

KALEYRA UK LIMITED (FORMERLY MGAGE EUROPE LIMITED)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

KALEYRA UK LIMITED (FORMERLY MGAGE EUROPE LIMITED)

COMPANY INFORMATION

Directors	M Carobene D Roncasaglia
Registered number	08789165
Registered office	Ground Floor 35 Great St. Helen's London EC3A 6AP
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

KALEYRA UK LIMITED (FORMERLY MGAGE EUROPE LIMITED)

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KALEYRA UK LIMITED (FORMERLY MGAGE EUROPE LIMITED)**BALANCE SHEET
AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	4	78,448	224,933
Tangible assets	5	11,328	78,410
		<u>89,776</u>	<u>303,343</u>
Current assets			
Debtors	7	2,438,015	2,990,920
Cash at bank and in hand		120,194	439,871
		<u>2,558,209</u>	<u>3,430,791</u>
Creditors: amounts falling due within one year	8	(6,334,357)	(4,635,385)
Net current liabilities		<u>(3,776,148)</u>	<u>(1,204,594)</u>
Total assets less current liabilities		<u>(3,686,372)</u>	<u>(901,251)</u>
Creditors: amounts falling due after more than one year	9	(619,145)	-
Net liabilities		<u><u>(4,305,517)</u></u>	<u><u>(901,251)</u></u>
Capital and reserves			
Called up share capital	10	30	30
Share premium account		599,968	599,968
Profit and loss account		(4,905,515)	(1,501,249)
		<u><u>(4,305,517)</u></u>	<u><u>(901,251)</u></u>

KALEYRA UK LIMITED (FORMERLY MGAGE EUROPE LIMITED)**BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022**

The financial statements have been prepared in accordance with the provisions applicable to the 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 on 21 December 2023.

D Roncasaglia
Director

Date: 21 December 2023

The notes on pages 3 to 10 form part of these financial statements.

KALEYRA UK LIMITED (FORMERLY MGAGE EUROPE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Kaleyra UK Limited (the Company) is a private company limited by shares, incorporated and domiciled in England and Wales. The company name was changed from mGage Europe Limited to Kaleyra UK Limited on 7 September 2022.

The address of its registered office and principal place of business is Ground Floor, 35 Great St Helen's, London EC3A 6AP.

The financial statements are presented in Sterling (£), which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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 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 judgment in applying the company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis notwithstanding the fact that the company has a deficiency on total equity at the end of the year. The directors consider this basis to be appropriate as the company has received a letter of financial support from its parent company/shareholders. Accordingly the directors continue to adopt the going concern basis in preparing the financial statements.

2.3 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 Kaleyra UK Limited and its customers. The agreed corresponding sale is recorded as revenue in the accounts.

2.4 Exemption from preparing consolidated financial statements

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

2.5 Share capital

Ordinary shares are classified as equity.

KALEYRA UK LIMITED (FORMERLY MGAGE EUROPE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.6 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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2.7 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%
Office equipment	-	33%

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.

2.8 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.

The fair value of the award also takes into account non-vesting conditions. These are 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).

2.9 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.

KALEYRA UK LIMITED (FORMERLY MGAGE EUROPE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.10 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Sterling (£).

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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in profit or loss within 'administrative expenses'.

2.11 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.12 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 balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.13 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

KALEYRA UK LIMITED (FORMERLY MGAGE EUROPE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, 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.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

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

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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 balance sheet date.

KALEYRA UK LIMITED (FORMERLY MGAGE EUROPE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3. Employees

The average monthly number of employees, including directors, during the year was 28 (2021:24).

4. Intangible assets

	Capitalised software £
Cost	
At 1 January 2022	1,568,954
At 31 December 2022	1,568,954
Amortisation	
At 1 January 2022	1,344,021
Charge for the year	146,485
At 31 December 2022	1,490,506
Net book value	
At 31 December 2022	78,448
At 31 December 2021	224,933

KALEYRA UK LIMITED (FORMERLY MGAGE EUROPE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

5. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Total £
Cost			
At 1 January 2022	20,447	554,883	575,330
Additions	-	13,928	13,928
At 31 December 2022	20,447	568,811	589,258
Depreciation			
At 1 January 2022	20,447	476,473	496,920
Charge for the year	-	81,010	81,010
At 31 December 2022	20,447	557,483	577,930
Net book value			
At 31 December 2022	-	11,328	11,328
At 31 December 2021	-	78,410	78,410

6. Fixed asset investments

The company holds 100% of the ordinary shareholding in mGage Athens Private Company, a company incorporated in Greece. mGage Athens Private Company is no longer trading and under liquidation in 2023.

The principal activity of that entity was that of services provided in relation to mobile engagement activities. The value of investment at 31 December 2022 is £nil (2021 - £nil).

7. Debtors

	2022 £	2021 £
Trade debtors	1,456,987	1,807,243
Other debtors	24,199	26,292
Prepayments and accrued income	956,829	1,157,385
	<u>2,438,015</u>	<u>2,990,920</u>

KALEYRA UK LIMITED (FORMERLY MGAGE EUROPE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

8. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	2,623,660	1,453,368
Amounts owed to group undertakings	885,551	468,155
Other taxation and social security	770,457	254,710
Other creditors	1,633	812,816
Accruals and deferred income	2,053,056	1,646,336
	<u>6,334,357</u>	<u>4,635,385</u>

Amounts owed to and from group undertakings included above are net settled, interest free, have no fixed repayment date and are repayable on demand.

9. Creditors: amounts falling due after more than one year

	2022 £	2021 £
Amounts owed to group undertakings	<u>619,145</u>	<u>-</u>

Amounts owed to group undertakings falling due more than one year bear interest at a rate of Euribor three months plus a fixed margin of 2.5%. The loan is repayable on 28 March 2025.

10. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
3,000 (2021 - 3,000) Ordinary shares of £0.01 each	<u>30</u>	<u>30</u>

11. 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 £107,086 (2021 - £76,754). Contributions totalling £13,016 (2021 - £12,200) were payable to the fund at the reporting date and are included in creditors.

KALEYRA UK LIMITED (FORMERLY MGAGE EUROPE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. Commitments under operating leases

At 31 December 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	132,813	131,924
Later than 1 year and not later than 5 years	533,435	586,591
	<u>666,248</u>	<u>718,515</u>

13. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

14. Post balance sheet events

In October 2023, Tata Communications announced that it had completed the acquisition of Kaleyra Inc, the company's ultimate parent undertaking. The directors expect that the new owners will continue to provide support to Kaleyra UK Limited.

15. Controlling party

At the balance sheet date, the company's immediate parent undertaking was Kaleyra US Inc and the ultimate parent undertaking was Kaleyra Inc, a company incorporated in USA. The registered office of the ultimate parent company is 17 State Street, New York City, NY, USA. The directors consider there to be no ultimate controlling party.

16. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2022 was unqualified.

The audit report was signed on 21 December 2023 by Nicholas Winters (senior statutory auditor) on behalf of Blick Rothenberg Audit 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.