information' on page 1 with the financial statements and with our knowledge obtained from the audit.

Other information

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

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

INFOBIP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Other Companies Act 2006 reporting (continued)

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 financial reporting framework, Companies Act 2006, data privacy and the relevant tax compliance regulations.
- We understood how the Group and Parent Company are complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and seeking specific representations in connection with internal compliance procedures in significant jurisdictions.
- We assessed the susceptibility of the Group and Parent Company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where they considered was a susceptibility to fraud.

INFOBIP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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

- Our audit planning identified fraud risks in relation to revenue recognition and management override of controls. We considered the processes and controls that the Group and Parent Company have established to address risks identified, or that otherwise prevent, deter, and detect fraud and how management monitors those processes and controls.
- We have modified our audit procedures over non-significant group components subject to testing to add unpredictability to our audit procedures completed.
- We designed our audit procedures to detect irregularities, including fraud. Our procedures included journal testing of entries, which met specific criteria, testing the operating effectiveness of certain controls over the revenue systems, obtaining third-party confirmations for certain revenue amounts, performing other substantive revenue procedures, enquiries of in-house legal counsel, compliance teams and group management and challenging the assumptions made by management in their significant accounting estimates.
- We reviewed minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations or any known or suspected instances of fraud.
- We involved tax specialists in the audit, performing work over the balance sheet and income statement tax balances recognised in the period and at the period end.

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

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

Use of our report

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

DocuSigned by:

Gavin Crawford

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Gavin Crawford (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

30 April 2024

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 2023**

	Notes	2023 € 000's	2022 € 000's
Turnover	3	1,734,990	1,563,359
Cost of sales		(1,333,171)	(1,209,846)
Gross profit		401,819	353,513
Administrative expenses		(326,138)	(342,547)
Other operating income		9,032	4,320
Adjusted EBITDA*		84,713	15,286
Depreciation		(12,135)	(11,225)
Amortisation and impairment		(174,405)	(85,377)
Exceptional items	4	(24,515)	(15,719)
Separately reported items	4	(19,864)	(13,338)
Operating loss	5	(146,206)	(110,373)
Net interest payable and similar expenses	8	(79,771)	(103,385)
Loss before taxation		(225,977)	(213,758)
Tax on loss	9	(1,220)	4,411
Loss for the financial year		(227,197)	(209,347)

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 23 to 61 form part of these financial statements.

INFOBIP LIMITED**GROUP STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 € 000's	2022 € 000's
Loss for the year	(227,197)	(209,347)
Other comprehensive (loss)/income		
Currency translation differences	(4,447)	(293)
Taken to hedge reserve	(38,666)	43,105
Deferred tax effect of hedge	9,976	(9,976)
Total comprehensive loss for the year	(260,334)	(176,511)

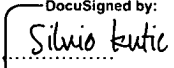
Total comprehensive loss for the year is all attributable to the owners of the parent company.

The notes on pages 23 to 61 form part of these financial statements.

INFOBIP LIMITED**GROUP BALANCE SHEET****AS AT 31 DECEMBER 2023**

	Notes	2023 € 000's	2022 € 000's
Fixed assets			
Goodwill	10	161,269	325,502
Other intangible assets	10	46,171	25,449
Total intangible assets		207,440	350,951
Tangible assets	11	63,839	71,787
Investments	12	381	381
Derivative financial instruments	14	-	38,666
Long-term debtors		675	429
Total fixed assets		272,335	462,214
Current assets			
Debtors	15	410,100	409,567
Cash at bank and in hand		78,900	62,281
Total current assets		489,000	471,848
Creditors: amounts falling due within one year	16	(432,088)	(393,086)
Net current assets		56,912	78,762
Total assets less current liabilities		329,247	540,976
Preference shares treated as liabilities	20	(479,246)	(416,005)
Long term creditors	17	(431,117)	(445,753)
Creditors: amounts falling due after more than one year		(910,363)	(861,758)
Net liabilities		(581,116)	(320,782)
Capital and reserves			
Called up share capital	20	84,576	84,576
Share premium account	20	3,607	3,607
Foreign exchange reserve		(7,742)	(3,295)
Share repurchase reserve	20	(9,475)	(9,475)
Merger reserve		(1,502)	(1,502)
Other reserves	20	955	955
Hedging reserve		-	38,666
Deferred tax effect of hedge		-	(9,976)
Profit and loss reserves		(651,535)	(424,338)
Total equity		(581,116)	(320,782)

The financial statements were approved by the board of Directors and authorised for issue on 30 April 2024
and are signed on its behalf by:

DocuSigned by:

 S Kutic
 Director

The notes on pages 23 to 61 form part of these financial statements.

INFOBIP LIMITED**COMPANY BALANCE SHEET****AS AT 31 DECEMBER 2023**

	Notes	2023 € 000's	2022 € 000's
Fixed assets			
Goodwill	10	26,094	-
Other intangible assets	10	25,030	168
Total intangible assets		51,124	168
Tangible assets	11	4,165	4,378
Investments	12	316,946	348,245
Total fixed assets		372,235	352,791
Current assets			
Debtors	15	340,139	341,640
Cash at bank and in hand		31,699	6,461
Total current assets		371,838	348,101
Creditors: amounts falling due within one year	16	(594,349)	(527,724)
Net current liabilities		(222,511)	(179,623)
Total assets less current liabilities		149,724	173,168
Preference shares treated as liabilities	20	(479,246)	(416,005)
Creditors: amounts falling due after more than one year		(479,246)	(416,005)
Net liabilities		(329,522)	(242,837)
Capital and reserves			
Called up share capital	20	84,576	84,576
Share premium account	20	3,607	3,607
Share repurchase reserve	20	(9,475)	(9,475)
Profit and loss reserves		(408,230)	(321,545)
Total equity		(329,522)	(242,837)

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 €86,685,000 (2022: €130,622,000).

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

DocuSigned by:

Silvio Kutić

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S Kutić
Director**Company Registration No. 07085757**

The notes on pages 23 to 61 form part of these financial statements.

INFOBIP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital € 000's	Share premium account € 000's	Share repurchase reserve € 000's	Foreign exchange reserve € 000's	Hedging reserve € 000's	Deferred tax effect of hedge € 000's	Merger reserve € 000's	Other reserves € 000's	Profit and loss reserves € 000's	Total € 000's
Balance at 1 January 2022	84,576	3,607	(9,475)	(3,002)	(4,439)	-	(1,502)	-	(214,991)	(145,226)
Year ended 31 December 2022:										
Loss for the year	-	-	-	-	-	-	-	-	(209,347)	(209,347)
Other comprehensive (loss)/income:										
Currency translation differences	-	-	-	(293)	-	-	-	-	-	(293)
Taken to hedge reserve	-	-	-	-	43,105	-	-	-	-	43,105
Deferred tax effect of hedge	-	-	-	-	-	(9,976)	-	-	-	(9,976)
Total comprehensive loss for the year	-	-	-	(293)	43,105	(9,976)	-	-	(209,347)	(176,511)
Contribution from the parent	-	-	-	-	-	-	-	955	-	955
Balance at 31 December 2022	84,576	3,607	(9,475)	(3,295)	38,666	(9,976)	(1,502)	955	(424,338)	(320,782)
Year ended 31 December 2023:										
Loss for the year	-	-	-	-	-	-	-	-	(227,197)	(227,197)
Other comprehensive (loss)/income:										
Currency translation differences	-	-	-	(4,447)	-	-	-	-	-	(4,447)
Taken to hedge reserve	-	-	-	-	(38,666)	-	-	-	-	(38,666)
Deferred tax effect of hedge	-	-	-	-	-	9,976	-	-	-	9,976
Total comprehensive loss for the year	-	-	-	(4,447)	(38,666)	9,976	-	-	(227,197)	(260,334)
Balance at 31 December 2023	84,576	3,607	(9,475)	(7,742)	-	-	(1,502)	955	(651,535)	(581,116)

The notes on pages 23 to 61 form part of these financial statements.

INFOBIP LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2023**

	Share capital € 000's	Share premium account € 000's	Share repurchase reserve € 000's	Profit and loss reserves € 000's	Total € 000's
Balance at 1 January 2022	84,576	3,607	(9,475)	(190,923)	(112,215)
Year ended 31 December 2022:					
Total comprehensive loss for the year	-	-	-	(130,622)	(130,622)
Balance at 31 December 2022	84,576	3,607	(9,475)	(321,545)	(242,837)
Year ended 31 December 2023:					
Total comprehensive loss for the year	-	-	-	(86,685)	(86,685)
Balance at 31 December 2023	84,576	3,607	(9,475)	(408,230)	(329,522)

The notes on pages 23 to 61 form part of these financial statements.

INFOBIP LIMITED**GROUP STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023	2022
	€ 000's	€ 000's
Loss for the year after tax	(227,197)	(209,347)
<i>Adjustments for:</i>		
Taxation charged/(credited)	1,220	(4,411)
Finance costs	115,690	104,271
Investment income	(35,919)	(886)
Amortisation and impairment of intangible assets	174,405	85,377
Depreciation of tangible fixed assets	12,135	11,225
Provisions for bad debts	4,961	-
Foreign exchange (gains)/losses	(1,039)	13,338
<i>Movement in working capital:</i>		
Increase in debtors	(14,869)	(48,839)
Increase in creditors	48,382	80,717
Cash generated from operations	77,769	31,445
Interest paid	(48,531)	(39,740)
Other investment income received	635	12
Income taxes paid	(1,358)	(9,515)
Net cash generated from/(used in) operating activities	28,515	(17,798)
Investing activities		
Purchase of intangible assets	(29,823)	(1,143)
Purchase of tangible fixed assets	(7,124)	(13,634)
Proceeds on disposal of tangible and intangible fixed asset	391	52
Interest received	493	874
Acquisition of a subsidiary, net of cash acquired	-	(241,315)
Net cash generated from/(used in) investing activities	(36,063)	(255,166)
Financing activities		
Repayment in long term borrowings	(4,609)	(4,746)
Net proceeds from hedge termination	34,790	-
Net cash generated from/(used in) financing activities	30,181	(4,746)
Net increase/(decrease) in cash and cash equivalents	22,633	(277,710)
Cash and cash equivalents at beginning of year	62,281	323,219
Effect of foreign exchange rates	(6,014)	16,772
Cash and cash equivalents at end of year	78,900	62,281

The notes on pages 23 to 61 form part of these financial statements.

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Company information

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

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

1.1 Accounting convention

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

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

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

Parent company disclosure exemptions

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

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

1.2 Basis of consolidation

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

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

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

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****1 Accounting policies (continued)****1.2 Basis of consolidation (continued)**

All financial statements are made up to 31 December 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

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

1.3 Merger accounting

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

1.4 Going concern

The Directors have assessed the ability of the Group and company to continue to operate as a going concern. To support this assessment forecasts covering the period to the end of December 2025 have been prepared. These forecasts represent management's best estimate of future trading performance based on expectations and commitments made at the time of signing the financial statements.

In 2021, the Group borrowed USD 500m from its bankers. The financial statements show bank loan of €442m. The loan is repayable in September 2026, out of which €5m falling due for repayment within one year of the reporting date. The loan accrues interest at a variable rate equivalent to 3 month USD SOFR plus 6.51%. Issue costs of €19m were incurred, which have been deducted from the initial carrying value and will be charged to profit or loss as part of the interest charge calculated using the effective interest rate method. The cash for this loan was received net of the issue costs. In 2023 €4m (2022: €4m) (Note 8 and Note 17) of loan issue costs was amortised in the year. The Group had entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. The referenced instrument was settled during July 2023 which resulted in an inflow of €34,790,000 as the Group estimated that the FED borrowing rate has likely reached its peak and that reduction in the borrowing rate is expected in 2024.

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

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****1 Accounting policies (continued)****1.5 Turnover**

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

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

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

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

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

1.6 Research and development expenditure

Starting from 2023, the Group changed accounting policy and started to capitalise costs of internally developed software. Research expenditure is written off against profits in the year in which it is incurred. Comparative information for prior periods as well as retained earnings were not restated since it is not practicable to determine prior period amounts due to the lack of relevant underlying information (see 1.8. Internally generated intangible assets).

1.7 Intangible fixed assets - goodwill

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

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

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (continued)

1.8 Internally generated intangible assets

To assess whether an internally generated intangible asset meets the criteria for recognition, the Group classifies the generation of the asset into:

- (a) research phase; and
- (b) development phase.

Research phase

No intangible asset arising from research (or from the research phase of an internal project) is recognised. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Development phase

The Group recognises an intangible asset arising from development (or from the development phase of an internal project) if, and only if, an entity can demonstrate all of the following:

- (a) Technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) Its intention to complete the intangible asset and use or sell it;
- (c) Its ability to use or sell the intangible asset;
- (d) How the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

If the Group cannot distinguish the research phase from the development phase of an internal project to create an intangible asset, the entity treats the expenditure on that project as if it were incurred in the research phase only.

Measurement

The Group is measuring an intangible asset initially at cost.

Other than direct employee costs, the cost of an internally generated intangible asset comprises also all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

All internally generated intangible assets are amortised straight line over 3 year period.

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****1 Accounting policies (continued)****1.9 Intangible fixed assets other than goodwill**

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

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

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

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

1.10 Tangible fixed assets

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

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

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

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

1.11 Fixed asset investments

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

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

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****1 Accounting policies (continued)****1.12 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.

1.13 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.

1.14 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.

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****1 Accounting policies (continued)****1.14 Financial instruments (continued)****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.

Factoring

In 2020 the Group has entered into Master Factoring Agreement with Raiffeisen Bank International, whereby they are executing purchase of selected receivables on a non-recourse basis. The Group accounts for the sale of these receivables as derecognition of financial asset and at the same time establishing provision for fair value of guarantee to Raiffeisen Bank International in the amount of agreed default and dilution reserves.

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.

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.

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****1 Accounting policies (continued)****1.14 Financial instruments (continued)****Hedge accounting**

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

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

Interest rate swap was terminated in July 2023. Fair value of the derivative asset in the moment of termination was €37,110,000 (as at 31 December 2022: €38,666,000). Refer to Note 14 for more details.

1.15 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.

1.16 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.

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.

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****1 Accounting policies (continued)****1.16 Taxation (continued)****Deferred tax (continued)**

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.

1.17 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, fixed assets or internal capitalised development costs.

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.

1.18 Retirement benefits

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

1.19 Share-based payments

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

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

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

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****1 Accounting policies (continued)****1.20 Leased assets**

At inception of the arrangement, the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined, the Group's incremental borrowing rate is used.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

The Group classifies all leases as operating leases.

1.21 Foreign exchange**(a) Functional and presentation currency**

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

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

(b) Transactions and balances

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

All foreign exchange gains and losses are presented in profit or loss within 'Operating loss'.

1.22 Exceptional items

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

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****2 Judgements and key sources of estimation uncertainty**

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

Identification and valuation of the intangibles in business combinations

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

Share-based payments

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

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

Impairment of non-financial assets

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

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****2 Judgements and key sources of estimation uncertainty (continued)****Changes in accounting policies**

The Group is considering change in accounting policy only if the change:

(a) is required by an FRS; or

(b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows.

Capitalisation of development costs

Starting from 2023 all requirements for capitalising internally developed intangible assets have been met and the Group has elected to change treatment of development costs in internal projects and started to capitalise development expenditure. This was elected in order to provide reliable and more relevant information about effects of Group's internal processes. Refer to Note 7 and Note 10.

Global minimum tax rules (Pillar Two)

Upon their release in July 2023, Infobip Group adopted Amendments to FRS 102 regarding International Tax Reform – the Pillar Two model rules. These amendments introduce a temporary exception concerning the accounting treatment of deferred taxes arising from the implementation of the OECD's Pillar Two model rules and disclosure requirements relating to Pillar Two exposure. Refer to Note 9.

Fair value measurement

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

Interest rate swap was terminated in July 2023. Fair value of the derivative asset in the moment of termination was €37,110,000 (as at 31 December 2022: €38,666,000). Refer to Note 14 for more details.

Taxes

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

The Group has €138,883,000 of tax losses carried forward. These losses relate to Group entities that have a history of losses, do not expire, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group was able to recognise deferred tax assets on all these losses, loss would decrease and equity would increase by €32,638,000 (2022: €35,599,000).

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****3 Turnover and other revenue**

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

	2023 € 000's	2022 € 000's
Turnover analysed by geographical market		
United Kingdom	773,456	747,694
Rest of Europe	48,183	47,355
Rest of World	913,351	768,310
Total	1,734,990	1,563,359

4 Exceptional and separately reported items

	2023 € 000's	2022 € 000's
Exceptional items		
Transformation expenses	14,258	6,267
One-off staff costs	9,621	5,411
Costs of raising finance	226	160
Integration expenses	265	208
Equity raising expenses	145	458
Acquisitions expenses	-	3,215
	24,515	15,719
Separately reported items		
Foreign exchange losses	19,864	13,338
	19,864	13,338
Exceptional and separately reported items	44,379	29,057

Transformation expenses mainly relate to costs of one-off projects related to optimizing the go-to-market model, optimizing the geographical footprint and increasing internal efficiency, as well as about €4m of office sites closure costs for the vacated offices during the year.

One-off staff costs relate to one-off severance and garden leave payments in both 2023 and 2022.

Infobip had incurred some one-off costs related to integration of acquired companies, and also some one-off costs related to raising new finance in the upcoming period.

Equity raising expenses in both 2023 and 2022 relate to non-recurring legal services related to future equity raising.

Acquisition expenses that did not qualify for capitalisation in 2022, related to non-recurring expenses related to potential/planned acquisitions, post-acquisition integration and potential acquisitions not undertaken by the Group.

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****5 Operating loss**

	2023 € 000's	2022 € 000's
Operating loss for the year is stated after charging:		
Exceptional and separately reported items	44,379	29,057
Depreciation of owned tangible fixed assets	12,135	11,225
Amortisation of intangible assets	81,055	85,377
Impairment of intangible assets	93,350	-
Research (2023) / Research and development (2022) costs	29,196	66,976
Defined contribution pension expense	16,429	15,213
Operating lease charges	12,038	10,503

6 Auditor's remuneration

Fees payable to the company's auditor and associates:

	2023 € 000's	2022 € 000's
For audit services		
Audit of the financial statements of the Group and company	2,305	1,901
Audit of the financial statements of the company's subsidiaries	268	197
Total	2,573	2,098

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****7 Employees**

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

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Sales	1,144	1,915	39	41
Support	1,389	765	19	9
Development	929	1,083	13	8
Total	3,462	3,763	71	58

Their aggregate remuneration comprised:

	Group 2023 € 000's	2022 € 000's	Company 2023 € 000's	2022 € 000's
Wages and salaries	160,168	165,515	5,512	4,182
Social security costs	37,012	35,950	3,819	3,100
Pension costs	16,429	15,213	597	335
Total	213,609	216,678	9,928	7,617
Amounts capitalised	(28,145)	-	(1,066)	-
Staff costs charged to profit and loss	185,464	216,678	8,862	7,617

Group staff costs of €28,145,000 were capitalised in development costs within intangible assets (Note 10) in the year. On the Company level €1,066,000 of staff costs were capitalised to intangible assets.

Directors' remuneration has been disclosed in Note 22.

8 Net interests payable and similar expenses

	2023 € 000's	2022 € 000's
Accrued interests on preference shares	(61,907)	(58,229)
Amortisation of capitalised expenses on preference shares	(1,334)	(2,223)
Interest on long term loan	(52,805)	(39,138)
Amortisation of capitalised debt raising costs	(3,918)	(4,079)
Net swap interest	7,755	825
Hedge termination	34,790	-
Other financial expenses	(2,352)	(541)
Total	(79,771)	(103,385)

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

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

9 Taxation

	2023 € 000's	2022 € 000's
Current tax		
Foreign current tax on losses for the current period	7,233	5,855
Total current tax charge for the year	7,233	5,855
Deferred tax		
Origination and reversal of timing differences	(6,013)	(10,266)
Total tax charge/(credit) for the year	1,220	(4,411)

The actual charge/(credit) 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:

	2023 € 000's	2022 € 000's
Loss before taxation	(225,977)	(213,758)
Expected tax credit charge based on the standard rate of corporation tax in the UK of 23.5% (2022: 19%)	(53,105)	(40,614)
Tax effect of non deductible expense and non taxable revenue	21,673	19,079
Tax effects of impairment loss	21,937	-
Tax effect of unrecognised deferred tax balances	10,969	14,279
Higher taxes on overseas earnings	500	933
(Overdraft) / underdraft of current tax of previous period	(754)	439
OpenMarket trade name write-off	-	1,473
Tax charge/(credit) for the year	1,220	(4,411)

Tax rate changes

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate to from 19% to 25% with effect from 1 April 2023. For the financial year ended 31 December 2023, the current weighted averaged tax rate was 23.5%.

UK tax rate change does not have any impact on the deferred tax balances as they are not recognized using the UK tax rate but mostly US tax rate.

Tax effect of expenses that are not deductible in determining taxable profits mainly relates to goodwill amortisation and interest on preference shares. The Group has tax losses that arose in various tax jurisdiction of €138,883,000 that are available for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group. The subsidiaries incurring those losses have been loss-making for some time without any positive outlook for future taxable profits, and there are no other tax planning opportunities or other evidence of recoverability in the near future. In addition to unrecognized deferred tax assets on tax losses, the Group has disallowed interest expense available to carry forward in amount of €77,231,000 on which deferred tax asset was not recognized. If the Group was able to recognise all unrecognized deferred tax assets, the loss would decrease by €50,787,000.

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

9 Taxation (continued)

The Group is in scope of the Pillar Two Model Rules. Pillar Two legislation has been enacted in several jurisdictions where the Group operates, including United Kingdom.

The legislation will be effective for the Group's financial year beginning 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to FRS 102 issued in July 2023.

The Group is in the process of assessing the potential exposure to Pillar Two income taxes. Current assessment based on 2023 data shows that the Group will qualify for the Transitional CbCR Safe Harbour in most of the jurisdictions. However, there is a small number of jurisdictions that will not meet conditions for application of Transitional CbCR Safe Harbour. The Group is currently assessing the exposure in those jurisdictions but does not expect it to have material effect on consolidated tax expense.

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

10 Intangible fixed assets

<u>Group</u>	Goodwill	Licences, domains and computer programs	Brand and Trade name	Technology	Total
	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's
Cost					
At 1 January 2023	447,879	14,724	42,305	44,867	549,775
Additional goodwill relating to Peerless acquisition	4,628	-	-	-	4,628
Additions	-	287	-	-	287
Additions - Internally generated	-	29,536	-	-	29,536
Disposals	-	(4)	-	-	(4)
Transfer from / to	-	718	-	-	718
Exchange adjustments	(5,645)	2,216	(263)	(591)	(4,283)
At 31 December 2023	446,862	47,477	42,042	44,276	580,657
Amortisation and impairment					
At 1 January 2023	122,377	12,971	34,321	29,155	198,824
Amortisation charged for the year	70,263	7,243	833	2,716	81,055
Impairment	93,350	-	-	-	93,350
Disposals	-	(2)	-	-	(2)
Transfer from / to	-	(1,242)	-	-	(1,242)
Exchange adjustments	(397)	1,692	(22)	(41)	1,232
At 31 December 2023	285,593	20,662	35,132	31,830	373,217
Carrying amount					
At 31 December 2023	161,269	26,815	6,910	12,446	207,440
At 31 December 2022	325,502	1,753	7,984	15,712	350,951

<u>Company</u>	Goodwill	Licences, domains and computer programs	Brand	Technology	Total
	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's
Cost					
At 1 January 2023	27,240	11,217	2,837	27,982	69,276
Additions	31,313	145	-	-	31,458
Additions - Internally generated	-	29,036	-	-	29,036
At 31 December 2023	58,553	40,398	2,837	27,982	129,770
Amortisation and impairment					
At 1 January 2023	27,240	11,049	2,837	27,982	69,108
Amortisation charged for the year	5,219	4,319	-	-	9,538
At 31 December 2023	32,459	15,368	2,837	27,982	78,646
Carrying amount					
At 31 December 2023	26,094	25,030	-	-	51,124
At 31 December 2022	-	168	-	-	168

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****10 Intangible fixed assets (continued)**

On the Group level additions to internally generated intangible assets comprise €28,145,000 of capitalised internal costs (staff costs) and €1,391,000 of other external directly attributable costs necessary to create, produce and prepare the assets to be capable of operating in the manner intended by management. On the Company level €1,066,000 of staff costs and €27,970,000 of other external costs were capitalised to intangible assets.

Goodwill is tested for impairment annually or when there are indications that an impairment loss has occurred.

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

The Group considered the indicators of possible impairment separately for each CGU. In respect of legacy Infobip Group, The Group concluded that no indicators of impairment exist and no impairment test is performed.

In respect of Peerless Network, the Group concluded that there are some indicators of impairment and the impairment testing was performed as at 31 December 2023.

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

The 3% growth rate after the forecast period coincides with the Group's long-term assumptions about inflation and long-term market growth for PN. WACC of 9.86% was used for discounting of future cash flows. Post-tax discount rates reflect country-specific risks associated with PN operations.

Based on the calculations referred to above, it has been concluded that PN goodwill is impaired and impairment charge of €93,350,000 is recognized in the profit and loss account.

In 2023 the Group has reconsidered calculation of goodwill arising from acquisition of Peerless, and has recognised additional €4,628,000 as correction of fair value of trade receivables.

On the Company level on 1 January 2023 as part of the business transfer, the net assets of OpenMarket Limited were transferred to Infobip UK Limited, what resulted with goodwill recognition amounting to EUR 31,312,727 (Note 12).

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

11 Tangible fixed assets

<u>Group</u>	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
Cost						
At 1 January 2023	5,417	15,105	5,605	26,365	56,574	109,066
Additions	4,315	228	14	2,516	51	7,124
Disposals	-	(793)	(152)	(403)	(470)	(1,818)
Transfer from / to	(8,262)	(1,094)	83	3,703	4,853	(717)
Exchange adjustments	475	(467)	(251)	(539)	(1,019)	(1,801)
At 31 December 2023	1,945	12,979	5,299	31,642	59,989	111,854
Depreciation and impairment						
At 1 January 2023	-	10,263	3,199	17,208	6,609	37,279
Depreciation charged for the year	-	2,410	806	4,371	4,548	12,135
Disposals	-	(708)	(148)	(234)	(339)	(1,429)
Transfer from / to	-	(745)	(10)	745	1,252	1,242
Exchange adjustments	-	(499)	(70)	206	(849)	(1,212)
At 31 December 2023	-	10,721	3,777	22,296	11,221	48,015
Carrying amount						
At 31 December 2023	1,945	2,258	1,522	9,346	48,768	63,839
At 31 December 2022	5,417	4,842	2,406	9,157	49,965	71,787
Company						
	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
Cost						
At 1 January 2023	829	525	134	13,241	-	14,729
Asset acquisition from subsidiary	-	67	190	715	-	972
Additions	1,162	-	-	-	-	1,162
Disposals	-	(38)	-	(53)	-	(91)
Transfer from / to	(1,574)	2	-	1,477	95	-
At 31 December 2023	417	556	324	15,380	95	16,772
Depreciation and impairment						
At 1 January 2023	-	398	134	9,819	-	10,351
Asset acquisition from subsidiary	-	62	185	543	-	790
Depreciation charged for the year	-	68	2	1,461	19	1,550
Disposals	-	(34)	-	(50)	-	(84)
At 31 December 2023	-	494	321	11,773	19	12,607
Carrying amount						
At 31 December 2023	417	62	3	3,607	76	4,165
At 31 December 2022	829	127	-	3,422	-	4,378

Asset acquisition from subsidiary refers to business transfer from OpenMarket Limited (Note 12).

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****12 Fixed asset investments**

	Group 2023 € 000's	2022 € 000's	Company 2023 € 000's	2022 € 000's
Investments in subsidiaries	-	-	316,607	347,906
Unlisted investments	381	381	339	339
Total	381	381	316,946	348,245

Movements in fixed asset investments

<u>Group</u>	Shares in group undertakings € 000's	Other investments other than loans € 000's	Total € 000's
Cost or valuation			
At 1 January 2023	-	381	381
Additions	-	-	-
Disposals	-	-	-
At 31 December 2023	-	381	381
Carrying amount			
At 31 December 2023	-	381	381
At 31 December 2022	-	381	381

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

Cost or valuation	
At 1 January 2023	347,906
Additions	14
Decrease	(31,313)
At 31 December 2023	316,607
Carrying amount	
At 31 December 2023	316,607
At 31 December 2022	347,906

The Company has increased its investment in Infobip Egypt LLC, and decreased its investment in OpenMarket Limited.

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****12 Fixed asset investments (continued)**

On 1 January 2023 as part of the business transfer, the net assets of OpenMarket Limited were transferred to Infobip UK Limited.

This transaction has resulted with goodwill recognition amounting to EUR 31,313,000 (Note 10), and decrease in value of investment in the same amount.

	Book value € 000's
Fixed assets	
Tangible assets	182
Current assets	
Trade debtors	105,187
Cash at bank and in hand	<u>3,238</u>
Total assets	108,607
Creditors	
Trade creditors	<u>(56,349)</u>
Net assets	52,258
Goodwill	31,313
Value of investment	83,571

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****13 Subsidiaries**

Details of the Company's subsidiaries, all of which are wholly owned, either directly or indirectly, at 31 December 2023 are as follows:

Name of undertaking	Country of incorporation	Subsidiary address
«Инфобип Казахстан» ЖШС (eng.INFOBIP KAZAKHSTAN LLP)	Kazakhstan	Block 4B, room No. 3-4B-7 (office 703), Nurly Tau Complex, 15 Al- Farabi Avenue, Bostandyk District, 050059 Almaty city, Kazakhstan
ANAM ASIA SDN. BHD.	Malaysia	09-01, Menara K1, No.1 Lorong 3/137C, Off Jalan Kelang Lama, 58000 Kuala Lumpur, W.p. Kuala Lumpur.
ANAM TECHNOLOGIES LIMITED	Ireland	Suite 3, One Earlsfort Centre, Lower Hatch Street, Dublin 2
ARD SUAS HOLDINGS LIMITED	Ireland	Suite 3, One Earlsfort Centre, Lower Hatch Street, Dublin 2
BSMART TECH PRIVATE LIMITED	India	3rd Floor, Fleet House, Near Marol Naka Metro Station, Andheri Kurla Road, Marol, Andheri East, Mumbai-400059
COMPATEL AFRICA (Pty) Ltd	South Africa	1st Floor, Building B, Bryanston Corner, 18 Ealing Crescent, Bryanston, Johannesburg, 2191, Gauteng, Republic of South Africa
COMPATEL CHILE LIMITADA	Chile	Avenida Bernardo Ohiggins 1186, Depto. 511, Concepcion, Chile
COMPATEL COLOMBIA SAS	Colombia	Cl. 93 # 16 - 46 Oficina 702, Bogotá, Colombia
COMPATEL COMMUNICATIONS RO s.r.l.	Romania	Bucharest, 5th-11th Vanatori Street, Demisol Floor, Apt. No. 2, Room no. 1, Office 4, 5th District
COMPATEL D.O.O. BEOGRAD- NOVI BEOGRAD	Serbia	Palmira Toljatića 60, sprat III, stan 16, Beograd - Novi Beograd, 11070 Novi Beograd, Srbija
COMPATEL INDIA PRIVATE LIMITED	India	3rd Floor, Fleet House, Near Marol Naka Metro Station, Andheri Kurla Road, Marol, Andheri East, Mumbai-400059
TELEFOCUS INFORMATICA LTDA	Brazil	Rua Comendador Araújo 499, Conjunto 1003, 10º Andar, Centro, Curitiba, Paraná, CEP 80420-000
COMPATEL KENYA LIMITED	Kenya	L.R. No. 140/36 Piedmont Plaza, Ngong Road, 00100 Nairobi, Kenya
COMPATEL LIMITED	United Kingdom	85 Great Portland Street First Floor London W1W7LT United Kingdom
COMPATEL LLC	United States	911 Central Avenue, #101, Albany, NY 12206
COMPATEL NIGERIA LIMITED	Nigeria	3, Olakunle Ajibade Street, Off Ogudu-Ojota Road, Ogudu, Lagos, Nigeria
COMPATEL PERU S.A.C.	Peru	Av. de la Floresta 497, Of. 203, San Borja, Lima 41, Peru

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****13 Subsidiaries (continued)**

COMPATEL s.r.o.	Czech Republic	Kliment'ska 1216/46, Nove Mesto, CZ - 110 00 Prague 1, Czech Republic
COMPATEL SA de CV	Mexico	Av Paseo de la Reforma 180, Piso 14, Juarez, Cuauhtemoc, 06600 CDMX
COMPATEL TELEKOMÜNİKASYON HİZMETLERİ TİCARET LİMİTED ŞİRKETİ	Turkey	MECİDİYEKÖY MAH. ŞEHİT AHMET SK. ADA RESİDANCE NO: 6 -10 İÇ KAPI NO: 37 ŞİŞLİ/İSTANBUL
"COMPATEL UKRAINE" LLC	Ukraine	Office 505, Nizhnii Val str., 15, Kyiv, 04071, Ukraine
INFOBIP (GHANA) LTD	Ghana	Suite Number 501 Fifth Floor, The Pelican Building, 8th Blohum Street, Dzorwulu Accra-Ghana, GPS: GA-122-4591
INFOBIP LLC	Saudi Arabia	6897 - King Fahd Al Olaya Dist, Riyadh 12211 - 3388, Kindgom of Saudi Arabia
INFOBIP (PRIVATE) LIMITED	Pakistan	2nd floor, No:208, ISE Towers, 55-B, Jinnah Avenue, Islamabad, Pakistan
INFOBIP (THAILAND) LIMITED	Thailand	ITF Tower, 17th Floor, 140/36 Silom Road, Kwang, Suriyawongese, Khet Bangrak, Bangkok 10500, Thailand
INFOBIP (UGANDA) LIMITED	Uganda	5th Floor Rwenzori Towers, Nakasero Road PO. Box 31704, Kampala, Uganda
INFOBIP AFRICA (Pty) Ltd	South Africa	1st Floor, Building B, Bryanston Corner, 18 Ealing Crescent, Bryanston, Johannesburg, 2191, Gauteng, Republic of South Africa
INFOBIP AFRICA EDUCATION TRUST	South Africa	7 Northwold Drive, Saxonwold, Johannesburg, 2196
INFOBIP ASIA PACIFIC Sdn. Bhd.	Malaysia	09-01 Menara K1, No.1, Lorong 3/137 C, Off Jalan Kelang Lama, 58000 Kuala Lumpur, Malaysia
INFOBIP ASIA PACIFIC SDN. BHD. Taiwan Branch	Taiwan	7F., No. 49, Sec. 3, Minsheng E. Rd., Zhongshan Dist., Taipei City 10478, Taiwan (R.O.C.)
INFOBIP AUSTRIA GmbH	Austria	Fleischmarkt 1, 1010 Vienna, Austria
"INFOBIP BH" d.o.o.	Bosnia and Herzegovina	Tesanj'ska 24 a, 71000 Sarajevo, Bosnia and Herzegovina
INFOBIP BOLIVIA LIMITADA	Bolivia	Calle Federico Zuazo 1598, Zona Central, Edificio Park Inn, Piso 11, La Paz, Bolivia
INFOBIP BRASIL SERVICOS DE VALOR ADICIONADO LTDA	Brazil	Fiscal Adress: Calçada das Margaridas 163, sala 02, Barueri, São Paulo, CEP 06453-038, Brasil & Av. Cândido de Abreu, 70, 8º andar, Centro Cívico Corporate, - Centro Cívico, Curitiba, Paraná, 80530-000, Brasil.

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****13 Subsidiaries (continued)**

INFOBIP CHILE LIMITADA	Chile	Avenida Suecia n° 0155, Oficina 1201, Comuna Providencia, Santiago, Chile
INFOBIP CIS LLC	Uzbekistan	105, Bunyodkor prospect, Chilanzar district, Tashkent, Republic of Uzbekistan, 100161
INFOBIP COLOMBIA S.A.S.	Colombia	Cr 11 B # 97-56 Oficinas 502-503, Bogotá D.C., Colombia
INFOBIP COMMUNICATIONS INC.	Canada	5410-1333 West Broadway, Vancouver BC V6H 4C1, Canada
INFOBIP COMPANY LIMITED (Vietnamese: CONG TY TNHH INFOBIP)	Vietnam	Level 9, Lim Tower 3, 29A Nguyen Dinh Chieu, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam.
INFOBIP COSTA RICA SRL	Costa Rica	Pavas, Rorhmoser del Parque de la Amistad, 275 N, Numero 2486, San Jose, Costa Rica
INFOBIP COTE D'IVOIRE - SUCCURSALE SENEGAL	Senegal	Rue carnot 47-53, BP 1686, Dakar, SENEGAL
"INFOBIP COTE D'IVOIRE" SARL	Côte d'Ivoire	Cocody, 2 Plateaux Vallon, Immeuble Antilope, 1er etage, Porte 64, Cite SOGEFIHA, 01 BP 4651, Abidjan 01, Cote d'Ivoire
INFOBIP d.o.o.	Slovenia	Ameriška ulica 8, 1000 Ljubljana, Slovenia
INFOBIP d.o.o.	Croatia	Istarska 157, 52215 Vodnjan, Croatia
INFOBIP EGYPT LLC	Egypt	Trivium Business Complex, Office no. GA1B and GA1A, Northern 90 St. New Cairo – Cairo, Egypt
INFOBIP G.K.	Japan	Cerulean Tower 15th Floor, 26-1, Sakuragaoka-cho, Shibuya-ku, Tokyo, Japan
INFOBIP GLOBAL LIMITED	United Kingdom	85 Great Portland Street First Floor London W1W7LT United Kingdom
INFOBIP GmbH	Germany	c/o Bird & Bird LLP, Maximiliansplatz 22, 80333 Munich, Germany
INFOBIP GULF - FZ LLC	United Arab Emirates	EIB Building No.1, Office 302, Dubai Internet City, P.B 500284, Dubai, United Arab Emirates
INFOBIP INC.	United States	300 Elliott Avenue W, Suite 200, Seattle, WA 98119
INFOBIP INDIA PRIVATE LIMITED	India	3rd Floor Fleet House Near Marol Naka Metro Station Andheri Kurla Road, Marol, Andheri East, Mumbai 400059
INFOBIP INFORMATION TECHNOLOGY (SHANGHAI) LIMITED COMPANY	China	E08, 28th Floor, Aurora Plaza, 99 Fucheng Road, Pudong New Area, Shanghai
Infobip Information Technology Pty Ltd	Australia	Level 8, 210 George Street, Sydney NSW 2000
INFOBIP ISRAEL LTD	Israel	12 Yad Harutzim Street, Tel Aviv 6770005
INFOBIP KENYA LIMITED	Kenya	6th Floor, Marsabit Plaza, LR No 330/676 Ngong Road, P.O. Box 21937 - 00500, Nairobi, Kenya

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****13 Subsidiaries (continued)**

INFOBIP LAB sp. z o.o.	Poland	ul. Świdnicka 40, 2nd floor, 50-024 Wrocław, Poland
INFOBIP LATAM S.A.	Argentina	Marcelo Torcuato de Alvear 636, Piso 9º, C1058AAH Ciudad Autonoma de Buenos Aires, Argentina
INFOBIP LIMITED	Tunisia	Tunis Carthage App 14 Bloc C 2 ème Etage Ariana 2027 Tunisie
INFOBIP LIMITED	Hong Kong	18/F, On Building, 162 Queen's Road Central, Central Hong Kong
INFOBIP Limited	Bangladesh	11th Floor, Type B, 16 Navana Yusuf Infinity, Bir Uttam A K Khandoker Road, Mohakhali C/A, Dhaka 1212, Bangladesh
INFOBIP LIMITED (JORDAN)	Jordan	Unit no. 131, Building No. 194, 3rd floor, Princess Basma St. Abdoun, Amman 11183, Jordan
INFOBIP LLC	South Korea	7th Floor, 38, Seocho-daero 52-gil, Seocho-gu, Seoul, Republic of Korea
INFOBIP LLC	Qatar	Office no. 4, 4th Floor, Tower 4, The Gate, Doha - Qatar, PO Box 10805
INFOBIP MOBILE SERVICES PTE.LTD.	Singapore	171 Tras Street, #05-173A, Union Building, Singapore 079025
"INFOBIP MOBILE SERVICES, SOCIEDAD LIMITADA"	Spain	Plaza de las Cortes 4, Piso 8, Puerta Izquierda, 28014, Madrid, Spain
INFOBIP MYANMAR COMPANY LIMITED	Myanmar	NO. 3/A, BOGYOKE AUNG SAN ROAD, #14-00 JUNCTION CITY TOWER PABEDAN TOWNSHIP, YANGON REGION, MYANMAR
INFOBIP Netherlands B.V.	Netherlands	Piet Heinkade 55, 1019GM Amsterdam
INFOBIP NIGERIA LIMITED	Nigeria	2 Siji Soetan St, off Onikepo Akande St, off Admiralty Way Lekki Peninsula Phase 1, Lagos, Nigeria
INFOBIP PARAGUAY S.A.	Paraguay	Jejui 1036 casi Colon - Asuncion - Paraguay
INFOBIP PERU S.A.C.	Peru	Avenida Dionisio Derteano 184, office n 302, San Isidro, Lima, Peru
INFOBIP PHILIPPINES INC.	Philippines	Unit 1, 15th Floor, The Curve Building, 32nd Street corner 3rd Avenue, BGC, Taguig City 1634
INFOBIP PORTUGAL, Unipessoal Lda	Portugal	Avenida da Liberdade, 1269 046 Lisboa
INFOBIP Pty Limited	Australia	Level 8, 210 George Street, Sydney NSW 2000
INFOBIP RDC SARL	Congo	Avenue du Livre 46/B, Gombe, Kinshasa, DRC
INFOBIP RWANDA Ltd	Rwanda	Kacyiru, Gasabo, Umujiyi wa Kigali, Rwanda
INFOBIP S.A.R.L.	Morocco	22 Soumaya street, Shehrazade residence, 5th Floor, 20000 Palmiers-Casablanca, Morocco

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****13 Subsidiaries (continued)**

INFOBIP S.R.L. CON SOCIO UNICO	Italy	Piazza Sicilia 6, 20146 Milano, Italy
INFOBIP s.r.o.	Slovakia	Rolnicka 187, Bratislava 831 07, Slovak Republic
INFOBIP s.r.o.	Czech Republic	Na Strži 1702/65, CZ-14000 Prague - Nusle, Czech Republic
INFOBIP SAS	France	2 rue Pasquier 75008 Paris, France
INFOBIP SERBIA d.o.o.	Serbia	Omladinskih Brigada 90V, sprat 6, Beograd, Novi Beograd, 11073 Beograd, 129, Srbija
INFOBIP sp.z o.o.	Poland	ul. Swidnicka 40, 2nd floor, 50-024 Wrocław, Poland
INFOBIP SWEDEN AB	Sweden	Brunnsgatan 21B, 111 38 Stockholm, Sweden
INFOBIP SWITZERLAND GmbH	Switzerland	c/o Haussmann Services AG, Bahnhofplatz, 6300 Zug
INFOBIP TANZANIA LIMITED	Tanzania	Sky Tower, 10th Floor-Left Wing, P.O.Box 31227, New Bagamoyo Road, Kijitonyama, Dar es Salaam, Tanzania
INFOBIP TELEKOMUNIKASYON HIZMETLERI TICARET LIMITED SIRKETI	Turkey	MECİDİYEKÖY MAH. ŞEHİT AHMET SK. ADA RESIDANCE NO: 6 -10 İÇ KAPI NO: 37 ŞİŞLİ/İSTANBUL
INFOBIP ZAMBIA LIMITED	Zambia	Unit 5B, Aquarius House, Katima Mulilo Road, Olympia Park, Lusaka, Zambia
INFOBIPTELCOM S.A.	Ecuador	Av. Republica Oe3-30 e Ignacio de San Maria, Quito, Distrito Metropolitano, Republica de Ecuador
INTLEACHT LIMITED	Ireland	Suite 3, One Earlsfort Centre, Lower Hatch Street, Dublin 2, DUBLIN, Ireland
MAKINATECH (Pty) Ltd	South Africa	1st Floor, Building B, Bryanston Corner, 18 Ealing Crescent, Bryanston, Johannesburg, Gauteng 2021, South Africa
MOBILE SERVICES CLOUD S.A. de C.V.	Mexico	Av. Paseo de la Reforma 180, Piso 18, Oficina 1805, Col. Juárez, Alcaldía Cuauhtémoc, CP 06600, Ciudad de México, México
Netokracija d.o.o. Beograd-ZEMUN	Serbia	Kapetana Radića Petrovića 12, Beograd, Serbia
Netokracija d.o.o. za računalne usluge	Croatia	Hinka Würtha 4, Zagreb, Croatia
ООО "ИнфоБип СПб" (eng. INFOBIP SPB LLC)	Russian Federation	Street 2-Sovetskaya, 7, Building A, Premises/Room 14-H / 1, 191036 Saint-Petersburg, Russian Federation
OPENMARKET HOLDINGS LLC	United States	1209 Orange Street Wilmington, New Castle Delaware 19801 USA
OPENMARKET LIMITED	United Kingdom	15th Floor 389 Chiswick High Road, London, England, W4 4AJ
OPENMARKET SERVICES INDIA PRIVATE LIMITED	India	Unit No. 304, B Wing, Tower S4, Magarpatta City, Hadapsar, Pune 411013

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****13 Subsidiaries (continued)**

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

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

13 Subsidiaries (continued)

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

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****13 Subsidiaries (continued)**

Peerless Network of Vermont, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Virginia, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Washington, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of West Virginia, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Wisconsin, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Wyoming, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
PEERLESS NETWORK INC.	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
PEERLESS NETWORK HOLDINGS INC.	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
AIRUS INC.	United States	850 New Burton Road, Suite 201, Dover, DE 19904
AIRUS VIRGINIA INC.	United States	850 New Burton Road, Suite 201, Dover, DE 19904
PEERLESS NETWORK UK LIMITED	United Kingdom	Citadel House, 58 High Street, Hull, United Kingdom, HU1 1QE
WAVENATION LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
PEERLESS ENTERPRISE CLOUD SERVICES LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
PEERLESS CHICAGO DATA CENTER LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
PEERLESS ATLANTA DATA CENTER LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
AIRUS CLOUD COMMUNICATIONS LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

14 Financial instruments

<u>Group</u>	2023 € 000's	2022 € 000's
Carrying amount of financial assets		
Debt instruments measured at amortised cost	419,656	401,127
Derivative financial instruments measured at fair value	-	38,666
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Financial liabilities measured at amortised cost	(1,313,537)	(1,220,189)
	<u> </u>	<u> </u>

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

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

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

Hedge of variable interest rate risk arising from bank loan liabilities

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

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

As the Group was exposed to risks arising from interest rate benchmark reform as LIBOR is replaced with alternative benchmark interest rates. As of 30 June 2023, the Group has transitioned to alternative interest rate benchmark (from LIBOR to SOFR), resulting with settling of interest rate swap.

The referenced instrument was settled during July 2023 which resulted in an inflow of €34,790,000 as the Group estimated that the FED borrowing rates have likely reached its peak and that reduction in borrowing rates is expected in 2024. Fair value of the derivative asset in the moment of termination was €37,110,000 (2022: €38,666,000).

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****15 Debtors**

	Notes	Group 2023 € 000's	2022 € 000's	Company 2023 € 000's	2022 € 000's
Amounts falling due within one year:					
Trade debtors		220,193	231,113	70,435	82,892
Corporation tax recoverable		5,561	5,389	-	-
Amounts owed by group undertakings		-	-	207,650	211,371
Amounts owed by companies under common control		-	1,555	-	90
Other debtors		44,926	38,679	18,234	6,195
Prepayments and accrued income		118,772	129,193	43,625	41,092
		<u>389,452</u>	<u>405,929</u>	<u>339,944</u>	<u>341,640</u>
Deferred tax asset	18	20,648	3,638	195	-
Total		<u>410,100</u>	<u>409,567</u>	<u>340,139</u>	<u>341,640</u>

Amounts owed by group undertakings are repayable within one year; however, in relation to one intercompany amount owed by a group undertaking amounting to €31.6m of the total balance of €207,650,000 as at 31 December 2023, we do not anticipate recalling any funds in the next 12 months.

16 Creditors

	Notes	Group 2023 € 000's	2022 € 000's	Company 2023 € 000's	2022 € 000's
Amounts falling due within one year:					
Bank loans		4,526	4,690	-	-
Deferred tax liabilities	18	(1,942)	464	-	-
Trade creditors		228,564	170,030	102,743	53,040
Amounts owed to group undertakings		-	-	450,476	409,710
Amounts due to companies under common control		-	2,148	-	-
Corporation tax payable		4,986	(101)	68	-
Other taxation and social security		6,365	13,248	1,232	513
Deferred income		9,143	10,163	4,770	3,326
Other creditors		16,672	13,762	1,125	689
Accruals		163,774	178,682	33,935	60,446
Total		<u>432,088</u>	<u>393,086</u>	<u>594,349</u>	<u>527,724</u>

Amounts owed to group undertakings on Infobip Limited Company relate to intercompany loans received from Infobip Inc. amounting to €220m (2022: €218m) and OpenMarket Limited amounting to €0m (2022: €63m) and other intercompany transactions.

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

17 Long term creditors

Notes	Group 2023 € 000's	2022 € 000's	Company 2023 € 000's	2022 € 000's
Bank loans	427,461	443,676	-	-
Other long term creditors	3,656	2,077	-	-
Total	431,117	445,753	-	-

The maturity of sources of debt finance are as follows:

	Group 2023 € 000's	2022 € 000's	Company 2023 € 000's	2022 € 000's
In one year or less, or on demand	4,526	4,690	-	-
In more than one year but not more than five years	437,890	458,467	-	-

In 2021 the Group borrowed funds from its bankers. The loan (reporting date carrying amount of €442,416,000) is repayable in September 2026. The loan accrues interest at a variable rate equivalent to 3 month USD SOFR plus 6.51%. Issue costs of €19m were incurred, which have been deducted from the initial carrying value and will be charged to profit or loss as part of the interest charge calculated using the effective interest rate method. The cash for this loan was received net of the issue costs. In 2023 €4m (2022: €4m) of loan issue costs was amortised during the period.

The Group has entered into floating to fixed interest rate swap with a fixed leg of 1.7510% and a variable rate leg equal to 3 month USD LIBOR. This was accounted for as a cash flow hedge (see Note 14). The referenced instrument was settled during July 2023 which resulted in an inflow of €34,790,000 as the Group estimated that the FED borrowing rates have likely reached its peak and that reduction in borrowing rates is expected in 2024. Fair value of the derivative asset in the moment of termination was €37,110,000 (2022: €38,666,000).

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

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****18 Deferred taxation**

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

<u>Group</u>	Assets	Assets	Liabilities	Liabilities	Net assets	Net assets
	2023	2022	2023	2022	2023	2022
	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's
Accelerated capital allowances and other temporary differences	20,648	3,638	1,942	(464)	22,590	3,174

Deferred tax assets have been recognised in respect of tax losses only by entities where utilisation of these losses is expected in foreseeable future (Note 9).

19 Share-based payments

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

Equity settled share options schemes

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

The vesting conditions of the share options are as follows:

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

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

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

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****19 Share-based payments (continued)**

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 2023 and 2022 are as follows:

<u>Group</u>	Number of share options		Weighted average exercise price	
	2023	2022	2023	2022
	Number	Number	€	€
Outstanding at 1 January	5,297,907	4,940,995	25.56	16.46
Granted	543,119	962,661	40.00	39.77
Forfeited	(724,886)	(605,749)	21.32	20.44
Outstanding at 31 December	5,116,140	5,297,907		

During 2023, no options were exercised (2022: nil). The options outstanding at the end of the year have a weighted average contractual life of 1.98 years (2022: 2.76).

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

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

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****20 Share capital and reserves**

	Group 2023 € 000's	2022 € 000's	Company 2023 € 000's	2022 € 000's
<u>Ordinary share capital</u>				
A class ordinary share capital				
Issued and fully paid				
61,215,978 of £1 each	84,477	84,477	84,477	84,477
B class ordinary share capital				
Issued and fully paid				
642,188 of £2.88 each	7	7	7	7
Class D shares issue				
78,994 of £1 each	92	92	92	92
Share premium	3,607	3,607	3,607	3,607
Share repurchase reserve	(9,475)	(9,475)	(9,475)	(9,475)
Total share capital	78,708	78,708	78,708	78,708
<u>Other reserves</u>				
Contribution from the parent	955	955	-	-
Total other reserves	955	955	-	-
<u>Shares classified as debt</u>				
C class ordinary share capital				
Issued and fully paid				
11,406,703 of £1 each	293,331	293,331	293,331	293,331
Rolled up interest	185,915	122,674	185,915	122,674
Total	479,246	416,005	479,246	416,005

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

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

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

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

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

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****20 Share capital and reserves (continued)**

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

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

The Group and Company's reserves are as follows:

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

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

At 31 December 2023 total accrued interest on the preference Class C shares were €186m.

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

21 Operating lease commitments

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

	Group 2023 € 000's	2022 € 000's	Company 2023 € 000's	2022 € 000's
Within one year	6,851	5,768	-	243
Between two and five years	11,893	10,228	-	-
In over five years	1,526	304	-	-
Total	20,270	16,300	-	243

The Group has capital commitments due within one year amounting to €124,000 (2022: €97,000).

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****22 Related party transactions****Remuneration of key management personnel**

Remuneration for Directors and key management personnel is detailed below:

	2023 € 000's	2022 € 000's
Directors' remuneration	759	1,099
Amounts paid to third parties in respect of Directors' services	-	4
Total	759	1,103
	2023 € 000's	2022 € 000's
Directors' remuneration	759	1,103
Senior management remuneration	5,203	3,829
Total	5,962	4,932

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

Highest paid company Director was paid €254,000 (2022: €351,000).

Transactions with related parties

Entities over which the Group has control, joint control or significant influence comprise joint ventures. Commonly controlled entities comprise entities which are ultimately controlled by the same parties as the Group. At the beginning of 2023 previously commonly controlled entities ceased to be entities under common control.

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

	Sales		Purchases	
	2023 € 000's	2022 € 000's	2023 € 000's	2022 € 000's
Group				
Commonly controlled entities	-	333	-	892
Company				
Commonly controlled entities	-	148	-	130

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2023 € 000's	2022 € 000's
Group	-	-
Commonly controlled entities	-	2,148
Company	-	-
Commonly controlled entities	-	-
Amounts due from related parties	2023 € 000's	2022 € 000's
Group		
Commonly controlled entities	-	1,555
Company		
Commonly controlled entities	-	90

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****23 Net debt reconciliation**

	1 January 2023	Cash flows	Acquisition & disposal of subsidiaries	Other non-cash changes	31 December 2023
	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's
Cash at bank and in hand	62,281	22,633	-	(6,014)	78,900
Bank and other loans	(448,366)	4,609	-	11,770	(431,987)
Preference shares	(416,005)	-	-	(63,241)	(479,246)
Net debt	(802,090)	27,242	-	(57,485)	(832,333)

24 Subsidiary undertaking audit exemptions

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

Company name	Company registration number
OpenMarket Limited	04009908
Infobip Global Limited	08483220
Parseco Limited	09358944
Compatel Limited	07456831
Peerless Network UK Limited	11224440

By guaranteeing the debts, these subsidiaries have relied on the exemption not to have their individual accounts audited for the year ended 31 December 2023, in accordance with section 479A of the Act.

25 Ultimate controlling party

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

26 Subsequent events

In March 2024 the Group borrowed additional funds \$30m from its lenders. The loan has the same terms as the existing loan (Note 17) and is repayable in September 2026.