

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020

MGAGE EUROPE LIMITED

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# MGAGE EUROPE LIMITED

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## COMPANY INFORMATION

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Directors	J. Continenza D. Goldbarg
Registered number	08789165
Registered office	First Floor 35 Great St. Helen's London England EC3A 6AP
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditors Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY

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STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	4	371,199	463,949
Tangible assets	5	167,545	279,820
		<u>538,744</u>	<u>743,769</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	3,574,528	4,169,390
Cash at bank and in hand		1,098,420	2,369,875
		<u>4,672,948</u>	<u>6,539,265</u>
Creditors: amounts falling due within one year	8	(4,914,400)	(7,034,846)
<b>Net current liabilities</b>		<u>(241,452)</u>	<u>(495,581)</u>
<b>Total assets less current liabilities</b>		<u>297,292</u>	<u>248,188</u>
<b>Net assets</b>		<u>297,292</u>	<u>248,188</u>
<b>Capital and reserves</b>			
Called up share capital		30	30
Share premium account		599,968	599,968
Profit and loss account		(302,706)	(351,810)
		<u>297,292</u>	<u>248,188</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

.....  
**D. Goldbarg**  
Director

Date: 3 March 2021

The notes on pages 2 to 8 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**1. General information**

mGage Europe Limited is a private company limited by shares, incorporated and domiciled in England and Wales. The address of its registered office and principal place of business is First Floor, 35 Great St Helen's, London EC3A 6AP.

These financial statements have been rounded to the nearest GBP.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

**2.2 Going concern**

The directors consider the going concern basis to be appropriate having paid due regard to the Company and its Group's projects results projected for the twelve month period from the date the financial statements are approved and the anticipated cash flows, availability of bank facilities and mitigating actions that can be taken during the year.

Vivial Inc. has confirmed that they will make available to the company, funding over the next twelve months, to enable the company to discharge all their debts and liabilities as they fall due.

**2.3 Exemption from preparing consolidated financial statements**

The Company owns 100% of the issued share capital of mGage Athens (incorporated in Greece). The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and the Group are considered eligible for the exemption to prepare consolidated accounts.

**2.4 Revenue**

Revenue is represented by the provision of mobile content and messaging solutions net of Value Added Tax. Revenue is recognised through monthly issued traffic being reconciled and agreed between mGage and its customers. The agreed corresponding sale is recorded as revenue in the accounts.

**2.5 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Amortisation is provided on the following bases:

Intellectual property	-	33 % straight line
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NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.6 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	33 % straight line
Office equipment	-	33 % straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.7 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

**2.8 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

**2.9 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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2. Accounting policies (continued)

2.10 Pensions

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.11 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and 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.

2.12 Exceptional costs

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

3. Employees

The average monthly number of employees, including directors, during the year was 32 (2019 - 38).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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4. Intangible assets

	Intellectual property £
<b>Cost</b>	
At 1 January 2020	9,936,518
Additions	209,339
At 31 December 2020	<u>10,145,857</u>
<b>Amortisation</b>	
At 1 January 2020	9,472,569
Charge for the year on owned assets	302,089
At 31 December 2020	<u>9,774,658</u>
<b>Net book value</b>	
At 31 December 2020	<u>371,199</u>
<b>At 31 December 2019</b>	<u>463,949</u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

5. Tangible fixed assets

	Short-term leasehold property £	Fixtures and fittings £	Equipment £	Total £
<b>Cost</b>				
At 1 January 2020	77,411	20,447	554,883	652,741
At 31 December 2020	77,411	20,447	554,883	652,741
<b>Depreciation</b>				
At 1 January 2020	77,411	19,802	275,708	372,921
Charge for the year	-	541	111,734	112,275
At 31 December 2020	77,411	20,343	387,442	485,196
<b>Net book value</b>				
At 31 December 2020	-	104	167,441	167,545
<i>At 31 December 2019</i>	-	645	279,175	279,820

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 6. Investments

The company holds 100% of the ordinary shareholding in mGage Athens Private Company, a company incorporated in Greece.

The principal activity of that entity is that of services provided in relation to mobile engagement activities. The value of the investment at 31 December 2020 is £nil (2019: £nil).

### 7. Debtors

	2020 £	2019 £
Trade debtors	1,664,603	1,964,777
Amounts owed by group undertakings	66,347	122,209
Other debtors	45,834	54,186
Prepayments and accrued income	1,797,744	2,028,218
	<u>3,574,528</u>	<u>4,169,390</u>

### 8. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	2,423,612	2,976,324
Amounts owed to group undertakings	-	3,038
Other taxation and social security	306,237	245,132
Other creditors	991,869	1,293,425
Accruals and deferred income	1,192,682	2,516,927
	<u>4,914,400</u>	<u>7,034,846</u>

### 9. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £82,189 (2019 - £74,488). Contributions totalling £11,202 (2019 - £14,009) were payable to the fund at the reporting date and are included in creditors.

### 10. Controlling party

The company's immediate parent undertaking is mGage LLC, a company incorporated in USA. The ultimate parent undertaking is Vivial Inc., a company incorporated in USA. The registered office is 160 Inverness Drive West, Suite 250, Englewood, CO 80112.

On February 19th, 2021, it was announced that Kaleyra signed a definitive agreement to acquire mGage LLC and its

subsidiaries for \$215 million. The deal is expected to close in late Q2 2021.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**11. Auditors' information**

The auditors' report on the financial statements for the year ended 31 December 2020 was unqualified.

The audit report was signed on 4 March 2021 by Caroline Milton (Senior Statutory Auditor) on behalf of Menzies LLP.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.