UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or Section 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 1, 2021

KALEYRA INC.
(Exact name of registrant as specified in its charter)

Delaware	**No. 001-38320**	**82-3027430**
(State or other jurisdiction of incorporation or organization)	**(Commission File Number)**	**(I.R.S. Employer Identification Number)**

Via Marco D'Aviano, 2 **Milano MI, Italy 20131**	**20131**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: +39 02 288 5841

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation to the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	**KLR**	**NYSE American LLC**
Warrants, at an exercise price of $11.50 per share of Common Stock	**KLR WS**	**NYSE American LLC**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Explanatory Note

The purpose of this report is to amend the Current Report on Form8-K filed by Kaleyra, Inc., a Delaware corporation (the "Company"), with the Securities and Exchange Commission on June 7, 2021 (the "Original Report"), which reported the completion of the acquisition of Vivial Inc. ("Vivial"), and the business owned by Vivial known as mGage, on June 1, 2021 (the "mGage Acquisition"). This Amendment No. 1 to the Original Report ("Amendment No. 1") amends and supplements the disclosure to include the financial statements and information required by Item 9.01(a) and the pro forma financial information required by Item 9.01(b). No other amendments to the Original Report are being made by this Amendment No. 1.

Item 9.01 Financial Statements and Exhibits.

(a) *Financial Statements of Businesses Acquired*

The audited consolidated balance sheets of Vivial Networks LLC ("Vivial Networks") as of December 31, 2020 and 2019, the related consolidated statements of operations, other comprehensive income loss, shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2020, and the related notes thereto and report of independent registered public accounting firm, in the Final Proxy Statement/Prospectus filed with the U.S. Securities and Exchange Commission on May 10, 2021 in the section titled "INDEX TO FINANCIAL STATEMENTS— Vivial Networks LLC -Financial Statements" are incorporated herein by reference.

The Unaudited Interim Financial Statements of Vivial Networks as of March 31, 2021 and for the three months ended March 31, 2021 and 2020 are included in this Form 8-K/A as Exhibit 99.2 and are incorporated into this Item 9.01(a) by reference.

(b) *Pro Forma Financial Information*

The Unaudited Pro Forma Condensed Combined Balance Sheets of the Company and Vivial Networks as of March 31, 2021, and the Unaudited Pro Forma Combined Statements of Operations of the Company and Vivial Networks for the year ended December 31, 2020 and the Unaudited Pro Forma Condensed Combined Statements of Operations of the Company and Vivial Networks for the three months ended March 31, 2021, all giving pro forma effect to the mGage Acquisition, are included in this Form 8-K/A as Exhibit 99.3 and are incorporated into this Item 9.01(b) by reference.

(d) *Exhibits*

The Exhibits filed as part of this Current Report on Form8-K, as amended by this Amendment No. 1, are listed on the Exhibit Index immediately preceding such Exhibits, which Exhibit Index is incorporated herein by reference. Documents listed on such Exhibit Index, except for documents incorporated herein by reference, are attached hereto. Documents identified as incorporated herein by reference are not attached hereto and, pursuant to Rule 12b-32 under the Securities Exchange Act of 1934, as amended, reference is made to such documents as previously filed with the Securities and Exchange Commission.

The exhibits required by this item are set forth on the Exhibit Index attached hereto.

Exhibit Number	
99.2	Unaudited Consolidated Balance Sheet of Vivial Networks LLC for the Quarter Ended March 31, 2021, and Year Ended December 31, 2020, Statement of Changes in Member Equity for the Quarter Ended March 31, 2021, and Year Ended December 31, 2020, and Statements of Operations and Comprehensive Income and Cash Flow for the Quarters Ended March 31, 2021, and March 31, 2020.
99.3	Unaudited Pro Forma Condensed Combined Balance Sheets of the Company and Vivial Networks LLC as of March 31, 2021 and Unaudited Pro Forma Condensed Combined Statements of Operations of the Company and Vivial Networks LLC for the year ended December 31, 2020 and for the three months ended March 31, 2021, all giving pro forma effect to the Company's acquisition of Vivial Networks LLC .
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: June 21, 2021

KAYELRA INC.

By:	/s/ Dario Calogero
Name:	Dario Calogero
Title:	Chief Executive Officer and President

Exhibit 99.2

Vivial Networks LLC

Consolidated Balance Sheet for the Quarter Ended March 31, 2021, and Year Ended December 31, 2020, Statement of Changes in Member Equity for the Quarter Ended March 31, 2021, and Year Ended December 31, 2020, Statements of Operations and Comprehensive Income and Cash Flow for the Quarters Ended March 31, 2021, and March 31, 2020,
and Independent Auditor's Review Report

VIVIAL NETWORKS LLC

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CPAs & BUSINESS ADVISORS

Independent Auditor's Review Report

To the Audit Committee and Board of Directors
Vivial Networks LLC
Englewood, Colorado

We have reviewed the accompanying consolidated financial statements of Vivial Networks LLC, which comprise the consolidated balance sheets as of March 31, 2021, and the related consolidated statements of operations and comprehensive income, member equity, and cash flows for the three month period ended March 31, 2021 and 2020, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the interim financial information in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in accordance with the applicable financial reporting framework.

Auditor's Responsibility

Our responsibility is to conduct our review in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists of principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial information. Accordingly, we do not express such an opinion.

Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on the 2020 Balance Sheet

The consolidated financial statements of Vivial Networks LLC as of December 31, 2020 were audited by us in accordance with auditing standards generally accepted in the United States of America and our audit opinion dated March 15, 2021 expressed an unmodified opinion on those consolidated financial statements. We have not performed any auditing procedures after that date.

Eide Bailly LLP

Denver, Colorado
May 11, 2021

VIVIAL NETWORKS LLC
CONSOLIDATED BALANCE SHEETS
(In thousands)

	March 31, 2021 Unaudited	December 31, 2020 Audited
Assets		
Current assets:		
Cash	$ 11,068	$ 27,839
Accounts receivable, net	24,746	31,224
Prepaid expenses and other current assets	1,599	1,491
Total current assets	37,413	60,554
Property and equipment, net	8,402	8,478
Total Assets	$ 45,815	$ 69,032
Liabilities and Member Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 21,653	$ 26,525
Unearned revenue	490	578
Total current liabilities	22,143	27,103
Long-term liabilities	93	47
Total liabilities	22,236	27,150
Commitments and contingencies (Note 4)		
Member equity:		
Member Contribution	65,497	65,497
Accumulated (deficit)	(41,677)	(23,390)
Accumulated other comprehensive (loss)	(241)	(225)
Total member equity	23,579	41,882
Total Liabilities and Member Equity	$ 45,815	$ 69,032

Refer to accompanying notes to these consolidated financial statements.

VIVIAL NETWORKS LLC
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
UNAUDITED
(In thousands)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Revenue	$ 31,861	$ 35,112
Operating expenses:		
Cost of revenue (exclusive of certain depreciation and amortization expense included below)	22,246	21,686
Selling, general and administrative expense	5,243	5,577
Depreciation and amortization	856	1,062
Total operating expenses	28,345	28,325
Operating income	3,516	6,787
Other (income) expenses:		
Interest (income)	—	(1)
Total other (income) expenses, net	—	(1)
Income tax (benefit)	(42)	—
Net income	$ 3,558	$ 6,788
Other comprehensive income:		
Foreign currency translation adjustments, net of tax of zero	(16)	(36)
Comprehensive income	$ 3,542	$ 6,752

Refer to accompanying notes to these consolidated financial statements

VIVIAL NETWORKS LLC
UNAUDITED
CONSOLIDATED STATEMENT OF CHANGES IN MEMBER EQUITY
(In thousands)

	Member Contribution	Accumulated Other Comprehensive (Loss)	Accumulated (Deficit)	Total Member Equity
Balance at December 31, 2019	$ 65,497	$ (273)	$ (40,152)	$ 25,072
Net income	—	—	6,788	6,788
Capital distributions	—	—	(1,250)	(1,250)
Foreign currency translation adjustment	—	(36)	—	(36)
Balance at March 31, 2020	$ 65,497	$ (309)	$ (34,614)	$ 30,574
Balance at December 31, 2020	$ 65,497	$ (225)	$ (23,390)	$ 41,882
Net income	—	—	3,558	3,558
Capital distributions	—	—	(21,845)	(21,845)
Foreign currency translation adjustment	—	(16)	—	(16)
Balance at March 31, 2021	$ 65,497	$ (241)	$ (41,677)	$ 23,579

Refer to accompanying notes to these consolidated financial statements

VIVIAL NETWORKS LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED
(In thousands)

Operating Activities	**Three Months Ended March 31, 2021**	**Three Months Ended March 31, 2020**
Net income	$ 3,558	$ 6,788
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	856	1,062
Provision for doubtful accounts	24	111
Changes in operating assets and liabilities:		
Accounts receivable	6,454	(2,951)
Prepaid expenses and other current assets	(108)	167
Accounts payable and accrued liabilities	(4,820)	(1,466)
Unearned revenue	(88)	170
Net cash provided by operating activities	5,876	3,881
Investing Activities		
Acquisition of property and equipment	(786)	(610)
Net cash (used in) investing activities	(786)	(610)
Financing Activities		
Capital distributions	(21,845)	(1,250)
Net cash (used in) financing activities	(21,845)	(1,250)
Effects of foreign exchange rates on cash	(16)	(36)
Net (decrease) increase in cash	(16,771)	1,985
Cash, beginning of period	27,839	11,013
Cash, end of period	$ 11,068	$ 12,998

Refer to accompanying notes to these consolidated financial statements.

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

Vivial Networks LLC (or the "Company"), a wholly owned indirect subsidiary of Vivial Inc., was formed to invest in and acquire digital marketing companies. On August 21, 2015, Vivial Networks completed the acquisition of mGage, LLC ("mGage"). mGage is a global mobile engagement provider which enables brands to intelligently personalize mobile communications for the omni-channel consumer, across marketing and customer care interactions, primarily through SMS and MMS text marketing and engagement campaigns. Currently mGage provides these services in North America, South America, Europe, and Asia with plans for further global expansion.

On February 19th, 2021, it was announced that Kaleyra signed a definitive agreement to acquire Vivial Networks, LLC and its subsidiaries for $215 million. The deal is expected to close in late Q2 2021.

Basis of Presentation and Consolidation

The consolidated financial statements included herein represent the results of operations and cash flows of the Company for the three months ended March 31, 2021 and 2020, and the balance sheets as of March 31, 2021 and December 31, 2020; they have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). We consolidate all entities we control by ownership of a majority voting interest including mGage, LLC, mGage Europe Limited ("mGage UK"), mGage Athens Private Company ("mGage Athens") and mGage S.A. de C.V. ("Mexico") (together "Consolidated Vivial Networks"). All intercompany accounts and transactions are eliminated from the financial results.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, the reported amounts of revenues and expenses during the period and the disclosure of contingent assets and liabilities in the consolidated financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions that may be undertaken in the future, actual results may ultimately differ from estimates and assumptions, and such differences may be material to the consolidated financial statements. Examples of significant estimates include but are not limited to the allowance for doubtful accounts.

Risks and Uncertainties

We are subject to various risks and uncertainties which include, but are not limited to, competition in the marketplace, including new marketing products and services, our failure to respond adequately to changes in technology and user preferences, certain regulatory risks and reliance on systems and production platforms both owned and operated by third parties. To address these risks, we must, among other things, grow revenue from our Services, enhance advertiser value and expand value-added services, continue to focus on product operations and sales, and implement and maintain successful sales and marketing strategies. There can be no assurance that we will be successful in addressing these or other such risks.

Factors that could adversely impact our operations or financial results include, but are not limited to, the following: unfavorable economic conditions; increased competition in the market; inability to expand our operations; fluctuations in interest rates; increased direct and indirect costs; unfavorable economic and political conditions in markets in which we operate; regulatory requirements; and litigation or legal proceedings.

The Company did not have any significantly adverse financial impacts due to the COVID-19 pandemic.

Concentrations of Risk

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash and accounts receivable. Our deposits are with financial institutions that we believe are creditworthy. We maintain cash in amounts that at times exceed federally insured limits; however, we believe the credit risk associated with such instruments is minimal. Although our top 10 customers make up 83% of total revenue, we believe that risk of credit loss associated with accounts receivable is low because of the strong credit profile of these enterprise-based customers.

Revenue Recognition

The Company recognizes revenue over time as services are being rendered and in the amount of consideration described in the customer contracts. The performance obligation detailed in the contracts are for mobile messaging services. The mGage segment provides access to messaging applications as well as several mobile messaging services (SMS, MMS, Push, etc). These performance obligations are clearly stated and easily identifiable in each of the customer contracts. The services are distinct and are promised within the contracts. The price for each service is clearly stated and fixed per month or variable depending on volumes (for Mobile Messaging). The prices can be subject to change by the Company for standard price increases in the market. Prices are allocated to each performance obligation under the contract in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the services to the customer. Recognition of revenue begins when the services are delivered and recognized ratably over the life of the contract as the customer simultaneously receives and consumes the benefits of the services.

Contract liabilities include unearned revenue. Unearned revenue is primarily made up of short code revenue, which is billed quarterly and amortized over the three-month service period. Another component of unearned revenue is prepaid message revenue which is billed per the terms of the customer contract but recognized over time as messages are used. There is also a small component of setup fee revenue that is recognized over time. The opening balance of unearned contract revenue as of January 1, 2020 was $292 thousand. The balance of unearned contract revenue as of March 31, 2021 and December 31, 2020 was $490 and $578 thousand, respectively.

Related Party Transactions

Related party transactions include but are not limited to; charges from Vivial Dominicana, S.L.R. for services rendered related to the network operating center (“NOC”), and shared services provided by Vivial Media. Vivial Dominicana S.L.R. and Vivial Media are wholly owned subsidiaries of Vivial Inc. Vivial Dominicana services are determined based on direct expenses incurred for specific departments that support the NOC and include a 5% mark up. Shared services from Vivial Media consist of allocated time for indirect overhead departments such as; executive, accounting, finance, legal, payroll and human resources. The shared service charges were determined based on budgeted amounts for the supporting departments. A time study was done by each department determining the amount of time allotted to mGage activities. Related party transactions are generally paid in the month incurred or a month in arrears. The unpaid balance for related party transactions are included in accounts payable and accrued liabilities and were $174 thousand and $185 thousand at March 31, 2021 and December 31,2020 respectively. Related party transactions consisted of the following for the three months ending March 31, 2021 and 2020:

	2021	2020
Shared Services	$ 426	$ 426
Vivial Dominicana Services	535	500
	$ 961	$ 926

Deferred Costs

Short codes, which are used in the transmission of SMS and MMS messages to and from mobile phones, are a component of customer revenue that are sourced by a 3rd party. Because short codes are provisioned quarterly, we defer those costs and amortize them over the three-month service period.

Advertising Costs

Costs related to advertising are expensed as incurred. Advertising costs included in selling, general and administrative expense were $54 thousand and $ 112 thousand for the three months ended March 31, 2021 and March 31, 2020, respectively.

Accounts Receivable

Accounts receivable consists primarily of trade receivables from mobile messaging customers and are billed for messaging and other services monthly. Accounts receivable are recorded at estimated net realizable value and are generally unsecured and due within 30-60 days. The opening balance of trade receivables net of allowance at January 1st, 2020 was $29,965 thousand.

The value of accounts receivable is reported net of an allowance for certain adjustments (the “Allowance”) which includes:

- An appropriate allowance for customer adjustments that are likely to occur subsequent to initial sale; such amounts are recorded as a direct reduction to revenue.
- An appropriate allowance for estimated uncollectible accounts to reflect any loss anticipated on the accounts receivable balances and charged to the provision for doubtful accounts.

The Allowance is calculated using a percentage of sales method based on collection history and an estimate of uncollectible accounts. We exercise judgment in adjusting the provision as a consequence of known items, such as changes in customer financial standing, current economic factors, and credit trends.

The Allowance was $68 thousand and $507 thousand as of March 31, 2021, and December 31, 2020. respectively.

Customers spending above identified levels as determined appropriate by management for a particular market may be subject to a credit review that includes, among other criteria, evaluation of credit or payment history with us, third party credit scoring, credit checks with other vendors along with consideration of credit risks associated with particular industries. Where appropriate, advance payments (in whole or in part) may be required. Beyond efforts to assess credit risk prior to extending credit to customers, we employ collection strategies utilizing an integrated system of internal, external, manual and automated means to engage customers concerning payment obligations.

We recorded $24 thousand and $111 thousand in bad debt expense for the three months ended March 31, 2021 and 2020, respectively.

Foreign Currency Translation

The functional currencies of our operations are the local currencies. The financial statements of our foreign subsidiaries have been translated into U.S. dollars. All asset and liability accounts have been translated using the exchange rates in effect at the balance sheet date. Income statement amounts have been translated using the average exchange rate for the respective year. Accumulated net translation adjustments are reported separately in other comprehensive income in the consolidated financial statements.

Property and Equipment

Property and equipment is recorded at cost. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets as follows:

	Useful lives
Furniture, fixtures and equipment	5 years
Computer equipment and purchased software	3-5 years
Internally developed software	5 years
Leasehold improvements	Life of lease

Construction in progress is not depreciated until the asset is placed in service. Repairs and maintenance costs that do not improve service potential or extend the economic life of the asset are expensed as incurred. When assets are sold or otherwise disposed, the cost and related depreciation and amortization are removed from the accounts and any resulting gain or loss is included in the consolidated statements of operations.

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment as of March 31, 2021 and 2020.

Operating Leases

Scheduled increases in rent expense are recognized on a straight-line basis over the initial lease term and those renewal periods that are reasonably assured. The difference between rent expense and rent paid is recorded as deferred rent. The current portion of deferred rent is included in the accounts payable and accrued liabilities section of the accompanying consolidated balance sheets. The remainder is included in long-term liabilities. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the lease term, including renewal option periods that are reasonably assured.

Defined Contribution Plans

We sponsor an employee savings plan under Section 401(k) of the Internal Revenue Code, which covers substantially all full-time employees. Employees may elect to contribute to the plan a portion of their eligible pretax compensation up to certain limits as specified by the respective plan. We also make employer contributions to the plan, subject to certain limitations. We record expense for the respective plan for contributions when the employee renders service, essentially coinciding with the cash contributions to the respective plan. The expense is recorded and 2020cost of revenue and selling, general and administrative expense in the consolidated statements of operations based on the employees' respective function. We recorded expense related to this plan in the amount of $84 thousand and $99 thousand for three months ended March 31, 2021 and 2020 respectively.

Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to the sole member. Therefore, no provision for income taxes has been included in the financial statements.

The Company evaluates its tax positions that have been taken or are expected to be taken to determine if any accrual is necessary for uncertain tax positions. As of March 31, 2021 and 2020, the unrecognized tax benefits accrual was zero. The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

mGage Europe Limited operates in the United Kingdom and files local income tax returns. The company historically has operated in a loss position and therefore does not currently need to account for a provision. In 2020, tax credits for research and development were awarded and collected in cash.

Recently Issued Accounting Standards and Pronouncements

In February 2016, the FASB issued ASU2016-02 *"Leases (Topic 842)"*. The standard requires lessees to recognize most leases on the balance sheet and addresses certain aspects of lessor accounting. The effective date of the standard will be for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022 and early adoption is permitted. Entities are allowed to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the consolidated financial statements, with an option to use certain relief. We are currently assessing the impact that adopting this new accounting guidance will have on our consolidated financial statements and related disclosures.

3. PROPERTY AND EQUIPMENT

Property and equipment as of dates indicated consists of the following (in thousands):

	March 31, 2021	December 31, 2020
Furniture, fixtures and equipment	$ 2,266	$ 2,266
Computer equipment and purchased software	11,685	11,678
Internally developed software	11,662	10,831
Leasehold improvements	160	158
	25,773	24,933
Less: Accumulated depreciation and amortization	17,371	16,455
	$ 8,402	**$ 8,478**

We capitalized $339 thousand of costs incurred for the development of our Mobile Gateways, which push text messages from businesses to individual cell phones through carrier networks, for the three months ending March 31, 2021. mGage maintains gateways in the United States as well as in Europe. The Mobile Gateways are depreciated on a straight-line basis over five years and any additional capitalization is assessed for the remaining useful life.

Depreciation expenses were $856 thousand and $1,062 thousand for the three months ended March 31, 2021 and 2020, respectively.

The remaining useful lives of the internally developed software spans from one to five years based on the project completion dates.

The estimated aggregate remaining future amortization expense related to internally developed software is as follows (in thousands) for the year ended:

2021	$ 1,399
2022	1,601
2023	1,498
2024	1,256
2025	788
2026	40
	$ 6,582

4. COMMITMENTS AND CONTINGENCIES

Operating Leases

We are subject to certain leases for office facilities and certain equipment under operating lease agreements which expire through 2023. Certain leases contain escalation clauses; for such leases, the total amount of rent is expensed on a straight-line basis over the term of the lease, which includes any renewal periods that are reasonably assured. Rent expense was $323 thousand and $231 thousand for the three months ending March 31, 2021, and March 31, 2020, respectively.

Future remaining minimum lease obligations by fiscal year under non-cancelable lease agreements as of March 31, 2021 are as follows (in thousands) for the years ending:

2021	$ 722
2022	770
2023	185
2024	145
2025	33
	$ 1,855

Litigation

Various lawsuits and other claims that are ordinary and typical for a business of our size and nature are pending against us, and we may be involved in future claims and legal proceedings incident to the conduct of our business. In addition, from time to time we receive communications from government or regulatory agencies concerning investigations or allegations of noncompliance with laws or regulations in jurisdictions in which we operate. We believe, based on our review of the latest information available, that our ultimate liability in connection with pending or threatened legal proceedings will not have a material adverse effect on our results of operations, cash flows or financial position. Since these matters are subject to inherent uncertainties, our view of them may change in the future.

Debt

While Vivial Networks and its subsidiaries do not hold any debt, mGage LLC and Vivial Networks LLC areco- borrowers on the debt agreements of its parent company Vivial Inc. The debt is comprised of a financing agreement and a revolving credit and security agreement. Total outstanding debt of its parent company was $81,140 and

$100,098 thousand as of March 31, 2021 and December 31, 2020, respectively.

5. SUBSEQUENT EVENTS

We evaluated subsequent events through May 10th, 2021, the date the consolidated financial statements were available to be issued, and concluded that there were no subsequent events that required disclosure in the consolidated financial statements.

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Introduction

On June 1, 2021, Kaleyra, Inc. ("*Kaleyra*") and Vivial Inc. ("*Vivial*") completed the acquisition by Kaleyra of the business owned by Vivial known as mGage (the "*Merger*").

For the purpose of the preparation of this unaudited pro forma combined financial information the historical financial information of mGage has been derived from the unaudited historical condensed consolidated financial statements as of and for the three months ended March 31, 2021 and the audited historical consolidated financial statements as of and for the year ended December 31, 2020 of Vivial Networks LLC ("*Vivial Networks*"), a subsidiary of Vivial, which, together with its subsidiaries, substantially represents the operations of mGage.

The following unaudited pro forma condensed combined financial information as of and for the three months ended March 31, 2021 is based on the unaudited historical condensed consolidated financial statements of Kaleyra as of and for the three months ended March 31, 2021, and the unaudited historical condensed consolidated financial statements of Vivial Networks as of and for the three months ended March 31, 2021. The following unaudited pro forma combined financial information for the year ended December 31, 2020 is based on the audited historical consolidated financial statements of Kaleyra for the year ended December 31, 2020, and the audited historical consolidated financial statements of Vivial Networks for the year ended December 31, 2020. The above historical financial information of Kaleyra and Vivial Networks has been adjusted to give effect to the following transactions, (together, the "*Transactions*"):

- The Merger;
- The issue of PIPE Shares (as defined below);
- The issuance of the Notes (as defined below);
- The payment by Kaleyra of the consideration for the Merger (the "*Merger Consideration*") to Vivial equity holders; and
- The payment by Kaleyra of certain fees, expenses and other amounts associated with the Merger.

The unaudited pro forma condensed combined balance sheet as of March 31, 2021 gives effect to the Transactions as if they had occurred on March 31, 2021. The unaudited pro forma combined statements of operations for the three months ended March 31, 2021 and the year ended December 31, 2020 gives effect to the Transactions as if they had occurred on January 1, 2020.

The unaudited pro forma combined financial information does not necessarily reflect what the combined company's financial condition or results of operations would have been, had the Merger occurred on the dates indicated. It also may not be useful in predicting the future financial condition and results of operations of the combined company. The actual financial condition and results of operations of the combined company may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

Kaleyra Inc.
Pro Forma Condensed Combined Balance Sheet
As of March 31, 2021
(Unaudited)

(in thousands)	Historical: Kaleyra	Historical: Vivial Networks	Pro forma: Closing Cash Adjustment Note 4	Pro forma: Financing Adjustment Note 5	Pro forma: Merger Adjustment Note 6	Pro forma Combined
ASSETS						
Current assets:						
Cash and cash equivalents	$ 35,507	$ 11,068	$ (8,400)	$ 287,720	$ (202,314)	$123,581
Short-term investments	4,287	—	—	—	—	4,287
Trade receivables, net	41,611	24,746	—	—	—	66,357
Prepaid expenses	1,233	1,599	—	—	(658)	2,174
Other current assets	5,222	—	—	—	—	5,222
Total current assets	87,860	37,413	(8,400)	287,720	(202,972)	201,621
Property and equipment, net	7,113	8,402	—	—	—	15,515
Intangible assets, net	7,156	—	—	—	103,700	110,856
Goodwill	16,612	—	—	—	104,878	121,490
Deferred tax assets	40	—	—	—	623	663
Other long-term assets	299	—	—	—	—	299
Total assets	$119,080	$ 45,815	$ (8,400)	$ 287,720	$ 6,229	$450,444
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)						
Current liabilities:						
Accounts payable	$ 46,135	$ 21,653	$ —	$ —	$ —	$ 67,788
Notes payable due to related parties	3,750	—	—	—	—	3,750
Lines of credit	4,439	—	—	—	—	4,439
Current portion of bank and other borrowings	8,082	—	—	—	—	8,082
Deferred revenue	3,107	490	—	—	(490)	3,107
Payroll and payroll related accrued liabilities	3,374	—	—	—	—	3,374
Other current liabilities	2,786	—	—	—	—	2,786
Total current liabilities	71,673	22,143	—	—	(490)	93,326
Long-term portion of bank and other borrowings	31,020	—	—	—	—	31,020
Long-term portion of notes payable	405	—	—	129,804	—	130,209
Derivative liability	—	—	—	58,866	—	58,866
Deferred tax liabilities	—	—	—	—	6,274	6,274
Long-term portion of employee benefit obligation	1,886	—	—	—	—	1,886
Other long-term liabilities	2,158	93	—	—	(93)	2,158
Total liabilities	107,142	22,236	—	188,670	5,691	323,739
Stockholders' equity (deficit):						
Common stock	3	—	—	1	—	4
Additional paid-in capital	122,252	65,497	(8,400)	99,049	(38,265)	240,133
Treasury stock, at cost	(30,431)	—	—	—	—	(30,431)
Accumulated other comprehensive income (loss)	(1,725)	(241)	—	—	241	(1,725)
Accumulated deficit	(78,161)	(41,677)	—	—	38,562	(81,276)
Total stockholders' equity (deficit)	11,938	23,579	(8,400)	99,050	538	126,705
Total liabilities and stockholders' equity (deficit)	$119,080	$ 45,815	$ (8,400)	$ 287,720	$ 6,229	$450,444

See accompanying notes to unaudited pro forma combined financial information.

Kaleyra Inc.
Pro Forma Condensed Combined Statement of Operations
For the Three Months Ended March 31, 2021
(Unaudited)

(in thousands, except share and per share data)	Historical		Pro forma		
	Kaleyra	Vivial Networks Reclassified Note 3	Financing Adjustment Note 5	Merger Adjustment Note 6	Pro forma Combined
Revenue	$ 39,714	$ 31,861	$ —	$ —	$ 71,575
Cost of revenue	33,390	22,996	—	1,905	58,291
Gross profit	6,324	8,865	—	(1,905)	13,284
Operating expenses:					
Research and development	2,868	2,847	—	—	5,715
Sales and marketing	2,859	1,151	—	2,004	6,014
General and administrative	10,602	1,302	—	3,195	15,099
Total operating expenses	16,329	5,300	—	5,199	26,828
Income (loss) from operations	(10,005)	3,565	—	(7,104)	(13,544)
Other income, net	45	—	—	—	45
Financial income (expense), net	(719)	—	(6,320)	—	(7,039)
Foreign currency income (loss)	355	(49)	—	—	306
Income (loss) before income tax expense (benefit)	(10,324)	3,516	(6,320)	(7,104)	(20,232)
Income tax expense (benefit)	34	(42)	—	(1,057)	(1,065)
Net income (loss)	$ (10,358)	$ 3,558	$ (6,320)	$ (6,047)	$ (19,167)
Net loss per common share basic and diluted:	$ (0.34)				$ (0.47)
Weighted average common shares used in computing net loss per common share basic and diluted	30,364,943				40,364,943

See accompanying notes to unaudited pro forma combined financial information.

Kaleyra Inc.
Pro Forma Combined Statement of Operations
For the Year Ended December 31, 2020
(Unaudited)

(in thousands, except share and per share data)	Historical		Pro forma		
	Kaleyra	Vivial Networks Reclassified Note 3	Financing Adjustment Note 5	Merger Adjustment Note 6	Pro forma Combined
Revenue	$ 147,368	$ 141,274	$ —	$ —	$ 288,642
Cost of revenue	122,932	92,973	—	7,620	223,525
Gross profit	24,436	48,301	—	(7,620)	65,117
Operating expenses:					
Research and development	9,745	12,943	—	—	22,688
Sales and marketing	12,866	5,761	—	8,018	26,645
General and administrative	28,195	5,608	—	4,918	38,721
Total operating expenses	50,806	24,312	—	12,936	88,054
Income (loss) from operations	(26,370)	23,989	—	(20,556)	(22,937)
Other income, net	112	—	—	—	112
Financial income (expense), net	(1,475)	2	(28,175)	—	(29,648)
Foreign currency income (loss)	(1,353)	(229)	—	—	(1,582)
Income (loss) before income tax expense (benefit)	(29,086)	23,762	(28,175)	(20,556)	(54,055)
Income tax expense (benefit)	(2,276)	—	—	(4,230)	(6,506)
Net income (loss)	$ (26,810)	$ 23,762	$ (28,175)	$ (16,326)	$ (47,549)
Net loss per common share basic and diluted:	$ (1.09)				$ (1.37)
Weighted average common shares used in computing net loss per common share basic and diluted	24,652,004				34,652,004

See accompanying notes to unaudited pro forma combined financial information

NOTES TO THE PRO FORMA COMBINED FINANCIAL INFORMATION
(Unaudited)

(in thousands of United States dollars, except for share and per share amounts, unless otherwise noted)

1. Basis of Presentation

The unaudited pro forma condensed combined financial information as of and for the three months ended March 31, 2021 has been derived from the unaudited historical condensed consolidated financial statements of Kaleyra as of and for the three months ended March 31, 2021 and the unaudited historical condensed consolidated financial statements of Vivial Networks as of and for the three months ended March 31, 2021. The unaudited pro forma combined financial information for the year ended December 31, 2020 has been derived from the audited historical consolidated financial statements of Kaleyra for the year ended December 31, 2020 and the audited historical consolidated financial statements of Vivial Networks for the year ended December 31, 2020. Certain Vivial Networks historical amounts have been reclassified to conform to the Kaleyra's financial statement presentation.

The unaudited pro forma combined financial information has been prepared in accordance with Article 11 of Regulation S-X. In addition, the acquisition method of accounting for business combinations was used in accordance with Accounting Standards Codification 805, Business Combinations, with Kaleyra treated as the acquirer. Under the acquisition method of accounting, the fair value of the purchase consideration has been determined as of the closing date of the Merger when Kaleyra obtained control of mGage. The purchase price has been allocated to the underlying assets acquired and liabilities assumed based on their respective fair values, with any excess purchase price allocated to goodwill. The preliminary pro forma purchase price allocation was based on the fair value of the Merger Consideration (as described below) and preliminary estimates of the fair values of the acquired assets and liabilities assumed. In arriving at the estimated fair values, Kaleyra has considered the estimates of independent valuation professionals, which were based on preliminary reviews of the assets related to Vivial Networks (known as mGage). Accordingly, the pro forma adjustments are preliminary, have been made solely for the purpose of providing pro forma combined financial information, and are subject to revision based on a final determination of fair values. Differences between these preliminary estimates and the final Merger accounting may have a material impact on the accompanying pro forma combined financial information and the post-Merger company's future consolidated results of operations and financial position.

Kaleyra and Vivial have not had any historical relationship prior to the Merger. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

On June 1, 2021, Kaleyra and Vivial Media, LLC ("*Vivial Media*") entered into a Transition Services Agreement (the "*TSA*") for the administration of certain accounting, rental, payroll and human resources services as well as of services related to the network operating center ("*NOC*") effective subsequent to the closing of the Merger. The unaudited historical condensed consolidated financial statements of Vivial Networks as of and for the three months ended March 31, 2021 and the audited historical consolidated financial statements of Vivial Networks as of and for the year ended December 31, 2020 already include certain related party expenses incurred in connection with services substantially comparable to those governed by the TSA. For the purpose of the unaudited pro forma combined financial information, Kaleyra has assumed that the expenses included in the historical consolidated financial statements of Vivial Networks represent a good estimate of the expenses that Kaleyra will incur in connection with the TSA on a recurring basis.

2. The Merger

Merger Consideration

The Merger Consideration consisted of cash consideration and common stock consideration. In particular, the common stock consideration was paid with the issuance of a total of 1,600,000 shares of Kaleyra common stock (the "*Parent Common Stock*"). The remainder of the Merger Consideration was paid in cash.

The following table summarizes the components of the Merger Consideration:

(in thousands, except share data)	Shares	Kaleyra share price as of June 1, 2021	
Cash consideration paid (1)			$199,199
Fair value of Parent Common Stock issued to Vivial equity holders (2)	1,600,000	11.77	18,832
Merger Consideration			**$218,031**

(1) Amount subject to adjustment upon finalization of the final net working capital adjustment.

(2) 1,600,000 shares of newly issued Parent Common Stock issued pursuant to the Merger Agreement to the Vivial equity holders based upon the $11.77 per share closing Parent Common Stock price as of June 1, 2021.

Preliminary Purchase Price Allocation

The table below represents the preliminary purchase price allocation as if the Merger had been completed on March 31, 2021:

(in thousands)	As of March 31, 2021
Property and equipment	$ 8,402
Intangible assets (1)	103,700
Deferred tax assets on net operating losses	22,400
Cash and cash equivalents	2,668
Trade receivables	24,746
Prepaid expenses	941
Deferred tax liabilities on intangible assets	(28,051)
Accounts payable and other liabilities (current and non-current)	(21,653)
Net identifiable assets acquired	**113,153**
Goodwill	**104,878**
Net assets acquired	**$ 218,031**

(1) Refer to Note 6 a. (ii) for information on the intangible assets acquired.

The preliminary purchase price allocation has been used to prepare the Merger pro forma adjustments (see Note 6). The purchase price allocation will be finalized when the valuation analysis is complete. The final allocation could differ materially from the preliminary allocation used in the Merger pro forma adjustment.

3. Accounting Policies and Reclassifications

For the purpose of the preparation of this unaudited pro forma combined financial information, Kaleyra performed a preliminary assessment of Vivial Networks' financial information to identify differences in accounting policies in the financial statement presentation as compared to those of Kaleyra. At the time of preparing this unaudited pro forma combined financial information, Kaleyra has not identified all the proper reclassifications necessary to conform Vivial Networks' accounting policies to Kaleyra's accounting policies. Following the Merger, the combined company will finalize the review of accounting policies, which could be materially different from the amounts set forth in the unaudited pro forma condensed combined financial information presented herein.

No reclassifications were made to present Vivial Networks' unaudited historical condensed consolidated balance sheet as of March 31, 2021 to conform with that of Kaleyra.

Refer to the table below for a summary of reclassifications made to present Vivial Networks' unaudited historical condensed consolidated statement of operations for the three months ended March 31, 2021 to conform with that of Kaleyra:

(in thousands) **Kaleyra Presentation**	**Vivial Networks Presentation**	**Historical Vivial Networks**	**Accounting policy and reclassification adjustments**	**Note**	**Historical Vivial Networks reclassified**
Revenue	Revenue	$ 31,861	$ —		$ 31,861
	Operating expenses:				
Cost of revenue	Cost of revenue (exclusive of certain depreciation and amortization expenses included below)	22,246	750	(1)	22,996
Gross profit					8,865
Operating expenses:					
Research and development			2,847	(2)	2,847
Sales and marketing			1,151	(3)	1,151
General and administrative	Selling, general and administrative expense	5,243	(3,941)	(4)	1,302
	Depreciation and amortization	856	(856)	(5)	—
Total operating expenses	Total operating expenses	28,345	(49)		5,300
Loss from operations	Operating income	3,516	49		3,565
	Other (income) expenses:				
Foreign currency income (loss)	Interest expense		(49)	(6)	(49)
	Total other expense, net	—	(49)		
Loss before income tax expense (benefit)	Income (loss) before income taxes	3,516	—		3,516
Income tax expense (benefit)	Income tax (benefit)	(42)	—		(42)
Net income (loss)	Net income	$ 3,558	$ —		$ 3,558

(1) Represents a reclassification of depreciation and amortization to cost of revenue.
(2) Represents a reclassification of selling, general and administrative expense to research and development.
(3) Represents a reclassification of selling, general and administrative expense to sales and marketing.
(4) Includes a reclassification of depreciation and amortization to general and administrative.
(5) Represents a reclassification of depreciation and amortization to cost of revenue and general and administrative.
(6) Represents a reclassification of selling, general and administrative expense to foreign currency income (loss).

Refer to the table below for a summary of reclassifications made to present Vivial Networks' audited historical consolidated statement of operations for the year ended December 31, 2020 to conform with that of Kaleyra:

(in thousands) **Kaleyra Presentation**	**Vivial Networks Presentation**	**Historical Vivial Networks**	**Accounting policy and reclassification adjustments**	**Note**	**Historical Vivial Networks reclassified**
Revenue	Revenue	$141,274	$ —		$ 141,274
	Operating expenses:				
Cost of revenue	Cost of revenue (exclusive of certain depreciation and amortization expenses included below)	89,906	3,067	(1)	92,973
Gross profit					48,301
Operating expenses:					
Research and development			12,943	(2)	12,943
Sales and marketing			5,761	(3)	5,761
General and administrative	Selling, general and administrative expense	24,112	(18,504)	(4)	5,608
	Depreciation and amortization	3,496	(3,496)	(5)	—
Total operating expenses	Total operating expenses	117,514	(229)		24,312
Loss from operations	Operating income	23,760	229		23,989
	Other (income) expenses:				
Financial income (expense), net	Interest income	2	—		2
Foreign currency income (loss)	Interest expense		(229)	(6)	(229)
	Total other expense, net	2	(229)		
Loss before income tax expense (benefit)	Income (loss) before income taxes	23,762	—		23,762
Income tax expense (benefit)	Income tax (benefit)	—	—		—
Net income (loss)	Net income	$ 23,762	$ —		$ 23,762

(1) Represents a reclassification of depreciation and amortization to cost of revenue.
(2) Represents a reclassification of selling, general and administrative expense to research and development.
(3) Represents a reclassification of selling, general and administrative expense to sales and marketing.
(4) Includes a reclassification of depreciation and amortization to general and administrative.
(5) Represents a reclassification of depreciation and amortization to cost of revenue and general and administrative.
(6) Represents a reclassification of selling, general and administrative expense to foreign currency income (loss).

4. Closing cash pro forma adjustment

Vivial Networks final cash was adjusted for the effect of dividends distributed in the period from April 1, 2021 to June 1, 2021 amounting to $8,400,000 in connection with the Merger.

5. Financing pro forma adjustment

The following summarizes the pro forma adjustments related to the issuance of common stock and convertible notes to finance the Merger (collectively, the "*Financing*").

(i) Proceeds from the issue and sale by Kaleyra, of an aggregate of 8,400,000 shares of Kaleyra common stock (the "*PIPE Shares*") to certain institutional investors (the "*PIPE Investors*") at $12.50 per share, pursuant to the subscription agreements dated February 18, 2021; and

(ii) Proceeds from the issue in a private placement, of $200,000,000 aggregate principal amount of unsecured convertible notes (the "*Notes*") to certain institutional investors. The Notes will bear interest at a rate of 6.125% per annum, payable semi-annually, and will be convertible into shares of Kaleyra common stock at a conversion price of $16.875 per share in accordance with the terms of the indenture governing the Notes, and will mature five years after their issuance.

a. Financing pro forma adjustments to the condensed combined balance sheet as of March 31, 2021

i. Pro forma adjustment to Cash and cash equivalents consists of the following:

(in thousands)		As of March 31, 2021
Proceeds from Parent Common Stock issued to the PIPE Investors	$	105,000
Parent Common Stock issuance costs		(5,950)
Proceeds from issuance of the Notes		200,000
Notes issuance costs		(11,330)
Net pro-forma adjustment to Cash and cash equivalents	**$**	**287,720**

ii. Pro forma adjustment to Long-term portion of notes payable consists of the following:

(in thousands)		As of March 31, 2021
Proceeds from issuance of the Notes	$	200,000
Notes issuance costs (1)		(11,330)
Derivative liability fair value		(58,866)
Net pro forma adjustment to Long- term portion of notes payable	**$**	**129,804**

(1) Amortized over the contractual term of the Notes.

iii. Pro forma adjustment to Derivative liability consists of $58,866,000 and reflects the bifurcation of the conversion feature, the mandatory and voluntary redemption and the interest make-whole provision.

iv. Pro forma adjustment to Total stockholders' equity (deficit) consists of the following:

(in thousands)	As of March 31, 2021 Common Stock	Additional paid-in capital	Total stockholders' equity (deficit)
Proceeds from Parent Common Stock issued to the PIPE Investors	$ 1	$ 104,999	$ 105,000
Parent Common stock issuance costs	—	(5,950)	(5,950)
	$ 1	**$ 99,049**	**$ 99,050**

b. Financing pro forma adjustments to the condensed combined statement of operations for the three months ended March 31, 2021 and to the combined statement of operations the year ended December 31, 2020

i. Pro forma adjustment to Financial income (expense), net consists of the following:

(in thousands)	Three Months ended March 31, 2021	Year ended December 31, 2020
Contractual interest expense on the Notes	$ 3,063	$ 12,250
Amortization of the Notes issuance costs	570	2,747
Accretion expenses of the Notes discount	2,687	13,178
Financial (income) expense, net	**$ 6,320**	**$ 28,175**

No pro forma adjustment was recognized for the change in fair value of the derivative related to the Notes, as it cannot be reasonably estimated.

No pro forma tax benefit has been reflected in connection with the pro forma adjustment to Financial income (expense), net as Kaleyra is in a net loss tax position and a valuation allowance would be established for the amount of any deferred tax assets.

6. Merger pro forma adjustment

a. Merger pro forma adjustment to the condensed combined balance sheet as of March 31, 2021

i. Pro forma adjustment to Cash and cash equivalents consists of the following:

(in thousands)	As of March 31, 2021
Cash consideration paid (1)	$ (199,199)
Estimated Merger expenses	(3,115)
Net pro forma adjustment to Cash and cash equivalents	**$ (202,314)**

(1) Amount subject to adjustment upon finalization of the final net working capital adjustment.

ii. Pro forma adjustment to Intangible assets, net to recognize the estimated fair value of intangible assets acquired consisting of customer relationships, developed technology and trade names that would have been recorded if the Merger occurred on March 31, 2021 consists of the following:

(in thousands)	As of March 31, 2021
Preliminary fair value of identifiable intangible assets:	
Customer relationships	$ 57,400
Developed technology	38,100
Trade names	8,200
Total adjustment to Intangible assets, net	**$ 103,700**

The fair value estimates for identifiable intangible assets are preliminary and are based upon assumptions that market participants would use in pricing an asset. The calculated value is preliminary, subject to change and could vary materially from the final purchase allocation.

iii. Pro forma adjustment of $104,878,000 to Goodwill to recognize the resulting goodwill that would have been recorded if the Merger had been completed on March 31, 2021.

iv. Pro forma adjustments of $28,051,000 to record deferred tax liabilities recognized on Intangible assets, net acquired in the Merger and of $22,400,000 to record deferred tax assets on Vivial federal net operating loss carryforwards ("*NOLs*"). Deferred tax assets and liabilities have been presented on a net basis, where applicable. The combined company's ability to use NOLs to offset future taxable income for U.S. federal and state income tax purposes is subject to limitations. In general, under Section 382 of the U.S. Internal Revenue Code, a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its pre-change NOLs to offset future taxable income. As of the date hereof, Kaleyra has not made a final determination of the ability to utilize all tax attributes, which determination will be subject to a formal Section 382 analysis upon consummation of the Merger.

v. Pro forma adjustment to Total stockholders' equity (deficit) consists of the following:

	As of March 31, 2021				
(in thousands)	**Common Stock**	**Additional paid-in capital**	**Accumu-lated other comprehen-sive income (loss)**	**Accumulated deficit**	**Total stockholders' equity (deficit)**
Shares of Parent Common Stock issued to Vivial equity holders	$ —	$ 18,832	$ —	$ —	$ 18,832
Elimination of Vivial Networks' historical equity, as adjusted to reflect the closing cash adjustment	—	(57,097)	241	41,677	(15,179)
Estimated Merger expenses (1)	—	—	—	(3,115)	(3,115)
	$ —	**$ (38,265)**	**$ 241**	**$ 38,562**	**$ 538**

(1) Represents estimated transactions expenses and fees incurred in connection with the Merger. These expenses will not affect the combined statement of operations beyond twelve months after the Merger.

b. Merger pro forma adjustment to the condensed combined statement of operations for the three months ended March 31, 2021 and the combined statement of operations for the year ended December 31, 2020

i. Pro forma adjustment for amortization of Intangible assets, net is based on the estimated fair values of intangible assets acquired amortized over the respective estimated useful lives. The table below presents the pro forma adjustments for amortization for the three months ended March 31, 2021 and the year ended December 31, 2020:

(in thousands, except estimated useful life in years)	**Estimated useful life (in years)**	**Estimated Fair Value**	**Three Months Ended March 31, 2021**	**Year Ended December 31, 2020**
Customer relationships	9	$ 57,400	$ 1,594	$ 6,378
Developed technology	5	$ 38,100	1,905	7,620
Trade names	5	$ 8,200	410	1,640
Pro forma adjustment for Amortization expense			**$ 3,909**	**$ 15,638**

Amortization expense related to customer relationships and trade names has adjusted Sales and marketing; amortization expense related to developed technology has adjusted Cost of revenue.

ii. Pro forma adjustment to record (i) estimated transaction costs incurred in connection with the Merger for $3,115,000 and $4,590,000 for the three months ended March 31, 2021 and the year ended December 31, 2020, respectively, and (ii) certain incremental insurance costs associated with the Merger for $80,000 and $328,000 for the three months ended March 31, 2021 and the year ended December 31, 2020, respectively. The estimated Merger transaction costs will not affect the combined statement of operations beyond twelve months after the Merger.

iii. Pro forma adjustment to record the income tax impacts of the pro forma adjustments for amortization using a statutory tax rate of 27.05%. This rate does not reflect the combined company's effective tax rate, which may differ from the rates assumed for purposes of preparing these unaudited pro forma condensed combined financial statements. The applicable statutory tax rates used for these unaudited pro forma condensed combined financial statements will likely vary from the actual effective rates in periods as of and subsequent to the completion of the Merger.

7. Pro forma loss per common share

Pro forma loss per common share for the three months ended March 31, 2021 and the year ended December 31, 2020 has been calculated based on the estimated weighted average number of common shares outstanding on a pro forma basis, as described below. The pro forma weighted average number of common shares outstanding has been calculated as if the shares issued in the Transactions had been issued and outstanding on January 1, 2021 and January 1, 2020, respectively. The following table sets forth the computation of pro forma weighted average shares for the three months ended March 31, 2021 and the year ended December 31, 2020:

	Three months ended March 31, 2021	Year ended December 31, 2020
Historical Kaleyra weighted average shares	30,364,943	24,652,004
Shares of Parent Common Stock issued to Vivial equity holders	1,600,000	1,600,000
Shares of Kaleyra common stock issued to PIPE Investors	8,400,000	8,400,000
Pro forma weighted average shares used in computing net loss per share – basic and diluted	**40,364,943**	**34,652,004**

Kaleyra's unaudited historical condensed consolidated statement of operations for the three months ended March 31, 2021 and Kaleyra's audited historical consolidated statement of operations for the year ended December 31, 2020 were in a net loss position, thus Kaleyra's stock awards and outstanding warrants were excluded from the computation of net loss per share because their effect would have been anti-dilutive. There is no adjustment for the dilutive impact of stock awards and outstanding warrants in the pro forma combined financial information due to the combined results being in a net loss position.

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