**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

**(MARK ONE)**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarter ended March 31, 2021**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from                 to**

**Commission file number: 001-39843**

**KLUDEIN I ACQUISITION CORP.**

(Exact Name of Registrant as Specified in Its Charter)

|  |  |  |
| --- | --- | --- |
| **Delaware** |  | **85-3187587** |
| (State or other jurisdiction of incorporation or organization) |  | (I.R.S. Employer Identification No.) |

**1096 Keeler Avenue**

**Berkeley, CA 94708**

(Address of principal executive offices)

**(650) 246-9907**

(Issuer’s telephone number)

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Title of each class** |  | **Trading Symbol(s)** |  | **Name of each exchange on which registered** |
| Units, each consisting of one share of Class A common stock and one-half of one redeemable warrant |  | INKAU |  | The Nasdaq Stock Market |
| Class A common stock, par value $0.0001 per share |  | INKA |  | The Nasdaq Stock Market |
| Redeemable warrants, exercisable for Class A common stock at an exercise price of $11.50 per share |  | INKAW |  | The Nasdaq Stock Market |

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒   No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒   No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company”, and “emerging growth company” in Rule 12b-2 of the Exchange Act.

|  |  |  |  |
| --- | --- | --- | --- |
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☒ |
|  | | 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☒   No ☐

As of May 21, 2021, there were 17,250,000 shares of Class A common stock, $0.0001 par value and 4,312,500 shares of Class B common stock, $0.0001 par value, issued and outstanding.

**KLUDEIN I ACQUISITION CORP.**

**FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2021**

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**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**KLUDEIN I ACQUISITION CORP.**

**CONDENSED BALANCE SHEETS**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **March 31,**  **2021** | |  |  | **December 31, 2020** | |  |
|  |  | **(Unaudited)** | |  |  | **(Audited)** | |  |
| **ASSETS** |  |  |  |  |  |  |  |  |
| Current assets |  |  |  |  |  |  |  |  |
| Cash |  | $ | 655,350 |  |  | $ | 1,000 |  |
| Prepaid expenses |  |  | 542,534 |  |  |  | — |  |
| Total Current Assets |  |  | 1,197,884 |  |  |  | 1,000 |  |
|  |  |  |  |  |  |  |  |  |
| Deferred offering costs |  |  | — |  |  |  | 177,644 |  |
| Cash and marketable securities held in Trust Account |  |  | 172,532,661 |  |  |  | — |  |
| **TOTAL ASSETS** |  | **$** | **173,730,545** |  |  | **$** | **178,644** |  |
|  |  |  |  |  |  |  |  |  |
| **LIABILITIES AND STOCKHOLDERS’ EQUITY** |  |  |  |  |  |  |  |  |
| Current liabilities |  |  |  |  |  |  |  |  |
| Accounts payable and accrued expenses |  | $ | 137,882 |  |  | $ | 1,132 |  |
| Accrued offering costs |  |  | 25,000 |  |  |  | 69,500 |  |
| Due to Sponsor |  |  | — |  |  |  | 1,000 |  |
| Promissory note – related party |  |  | — |  |  |  | 83,905 |  |
| Total Current Liabilities |  |  | 162,822 |  |  |  | 155,537 |  |
|  |  |  |  |  |  |  |  |  |
| Warrant liability |  |  | 7,742,000 |  |  |  | — |  |
| Deferred underwriting fee payable |  |  | 6,037,500 |  |  |  | — |  |
| **Total Liabilities** |  |  | **13,942,322** |  |  |  | **155,537** |  |
|  |  |  |  |  |  |  |  |  |
| **Commitments** |  |  |  |  |  |  |  |  |
| Class A common stock subject to possible redemption 15,478,822 and no shares at redemption value at March 31, 2021 and December 31, 2020, respectively |  |  | 154,788,220 |  |  |  | — |  |
|  |  |  |  |  |  |  |  |  |
| **Stockholders’ Equity** |  |  |  |  |  |  |  |  |
| Preferred stock, $0.0001 par value; 1,000,000 shares authorized; none issued or outstanding |  |  | — |  |  |  | — |  |
| Class A common stock, $0.0001 par value; 280,000,000 shares authorized; 1,771,178 and no shares issued and outstanding (excluding 15,478,822 and no shares subject to possible redemption) at March 31, 2021 and December 31, 2020, respectively |  |  | 177 |  |  |  | — |  |
| Class B common stock, $0.0001 par value; 20,000,000 shares authorized; 4,312,500 shares issued and outstanding at March 31, 2021 and December 31, 2020 |  |  | 431 |  |  |  | 431 |  |
| Additional paid-in capital |  |  | 3,454,383 |  |  |  | 24,569 |  |
| Retained earnings (Accumulated deficit) |  |  | 1,545,012 |  |  |  | (1,893 | ) |
| **Total Stockholders’ Equity** |  |  | **5,000,003** |  |  |  | **23,107** |  |
| **TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY** |  | **$** | **173,730,545** |  |  | **$** | **178,644** |  |

The accompanying notes are an integral part of the unaudited condensed financial statements.

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**KLUDEIN I ACQUISITION CORP.**

**CONDENSED STATEMENT OF OPERATIONS**

**THREE MONTHS ENDED MARCH 31, 2021**

**(UNAUDITED)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Operating and formation costs |  | $ | 697,756 |  |
| **Loss from operations** |  |  | **(697,756** | **)** |
|  |  |  |  |  |
| Other income: |  |  |  |  |
| Interest earned on marketable securities held in Trust Account |  |  | 33,277 |  |
| Unrealized loss on marketable securities held in Trust Account |  |  | (616 | ) |
| Change in fair value of warrant liability |  |  | 2,212,000 |  |
| Other income, net |  |  | 2,244,661 |  |
|  |  |  |  |  |
| **Net income** |  | **$** | **1,546,905** |  |
|  |  |  |  |  |
| Basic and diluted weighted average shares outstanding, Class A common stock subject to redemption |  |  | 15,287,591 |  |
|  |  |  |  |  |
| **Basic and diluted net income per share, Class A common stock subject to redemption** |  | **$** | **0.00** |  |
|  |  |  |  |  |
| Basic and diluted weighted average shares outstanding, Non-redeemable common stock |  |  | 5,991,211 |  |
|  |  |  |  |  |
| **Basic and diluted net loss per share, Non-redeemable common stock** |  | **$** | **0.26** |  |

The accompanying notes are an integral part of the unaudited condensed financial statements.

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**KLUDEIN I ACQUISITION CORP.**

**CONDENSED STATEMENT OF CHANGES IN STOCKHOLDERS’ EQUITY**

**THREE MONTHS ENDED MARCH 31, 2021**

**(UNAUDITED)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Class A**  **Common Stock** | | | | | |  |  | **Class B**  **Common Stock** | | | | | |  |  | **Additional**  **Paid-in** | |  |  | **(Accumulated Deficit) Retained** | |  |  | **Total**  **Stockholders’** | |  |
|  |  | **Shares** | |  |  | **Amount** | |  |  | **Shares** | |  |  | **Amount** | |  |  | **Capital** | |  |  | **Earnings** | |  |  | **Equity** | |  |
| **Balance — January 1, 2021** |  |  | **—** |  |  | **$** | **—** |  |  |  | **4,312,500** |  |  | **$** | **431** |  |  | **$** | **24,569** |  |  | **$** | **(1,893** | **)** |  | **$** | **(23,107** | **)** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Sale of 17,250,000 Units, net of underwriting discounts, initial value of public warrants and offering costs |  |  | 17,250,000 |  |  |  | 1,725 |  |  |  | — |  |  |  | — |  |  |  | 156,760,486 |  |  |  | — |  |  |  | 156,762,211 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash paid in excess of fair value for private warrants |  |  | **—** |  |  |  | **—** |  |  |  | **—** |  |  |  | **—** |  |  |  | 1,456,000 |  |  |  | — |  |  |  | 1,456,000 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Common stock subject to possible redemption |  |  | (15,478,822 | ) |  |  | (1,548 | ) |  |  | — |  |  |  | — |  |  |  | (154,786,672 | ) |  |  | — |  |  |  | (154,788,220 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | 1,546,905 |  |  |  | 1,546,905 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Balance – March 31, 2021** |  |  | **1,771,178** |  |  | **$** | **177** |  |  |  | **4,312,500** |  |  | **$** | **431** |  |  | **$** | **3,454,383** |  |  | **$** | **1,545,012** |  |  | **$** | **5,000,003** |  |

The accompanying notes are an integral part of the unaudited condensed financial statements.

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**KLUDEIN I ACQUISITION CORP.**

**CONDENSED STATEMENT OF CASH FLOWS**

**THREE MONTHS ENDED MARCH 31, 2021**

**(UNAUDITED)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Cash Flows from Operating Activities:** |  |  | |  |
| Net income |  | $ | 1,546,905 |  |
| Adjustments to reconcile net income to net cash used in operating activities: |  |  |  |  |
| Interest earned on marketable securities held in Trust Account |  |  | (33,277 | ) |
| Change in fair value of warrant liability |  |  | (2,212,000 | ) |
| Transaction costs incurred in connection with warrants |  |  | 364,208 |  |
| Unrealized loss on marketable securities held in Trust Account |  |  | 616 |  |
| Changes in operating assets and liabilities: |  |  |  |  |
| Prepaid expenses |  |  | (542,534 | ) |
| Accounts payable and accrued expenses |  |  | 136,690 |  |
| Due to Sponsor |  |  | (1,000 | ) |
| **Net cash used in operating activities** |  |  | **(740,392** | **)** |
|  |  |  |  |  |
| **Cash Flows from Investing Activities:** |  |  |  |  |
| Investment of cash in Trust Account |  |  | (172,500,000 | ) |
| **Net cash used in investing activities** |  |  | **(172,500,000** | **)** |
|  |  |  |  |  |
| **Cash Flows from Financing Activities:** |  |  |  |  |
| Proceeds from sale of Units, net of underwriting discounts paid |  |  | 169,049,999 |  |
| Proceeds from sale of Private Placement Warrants |  |  | 5,200,000 |  |
| Proceeds from promissory note – related party |  |  | 5,000 |  |
| Repayment of promissory note – related party |  |  | (88,905 | ) |
| Payment of offering costs |  |  | (271,352 | ) |
| **Net cash provided by financing activities** |  |  | **173,894,742** |  |
|  |  |  |  |  |
| **Net Change in Cash** |  |  | **654,350** |  |
| Cash – Beginning of period |  |  | 1,000 |  |
| **Cash – End of period** |  | **$** | **655,350** |  |
|  |  |  |  |  |
| **Non-Cash investing and financing activities:** |  |  |  |  |
| Offering costs included in accrued offering costs |  | $ | 214,852 |  |
| Initial classification of Class A common stock subject to possible redemption |  | $ | 151,856,160 |  |
| Change in value of Class A common stock subject to possible redemption |  | $ | 1,912,310 |  |
| Deferred underwriting fee payable |  | $ | 6,037,500 |  |

The accompanying notes are an integral part of the unaudited condensed financial statements.

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**KLUDEIN I ACQUISITION CORP.**

**NOTES TO CONDENSED FINANCIAL STATEMENTS**

**MARCH 31, 2021**

**(Unaudited)**

**NOTE 1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS**

KludeIn I Acquisition Corp. (the “Company”) is a blank check company incorporated in Delaware on September 24, 2020. The Company was formed for the purpose of effectuating a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar business combination with one or more businesses (the “Business Combination”). The Company is an early stage and emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies.

As of March 31, 2021, the Company had not commenced any operations. All activity for the period from September 24, 2020 (inception) through March 31, 2021 relates to the Company’s formation, the initial public offering (the “Initial Public Offering”), which is described below, and subsequent to the Initial Public Offering, identifying a target company for a Business Combination. The Company will not generate any operating revenues until after the completion of a Business Combination, at the earliest. The Company will generate non-operating income in the form of interest income from the proceeds derived from the Initial Public Offering.

The registration statement for the Company’s Initial Public Offering was declared effective on January 6, 2021. On January 11, 2021, the Company consummated the Initial Public Offering of 17,250,000 units (the “Units” and, with respect to the shares of Class A common stock included in the Units sold, the “Public Shares”), which includes the full exercise by the underwriter of its over-allotment option in the amount of 2,250,000 Units, at $10.00 per Unit, generating gross proceeds of $172,500,000, which is described in Note 4.

Simultaneously with the closing of the Initial Public Offering, the Company consummated the sale of 5,200,000 warrants (each, a “Private Placement Warrant” and, collectively, the “Private Placement Warrants”) at a price of $1.00 per Private Placement Warrant in a private placement to KludeIn Prime LLC (the “Sponsor”), generating gross proceeds of $5,200,000, which is described in Note 5.

Transaction costs amounted to $9,891,996, consisting of $3,450,000 of underwriting fees, $6,037,500 of deferred underwriting fees and $404,496 of other offering costs.

Following the closing of the Initial Public Offering on January 11, 2021, an amount of $172,500,000 ($10.00 per Unit) from the net proceeds of the sale of the Units in the Initial Public Offering and the sale of the Private Placement Warrants was placed in a trust account (the “Trust Account”), invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 185 days or less, or in any open-ended investment company that holds itself out as a money market fund meeting the conditions of Rule 2a-7 of the Investment Company Act of 1940, as amended (the “Investment Company Act”), as determined by the Company, until the earlier of: (i) the consummation of a Business Combination or (ii) the distribution of the funds in the Trust Account to the Company’s stockholders, as described below.

The Company’s management has broad discretion with respect to the specific application of the net proceeds of the Initial Public Offering and the sale of the Private Placement Warrants, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. NASDAQ rules provide that the Business Combination must be with one or more target businesses that together have a fair market value equal to at least 80% of the balance in the Trust Account (less any deferred underwriting commissions and taxes payable on interest earned on the Trust Account) at the time of the signing a definitive agreement to enter a Business Combination. The Company will only complete a Business Combination if the post-Business Combination company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act. There is no assurance that the Company will be able to successfully effect a Business Combination.

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**KLUDEIN I ACQUISITION CORP.**

**NOTES TO CONDENSED FINANCIAL STATEMENTS**

**MARCH 31, 2021**

**(Unaudited)**

The Company will provide its holders of the outstanding Public Shares (the “public stockholders”) with the opportunity to redeem all or a portion of their Public Shares upon the completion of a Business Combination either (i) in connection with a stockholder meeting called to approve the Business Combination or (ii) by means of a tender offer. The decision as to whether the Company will seek stockholder approval of a Business Combination or conduct a tender offer will be made by the Company, solely in its discretion. The public stockholders will be entitled to redeem their Public Shares for a pro rata portion of the amount then in the Trust Account (initially anticipated to be $10.00 per Public Share, plus any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay its tax obligations). There will be no redemption rights upon the completion of a Business Combination with respect to the Company’s warrants.

The Company will proceed with a Business Combination only if the Company has net tangible assets of at least $5,000,001 either prior to or upon such consummation of a Business Combination and, if the Company seeks stockholder approval, a majority of the shares voted are voted in favor of the Business Combination. If a stockholder vote is not required by law and the Company does not decide to hold a stockholder vote for business or other reasons, the Company will, pursuant to its Amended and Restated Certificate of Incorporation (the “Amended and Restated Certificate of Incorporation”), conduct the redemptions pursuant to the tender offer rules of the U.S. Securities and Exchange Commission (“SEC”) and file tender offer documents with the SEC prior to completing a Business Combination. If, however, stockholder approval of the transaction is required by law, or the Company decides to obtain stockholder approval for business or other reasons, the Company will offer to redeem shares in conjunction with a proxy solicitation pursuant to the proxy rules and not pursuant to the tender offer rules. If the Company seeks stockholder approval in connection with a Business Combination, the Sponsor has agreed to vote its Founder Shares (as defined in Note 6) and any Public Shares purchased during or after the Initial Public Offering in favor of approving a Business Combination. Additionally, each public stockholder may elect to redeem their Public Shares irrespective of whether they vote for or against the proposed transaction or don’t vote at all.

Notwithstanding the above, if the Company seeks stockholder approval of a Business Combination and it does not conduct redemptions pursuant to the tender offer rules, the Amended and Restated Certificate of Incorporation provides that a public stockholder, together with any affiliate of such stockholder or any other person with whom such stockholder is acting in concert or as a “group” (as defined under Section 13 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), will be restricted from redeeming its shares with respect to more than an aggregate of 15% or more of the Public Shares, without the prior consent of the Company.

The Sponsor has agreed (a) to waive its redemption rights with respect to its Founder Shares and Public Shares held by it in connection with the completion of a Business Combination, (b) to waive its liquidation rights with respect to the Founder Shares if the Company fails to complete a Business Combination by July 11, 2022 and (c) not to propose an amendment to the Amended and Restated Certificate of Incorporation (i) to modify the substance or timing of the Company’s obligation to allow redemption in connection with the Company’s initial Business Combination or to redeem 100% of its Public Shares if the Company does not complete a Business Combination or (ii) with respect to any other provision relating to stockholders’ rights or pre-initial business combination activity, unless the Company provides the public stockholders with the opportunity to redeem their Public Shares in conjunction with any such amendment.

The Company will have until July 11, 2022 to complete a Business Combination (the “Combination Period”). If the Company is unable to complete a Business Combination within the Combination Period, the Company will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten business days thereafter, redeem the Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account including interest earned on the funds held in the Trust Account and not previously released to the Company to pay its tax obligations (less up to $100,000 of interest to pay dissolution expenses), divided by the number of then outstanding Public Shares, which redemption will completely extinguish public stockholders’ rights as stockholders (including the right to receive further liquidating distributions, if any), and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the Company’s remaining stockholders and the Company’s board of directors, dissolve and liquidate, subject in each case to the Company’s obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law. There will be no redemption rights or liquidating distributions with respect to the Company’s warrants, which will expire worthless if the Company fails to complete a Business Combination within the Combination Period.

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**KLUDEIN I ACQUISITION CORP.**

**NOTES TO CONDENSED FINANCIAL STATEMENTS**

**MARCH 31, 2021**

**(Unaudited)**

The Sponsor has agreed to waive its liquidation rights with respect to the Founder Shares if the Company fails to complete a Business Combination within the Combination Period. However, if the Sponsor acquires Public Shares in or after the Initial Public Offering, such Public Shares will be entitled to liquidating distributions from the Trust Account if the Company fails to complete a Business Combination within the Combination Period. The underwriters have agreed to waive their rights to their deferred underwriting commission (see Note 7) held in the Trust Account in the event the Company does not complete a Business Combination within in the Combination Period and, in such event, such amounts will be included with the other funds held in the Trust Account that will be available to fund the redemption of the Public Shares. In the event of such distribution, it is possible that the per share value of the assets remaining available for distribution will be less than the Initial Public Offering price per Unit ($10.00).

In order to protect the amounts held in the Trust Account, the Sponsor has agreed to be liable to the Company if and to the extent any claims by a third party for services rendered or products sold to the Company, or a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account to below (1) $10.00 per Public Share or (2) the actual amount per Public Share held in the Trust Account as of the date of the liquidation of the Trust Account due to reductions in the value of the trust assets, in each case net of the interest which may be withdrawn to pay our taxes. This liability will not apply with respect to any claims by a third party who executed a waiver of any and all rights to seek access to the Trust Account and except as to any claims under the Company’s indemnity of the underwriters of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the “Securities Act”). Moreover, in the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsor will not be responsible to the extent of any liability for such third-party claims. The Company will seek to reduce the possibility that the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers (except the Company’s independent registered public accounting firm), prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

***Risks and Uncertainties***

Management continues to evaluate the impact of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company’s financial position, results of its operations and/or search for a target company, the specific impact is not readily determinable as of the date of the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**NOTE 2. REVISION OF PREVIOUSLY ISSUED FINANCIAL STATEMENT**

The Company previously accounted for its outstanding Public Warrants (as defined in Note 4) and Private Placement Warrants (as defined in Note 5) (collectively, with the Public Warrants, the “Warrants”) issued in connection with its Initial Public Offering as components of equity instead of as derivative liabilities. The warrant agreements governing the Warrants includes a provision that provides for potential changes to the settlement amounts dependent upon the characteristics of the holder of the warrant. In addition, the warrant agreement includes a provision that in the event of a tender offer or exchange offer made to and accepted by holders of more than 50% of the outstanding shares of a single class of stock, all holders of the Warrants would be entitled to receive cash for their Warrants (the “tender offer provision”).

On April 12, 2021, the Acting Director of the Division of Corporation Finance and Acting Chief Accountant of the Securities and Exchange Commission together issued a statement regarding the accounting and reporting considerations for warrants issued by special purpose acquisition companies entitled “Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies (“SPACs”)” (the “SEC Statement”). Specifically, the SEC Statement focused on certain settlement terms and provisions related to certain tender offers following a business combination, which terms are similar to those contained in the warrant agreement.

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**(Unaudited)**

In further consideration of the SEC Statement, the Company’s management further evaluated the Warrants under Accounting Standards Codification (“ASC”) Subtopic 815-40, Contracts in Entity’s Own Equity. ASC Section 815-40-15 addresses equity versus liability treatment and classification of equity-linked financial instruments, including warrants, and states that a warrant may be classified as a component of equity only if, among other things, the warrant is indexed to the issuer’s common stock. Under ASC Section 815-40-15, a warrant is not indexed to the issuer’s common stock if the terms of the warrant require an adjustment to the exercise price upon a specified event and that event is not an input to the fair value of the warrant. Based on management’s evaluation, the Company’s audit committee, in consultation with management, concluded that the Company’s Private Placement Warrants are not indexed to the Company’s common stock in the manner contemplated by ASC Section 815-40-15 because the holder of the instrument is not an input into the pricing of a fixed-for-fixed option on equity shares. In addition, based on management’s evaluation, the Company’s audit committee, in consultation with management, concluded that the tender offer provision in the public warrant agreement fails the “classified in stockholders’ equity” criteria as contemplated by ASC Section 815-40-25.

In addition to revisions for the above, the Company allocated its issuance costs of $9,891,996—consisting of $3,450,000 of underwriting fees, $6,037,500 of deferred underwriting commissions, and $404,496 of other offering costs—to the issuance of its Class A shares and Warrants in the amount of $9,527,887 and $364,109, respectively. The issuance costs attributed to the Warrants were revised at IPO date below as those offering costs were expensed to the condensed statement of operations versus being accounted for as a reduction in equity.

As a result of the above, the Company should have classified the Warrants as derivative liabilities in its previously issued balance sheet as of January 11, 2021. Under this accounting treatment, the Company is required to measure the fair value of the Warrants at the end of each reporting period as well as re-evaluate the treatment of the warrants and recognize changes in the fair value from the prior period in the Company’s operating results for the current period.

The Company’s accounting for the Warrants as components of equity instead of as derivative liabilities did not have any effect on the Company’s previously reported investments held in trust or cash.

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **As Previously Reported** | |  |  | **Adjustments** | |  |  | **As Revised** | |  |
| **Balance sheet as of January 11, 2021 (audited)** |  |  |  |  |  |  |  |  |  |  |  |  |
| Warrant Liability |  | $ | — |  |  | $ | 9,954,000 |  |  | $ | 9,954,000 |  |
| Class A Common Stock Subject to Possible Redemption |  |  | 162,829,910 |  |  |  | (9,954,000 | ) |  |  | 152,875,910 |  |
| Class A Common Stock |  |  | 97 |  |  |  | 99 |  |  |  | 196 |  |
| Additional Paid-in Capital |  |  | 5,002,566 |  |  |  | 364,109 |  |  |  | 5,366,675 |  |
| Accumulated Deficit |  |  | (3,091 | ) |  |  | (364,208 | ) |  |  | (367,299 | ) |

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation and Going Concern***

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and in accordance with the instructions to Form 10-Q and Article 8 of Regulation S-X of the SEC. Certain information or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a complete presentation of financial position, results of operations, or cash flows. In the opinion of management, the accompanying unaudited condensed financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented.

The accompanying unaudited condensed financial statements should be read in conjunction with the Company’s prospectus for its Initial Public Offering as filed with the SEC on January 11, 2021, as well as the Company’s Current Report on Form 8-K, as filed with the SEC on February 26, 2021 and the Company’s annual report on Form 10-K, as filed with the SEC on March 25, 2021. The interim results for the three months ended March 31, 2021 are not necessarily indicative of the results to be expected for the year ending December 31, 2021 or for any future periods.

As indicated in the accompanying financial statements, at March 31, 2021, the Company had approximately $0.7 million in cash, and a working capital of approximately $1.0 million.

The Company’s liquidity needs prior to the consummation of the Initial Public Offering were satisfied through the proceeds of $25,000 from the sale of the Founders Shares (as defined in Note 6), and loans from the Sponsor of approximately $89,000. The loan was repaid in full on January 11, 2021. Subsequent from the consummation of the Initial Public Offering, the Company’s liquidity has been satisfied through the net proceeds received from the consummation of the Initial Public Offering and the Private Placement.

In connection with the Company’s assessment of going concern considerations in accordance with FASB ASC Topic 205-40, “Basis of Presentation – Going Concern,” management has determined that the expected shortfall in working capital over the period of time between the date these financial statement are issued and its estimated business combination date raises substantial doubt about the Company’s ability to continue as a going concern until the earlier of the consummation of the Business Combination or the date the Company is required to liquidate. The financial statements do not include any adjustment that might be necessary if the Company is unable to continue as a going concern.

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**MARCH 31, 2021**

**(Unaudited)**

***Emerging Growth Company***

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company’s financial statement with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

***Use of Estimates***

The preparation of the condensed financial statements in conformity with GAAP requires the Company’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

***Cash and Cash Equivalents***

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of March 31, 2021 and December 31, 2020.

***Marketable Securities Held in Trust Account***

At March 31, 2021, substantially all of the assets held in the Trust Account were held in U.S. Treasury securities. At December 31, 2020, there were no assets held in the Trust Account.

***Class A Common Stock Subject to Possible Redemption***

The Company accounts for its Class A common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.” Class A common stock subject to mandatory redemption is classified as a liability instrument and is measured at fair value. Conditionally redeemable common stock (including Class A common stock that features redemption rights that is either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company’s control) is classified as temporary equity. At all other times, common stock is classified as stockholders’ equity. The Company’s common stock features certain redemption rights that are considered to be outside of the Company’s control and subject to occurrence of uncertain future events. Accordingly, Class A common stock subject to possible redemption is presented at redemption value as temporary equity, outside of the stockholders’ equity section of the Company’s condensed balance sheet.

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**(Unaudited)**

***Warrant Liabilities***

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant’s specific terms and applicable authoritative guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 480, Distinguishing Liabilities from Equity (“ASC 480”) and ASC 815, Derivatives and Hedging (“ASC 815”). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company’s own ordinary shares, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the statements of operations. For the private placement warrants, the fair value was estimated using a binomial lattice model incorporating the Cox-Rss-Rubenstein methodology at the IPO date and as of March 31, 2021(see Note 10). For the public warrants, the fair value was estimated using a binomial lattice model incorporating the Cox-Rss-Rubenstein methodology at the IPO date and the level 1 quoted prices in an active market as of March 31, 2021(see Note 10).

***Allocation of issuance costs***

The Company accounts for the allocation of its issuance costs to its Warrants using the guidance in ASC Topic 470-20, *Debt with Conversion and Other Options* (“ASC 470-20), applied by analogy. Under this guidance, if debt or stock is issued with detachable warrants, the proceeds need to be allocated to the two instruments using either the fair value method, the relative fair value method, or the residual value method. The guidance also requires companies to use a consistent approach in allocating issuance costs between the instruments. Accordingly, the Company allocated its issuance costs of $9,891,996—consisting of $3,450,000 of underwriting fees, $6,037,500 of deferred underwriting commissions, and $404,496 of other offering costs—to the issuance of its Class A shares and Warrants in the amount of $9,527,887 and $364,109, respectively. Issuance costs attributed to the Warrants were expensed to the condensed statement of operations.

***Income Taxes***

The Company follows the asset and liability method of accounting for income taxes under ASC 740, “Income Taxes.” Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

FASB ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of March 31, 2021 and December 31, 2020. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities since inception. The effective tax rate differs from the statutory tax rate of 21% for the three months ended March 31, 2021, due to the valuation allowance recorded on the Company’s net operating losses.

***Net income (Loss) per Common Share***

Net income (loss) per share is computed by dividing net income by the weighted-average number of shares of common stock outstanding during the period, excluding shares of common stock subject to forfeiture. The Company has not considered the effect of the warrants sold in the Initial Public Offering and private placement to purchase an aggregate of 13,825,000 shares in the calculation of diluted loss per share, since the exercise of the warrants are contingent upon the occurrence of future events and the inclusion of such warrants would be anti-dilutive.

The Company’s statement of operations includes a presentation of income (loss) per share for common stock subject to possible redemption in a manner similar to the two-class method of income (loss) per share. Net income (loss) per common share, basic and diluted, for Class A common stock subject to possible redemption is calculated by dividing the proportionate share of income or loss on marketable securities held by the Trust Account, net of applicable franchise and income taxes, by the weighted average number of Class A common stock subject to possible redemption outstanding since original issuance.

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**NOTES TO CONDENSED FINANCIAL STATEMENTS**

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**(Unaudited)**

Net income (loss) per share, basic and diluted, for non-redeemable common stock is calculated by dividing the net income (loss), adjusted for income or loss on marketable securities attributable to Class A common stock subject to possible redemption, by the weighted average number of non-redeemable common stock outstanding for the period.

Non-redeemable common stock includes Founder Shares and non-redeemable shares of common stock as these shares do not have any redemption features. Non-redeemable common stock participates in the income or loss on marketable securities based on non-redeemable shares’ proportionate interest.

The following table reflects the calculation of basic and diluted net income (loss) per common share (in dollars, except per share amounts):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Three Months Ended  March 31, 2021** | |  |
| *Class A common stock subject to possible redemption* |  |  |  |  |
| Numerator: Earnings allocable to Class A common stock subject to possible redemption |  |  |  |  |
| Interest earned on marketable securities held in Trust Account |  | $ | 33,277 |  |
| Unrealized loss on marketable securities held in Trust Account |  |  | (616 | ) |
| Less: interest available to be withdrawn for payment of taxes |  |  | (32,661 | ) |
| Net income attributable |  | **$** | **—** |  |
| Denominator: Weighted Average Class A common stock subject to possible redemption |  |  |  |  |
| Basic and diluted weighted average shares outstanding, Class A common stock subject to possible redemption |  |  | **15,287,591** |  |
| Basic and diluted net income per share, Class A common stock subject to possible redemption |  | **$** | **0.00** |  |
|  |  |  |  |  |
| *Non-Redeemable Common Stock* |  |  |  |  |
| Numerator: Earnings allocable to non-redeemable ordinary shares |  |  |  |  |
| Net income |  | $ | 1,546,905 |  |
| Less: Net income allocable to Class A common stock subject to possible redemption |  |  | — |  |
| Non-Redeemable Net Income |  | $ | 1,546,905 |  |
| Denominator: Weighted Average Non-redeemable Common stock |  |  |  |  |
| Basic and diluted weighted average shares outstanding, Non-redeemable Common stock |  |  | **5,991,211** |  |
| Basic and diluted net loss per share, Non-redeemable Common stock |  | **$** | **0.26** |  |

***Concentration of Credit Risk***

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash accounts in a financial institution, which, at times may exceed the Federal Depository Insurance Coverage of $250,000. The Company has not experienced losses on these accounts.

***Fair Value of Financial Instruments***

The fair value of the Company’s assets and liabilities, which qualify as financial instruments under ASC Topic 820, “Fair Value Measurement,” approximates the carrying amounts represented in the accompanying condensed balance sheets, primarily due to their short-term nature.

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**KLUDEIN I ACQUISITION CORP.**

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**(Unaudited)**

***Recent Accounting Standards***

Management does not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the Company’s condensed financial statements.

**NOTE 4. PUBLIC OFFERING**

Pursuant to the Initial Public Offering, the Company sold 17,250,000 Units, which includes a full exercise by the underwriters of their over-allotment option in the amount of 2,250,000 Units, at a purchase price of $10.00 per Unit. Each Unit consists of one share of the Company’s Class A common stock and one-half of one redeemable warrant (“Public Warrant”). Each Public Warrant entitles the holder to purchase one share of Class A common stock at an exercise price of $11.50 per whole share (see Note 7).

**NOTE 5. PRIVATE PLACEMENT WARRANTS**

Simultaneously with the closing of the Initial Public Offering, the Sponsor purchased an aggregate of 5,200,000 Private Placement Warrants at a price of $1.00 per Private Placement Warrant ($5,200,000 in the aggregate), in a private placement. Each Private Placement Warrant is exercisable to purchase one share of Class A common stock at a price of $11.50 per share. The proceeds from the sale of the Private Placement Warrants were added to the net proceeds from the Initial Public Offering held in the Trust Account. If the Company does not complete a Business Combination within the Combination Period, the proceeds from the sale of the Private Placement Warrants will be used to fund the redemption of the Public Shares (subject to the requirements of applicable law) and the Private Placement Warrants will expire worthless.

**NOTE 6. RELATED PARTY TRANSACTIONS**

***Founder Shares***

On September 24, 2020, the Sponsor paid $25,000 to cover certain offering costs of the Company in consideration for 4,312,500 shares of Class B common stock (the “Founder Shares”). The Founder Shares included an aggregate of up to 562,500 shares subject to forfeiture by the Sponsor to the extent that the underwriters’ over-allotment is not exercised in full or in part, so that the Sponsor will collectively own, on an as-converted basis, 20% of the Company’s issued and outstanding shares after the Initial Public Offering (assuming the Sponsor does not purchase any Public Shares in the Initial Public Offering). As a result of the underwriters’ election to fully exercise their over-allotment option, no Founder Shares are currently subject to forfeiture.

The Sponsor has agreed, subject to certain limited exceptions, not to transfer, assign or sell any of the Founder Shares until the earlier to occur of: (A) one year after the completion of a Business Combination or (B) subsequent to a Business Combination, (x) if the last sale price of the Class A common stock equals or exceeds $12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after a Business Combination, or (y) the date on which the Company completes a liquidation, merger, capital stock exchange or other similar transaction that results in all of the Company’s stockholders having the right to exchange their shares of common stock for cash, securities or other property.

***Promissory Note — Related Party***

On September 24, 2020, the Sponsor agreed to loan the Company an aggregate of up to $300,000 to cover expenses related to the Initial Public Offering pursuant to a promissory note (the “Note”). The Note is non-interest bearing and is payable on the earlier of June 30, 2021 or the completion of the Initial Public Offering. During the three months ended March 31, 2021, the Company received additional proceeds of $5,000 under this arrangement. The outstanding balance under the Promissory Note of $88,905 was repaid at the closing of the Initial Public Offering on January 11, 2021.

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***Related Party Loans***

In order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor or certain of the Company’s directors and officers may, but are not obligated to, loan the Company funds as may be required (“Working Capital Loans”). If the Company completes a Business Combination, the Company would repay the Working Capital Loans out of the proceeds of the Trust Account released to the Company. Otherwise, the Working Capital Loans would be repaid only out of funds held outside the Trust Account. In the event that a Business Combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans, but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. Except for the foregoing, the terms of such Working Capital Loans, if any, have not been determined and no written agreements exist with respect to such loans. The Working Capital Loans would either be repaid upon consummation of a Business Combination, without interest, or, at the lender’s discretion, up to $1,500,000 of such Working Capital Loans may be convertible into warrants of the post-Business Combination entity at a price of $1.00 per warrant. The warrants would be identical to the Private Placement Warrants. To date, the Company has not entered into any related party loans.

**NOTE 7. COMMITMENTS**

***Registration Rights***

Pursuant to a registration rights agreement entered into on January 11, 2021, the holders of the Founder Shares, Private Placement Warrants and any warrants that may be issued upon conversion of the Working Capital Loans (and any shares of Class A common stock issuable upon the exercise of the Private Placement Warrants and warrants that may be issued upon conversion of Working Capital Loans and upon conversion of the Founder Shares) will have registration rights to require the Company to register a sale of any of our securities held by them. These holders of these securities will be entitled to make up to three demands, excluding short form registration demands, that the Company register such securities for sale under the Securities Act. In addition, these holders will have “piggy-back” registration rights to include their securities in other registration statements filed by us, subject to certain limitations. The registration rights agreement does not contain liquidating damages or other cash settlement provisions resulting from delays in registering the Company’s securities. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

***Underwriting Agreement***

The underwriters are entitled to a deferred fee of $0.35 per Unit, or $6,037,500 in the aggregate. The deferred fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

**NOTE 8. STOCKHOLDERS’ EQUITY**

***Preferred Stock* —** The Company is authorized to issue 1,000,000 shares of preferred stock with a par value of $0.0001 per share with such designation, rights and preferences as may be determined from time to time by the Company’s board of directors. At March 31, 2021 and December 31, 2020, there were no shares of preferred stock issued or outstanding.

***Class A Common Stock*** — The Company is authorized to issue 280,000,000 shares of Class A common stock with a par value of $0.0001 per share. Holders of Class A common stock are entitled to one vote for each share. At March 31, 2021, there were 1,771,178 shares of Class A common stock issued and outstanding, excluding 15,478,822 shares of Class A common stock subject to possible redemption. At December 31, 2020, there were no shares of Class A common stock issued or outstanding.

***Class B Common Stock*** — The Company is authorized to issue 20,000,000 shares of common stock with a par value of $0.0001 per share. Holders of Class B common stock are entitled to one vote for each share. At March 31, 2021 and December 31, 2020, there were 4,312,500 shares of common stock issued and outstanding.

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**KLUDEIN I ACQUISITION CORP.**

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**(Unaudited)**

Holders of Class A common stock and Class B common stock will vote together as a single class on all other matters submitted to a vote of shareholders, except as required by law.

The shares of Class B common stock will automatically convert into shares of Class A common stock at the time of a Business Combination on a one-for-one basis (subject to adjustment). In the case that additional shares of Class A common stock or equity-linked securities are issued or deemed issued in connection with a Business Combination, the number of shares of Class A common stock issuable upon conversion of all Founder Shares will equal, in the aggregate, on an as-converted basis, 20% of the sum of the total number of all shares of common stock outstanding upon the completion of the Initial Public Offering, plus the total number of shares of Class A common stock issued, or deemed issued or issuable upon conversion or exercise of any equity-linked securities or rights issued or deemed issued, by the Company in connection with or in relation to the consummation of a Business Combination, excluding any shares of Class A common stock or equity-linked securities exercisable for or convertible into shares of Class A common stock issued, or to be issued, to any seller in a Business Combination and any private placement-equivalent warrants issued to the Sponsor, officers or directors upon conversion of Working Capital Loans; provided that such conversion of Founder Shares will never occur on a less than one for one basis. The Company cannot determine at this time whether a majority of the holders of the Class B common stock at the time of any future issuance would agree to waive such adjustment to the conversion ratio.

**NOTE 9. WARRANT LIABILITIES**

As of March 31, 2021, there were 8,625,000 Public Warrants outstanding. As of December 31, 2020 there were no Public Warrants outstanding. Public Warrants may only be exercised for a whole number of shares. No fractional shares will be issued upon exercise of the Public Warrants. The Public Warrants will become exercisable on the later of (a) 30 days after the consummation of a Business Combination or (b) 12 months from the closing of the Initial Public Offering. The Public Warrants will expire five years from the consummation of a Business Combination or earlier upon redemption or liquidation.

The Company will not be obligated to deliver any Class A common stock pursuant to the exercise of a Public Warrant and will have no obligation to settle such Public Warrant exercise unless a registration statement under the Securities Act covering the issuance of the Class A common stock issuable upon exercise of the Public Warrants is then effective and a prospectus relating thereto is current, subject to the Company satisfying its obligations with respect to registration. No warrant will be exercisable and the Company will not be obligated to issue shares of Class A common stock upon exercise of a warrant unless Class A common stock issuable upon such warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants.

The Company has agreed that as soon as practicable, but in no event later than 15 business days after the closing of a Business Combination, it will use its best efforts to file with the SEC a registration statement registering the issuance of the shares of Class A common stock issuable upon exercise of the warrants, to cause such registration statement to become effective and to maintain a current prospectus relating to those shares of Class A common stock until the warrants expire or are redeemed, as specified in the warrant agreement. If a registration statement covering the shares of Class A common stock issuable upon exercise of the warrants is not effective by the 60th business day after the closing of a Business Combination or within a specified period following the consummation of a Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when the Company shall have failed to maintain an effective registration statement, exercise warrants on a “cashless basis” pursuant to the exemption provided by Section 3(a)(9) of the Securities Act; provided that such exemption is available. If that exemption, or another exemption, is not available, holders will not be able to exercise their warrants on a cashless basis.

Once the warrants become exercisable, the Company may call the warrants for redemption (except as described with respect to the Private Placement Warrants):

|  |  |  |
| --- | --- | --- |
|  | ● | in whole and not in part; |

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**KLUDEIN I ACQUISITION CORP.**

**NOTES TO CONDENSED FINANCIAL STATEMENTS**

**MARCH 31, 2021**

**(Unaudited)**

|  |  |  |
| --- | --- | --- |
|  | ● | at a price of $0.01 per warrant; |

|  |  |  |
| --- | --- | --- |
|  | ● | upon not less than 30 days’ prior written notice of redemption to each warrant holder; and |

|  |  |  |
| --- | --- | --- |
|  | ● | if, and only if, the reported closing price of the Class A common stock equals or exceeds $18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending three business days before the Company sends to the notice of redemption to the warrant holders. |

If and when the warrants become redeemable by the Company, the Company may exercise its redemption right even if the Company is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

If the Company calls the Public Warrants for redemption, as described above, its management will have the option to require any holder that wishes to exercise the Public Warrants to do so on a “cashless basis,” as described in the warrant agreement. The exercise price and number of Class A common stock issuable upon exercise of the Public Warrants may be adjusted in certain circumstances including in the event of a share dividend, extraordinary dividend or recapitalization, reorganization, merger or consolidation. However, except as described below, the Public Warrants will not be adjusted for issuances of Class A common stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the Public Warrants. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of Public Warrants will not receive any of such funds with respect to their Public Warrants, nor will they receive any distribution from the Company’s assets held outside of the Trust Account with respect to such Public Warrants. Accordingly, the Public Warrants may expire worthless.

In addition, if (x) the Company issues additional shares of Class A common stock or equity-linked securities for capital raising purposes in connection with the closing of its initial Business Combination at an issue price or effective issue price of less than $9.20 per share of Class A common stock (with such issue price or effective issue price to be determined in good faith by the Company’s board of directors and, in the case of any such issuance to the Sponsor or its affiliates, without taking into account any Founder Shares held by the Sponsor or such affiliates, as applicable, prior to such issuance) (the “Newly Issued Price”), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of the Company’s initial Business Combination on the date of the consummation of such initial Business Combination (net of redemptions), and (z) the volume weighted average trading price of the Company’s common stock during the 20 trading day period starting on the trading day prior to the day on which the Company consummates its initial Business Combination (such price, the “Market Value”) is below $9.20 per share, the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price and the $18.00 per share redemption trigger price described above will be adjusted (to the nearest cent) to be equal to 180% of the higher of the Market Value and the Newly Issued Price.

At March 31, 2021, there were 5,200,000 Private Placement Warrants outstanding. As of December 31, 2020 there were no Private Placement Warrants outstanding. The Private Placement Warrants are identical to the Public Warrants underlying the Units sold in the Initial Public Offering, except that the Private Placement Warrants will and the common shares issuable upon the exercise of the Private Placement Warrants will not be transferable, assignable or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be exercisable on a cashless basis and will be non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

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**KLUDEIN I ACQUISITION CORP.**

**NOTES TO CONDENSED FINANCIAL STATEMENTS**

**MARCH 31, 2021**

**(Unaudited)**

**NOTE 10. FAIR VALUE MEASUREMENTS**

The Company follows the guidance in ASC 820 for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually.

The fair value of the Company’s financial assets and liabilities reflects management’s estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

|  |  |  |
| --- | --- | --- |
|  | Level 1: | Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. |

|  |  |  |
| --- | --- | --- |
|  | Level 2: | Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active. |

|  |  |  |
| --- | --- | --- |
|  | Level 3: | Unobservable inputs based on our assessment of the assumptions that market participants would use in pricing the asset or liability. |

The following table presents information about the Company’s assets that are measured at fair value on a recurring basis at March 31, 2021, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Description** |  | **Level** |  | **March 31, 2021** | |  |
| Assets: |  |  |  |  |  |  |
| Marketable securities held in Trust Account |  | 1 |  | $ | 172,532,661 |  |
|  |  |  |  |  |  |  |
| Liabilities: |  |  |  |  |  |  |
| Warrant Liability – Public Warrants |  | 1 |  |  | 4,830,000 |  |
| Warrant Liability – Private Placement Warrants |  | 3 |  |  | 2,912,000 |  |

The Warrants were accounted for as liabilities in accordance with ASC 815-40 and are presented within warrant liabilities on our accompanying March 31, 2021 condensed balance sheet. The warrant liabilities are measured at fair value at inception and on a recurring basis, with changes in fair value presented within change in fair value of warrant liabilities in the condensed statement of operations.

The private placement warrants were valued using a binomial lattice model incorporating the Cox-Ross-Rubenstein methodology, which is considered to be a Level 3 fair value measurement. The binomial lattice model’s primary unobservable input utilized in determining the fair value of the Warrants is the expected volatility of the common stock. The expected volatility as of the IPO date was derived from observable public warrant pricing on comparable ‘blank-check’ companies without an identified target. The expected volatility as of subsequent valuation dates was implied from the Company’s own public warrant pricing. The Public warrants were valued using the level 1 quoted prices in an active market.

Due to the use of quoted prices in an active market (Level 1) to measure the fair values of the Public Warrants subsequent to initial measurement, the Company had transfers out of Level 3 totaling $4.8 million during the period from January 11, 2021 through March 31, 2021.

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**KLUDEIN I ACQUISITION CORP.**

**NOTES TO CONDENSED FINANCIAL STATEMENTS**

**MARCH 31, 2021**

**(Unaudited)**

The following table provides quantitative information regarding Level 3 fair value measurements:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **At January 11, 2021 (Initial Measurement)** | |  |  | **As of March 31, 2021** | |  |
| Stock price |  | $ | 9.64 |  |  | $ | 9.73 |  |
| Strike price |  | $ | 11.50 |  |  | $ | 11.50 |  |
| Volatility |  |  | 14.1 | % |  |  | 11.3 | % |
| Risk-free rate |  |  | 0.56 | % |  |  | 0.95 | % |
| Probability of Business Combination occurring |  |  | 75 | % |  |  | 75 | % |
| Dividend yield |  |  | 0.0 | % |  |  | 0.0 | % |
| Fair value of warrants |  | $ | 0.72 |  |  | $ | 0.56 |  |

The following contains additional information regarding the inputs used in the pricing models:

|  |  |  |
| --- | --- | --- |
|  | ● | Term – the expected life of the warrants was assumed to be equivalent to their remaining contractual term. |

|  |  |  |
| --- | --- | --- |
|  | ● | Risk-free rate – the risk-free interest rate is based on the U.S. Treasury yield curve in effect on the date of valuation equal to the remaining expected life of the Warrants. |

|  |  |  |
| --- | --- | --- |
|  | ● | Volatility – the Company estimated the volatility of its common stock warrants based on implied volatility and actual historical volatility of a group of comparable publicly traded companies observed over a historical period equal to the expected remaining life of the Warrants. |

|  |  |  |
| --- | --- | --- |
|  | ● | Dividend yield – the dividend yield percentage is zero because the Company does not currently pay dividends, nor does it intend to do so during the expected term of the Private Placement Warrants. |

The following table presents the changes in the fair value of warrant liabilities:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ​ |  | **Private Placement** | |  |  | **Public** | |  |  | **Warrant Liabilities** | |  |
| Fair value as of January 1, 2021 |  | $ | — |  |  | $ | — |  |  | $ | — |  |
| Initial measurement on January 11, 2021 |  |  | 3,744,000 |  |  |  | 6,210,000 |  |  |  | 9,954,000 |  |
| Change in valuation inputs or other assumptions |  |  | (832,000 | ) |  |  | (1,380,000 | ) |  |  | (2,212,000 | ) |
| Fair value as of March 31, 2021 |  |  | 2,912,000 |  |  |  | 4,830,000 |  |  |  | 7,742,000 |  |

**NOTE 11. SUBSEQUENT EVENTS**

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the condensed financial statements were issued. Based upon this review, the Company did not identify any subsequent events that would have required adjustment or disclosure in the condensed financial statements.

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**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

References in this report (the “Quarterly Report”) to “we,” “us” or the “Company” refer to KludeIn I Acquisition Corp. References to our “management” or our “management team” refer to our officers and directors, and references to the “Sponsor” refer to KludeIn Prime LLC. The following discussion and analysis of the Company’s financial condition and results of operations should be read in conjunction with the financial statements and the notes thereto contained elsewhere in this Quarterly Report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

**Special Note Regarding Forward-Looking Statements**

This Quarterly Report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act that are not historical facts and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. All statements, other than statements of historical fact included in this Form 10-Q including, without limitation, statements in this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” regarding the completion of the Proposed Business Combination (as defined below), the Company’s financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. Words such as “expect,” “believe,” “anticipate,” “intend,” “estimate,” “seek” and variations and similar words and expressions are intended to identify such forward-looking statements. Such forward-looking statements relate to future events or future performance, but reflect management’s current beliefs, based on information currently available. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements, including that the conditions of the Proposed Business Combination are not satisfied. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to the Risk Factors section of the Company’s final prospectus for its Initial Public Offering filed with the U.S. Securities and Exchange Commission (the “SEC”). The Company’s securities filings can be accessed on the EDGAR section of the SEC’s website at www.sec.gov. Except as expressly required by applicable securities law, the Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

**Overview**

We are a blank check company formed under the laws of the State of Delaware on September 24, 2020 for the purpose of effectuating a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar business combination with one or more businesses. We intend to effectuate our Business Combination using cash from the proceeds of the Initial Public Offering and the sale of the Private Placement Warrants, our capital stock, debt or a combination of cash, stock and debt.

We expect to continue to incur significant costs in the pursuit of our acquisition plans. We cannot assure you that our plans to complete a Business Combination will be successful.

**Results of Operations**

We have neither engaged in any operations nor generated any revenues to date. Our only activities from September 24, 2020 (inception) through March 31, 2021 were organizational activities, those necessary to prepare for the Initial Public Offering, described below, and identifying a target company for a Business Combination. We do not expect to generate any operating revenues until after the completion of our Business Combination. We generate non-operating income in the form of interest income on marketable securities held in the Trust Account. We incur expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence expenses.

For the three months ended March 31, 2021, we had a net income of $1,546,905, which consists of changes in fair value of the warrant liability of $2,212,000 and interest earned on marketable securities held in the Trust Account of $33,277, offset by operating and formation costs of $697,756 and an unrealized loss on marketable securities held in Trust Account of $616.

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**Liquidity and Capital Resources**

On January 11, 2021, we consummated the Initial Public Offering of 17,250,000 Units, at a price of $10.00 per Unit, generating gross proceeds of $172,500,000. Simultaneously with the closing of the Initial Public Offering, we consummated the sale of 5,200,000 Private Placement Warrants to the Sponsor at a price of $1.00 per Private Placement Warrant generating gross proceeds of $5,200,000.

Following the Initial Public Offering, the full exercise of the over-allotment option, and the sale of the Private Placement Warrants, a total of $172,500,000 was placed in the Trust Account. We incurred $9,891,997 in transaction costs, including $3,450,000 of underwriting fees, $6,037,500 of deferred underwriting fees and $404,497 of other offering costs.

For the three months ended March 31, 2021, cash used in operating activities was $740,392. Net income of $1,546,905 was affected by changes in fair value of the warrant liability of $2,212,000, interest earned on marketable securities held in the trust account of $33,277, transaction costs incurred in connection with the Initial Public Offering of $364,208 and an unrealized loss on marketable securities held in Trust Account of $616. Changes in operating assets and liabilities used $406,844 of cash for operating activities.

At March 31, 2021, we had cash and marketable securities held in the Trust Account of $172,532,661 (including approximately $33,700 of interest income, net of unrealized losses) consisting of U.S. Treasury Bills with a maturity of 185 days or less. Interest income on the balance in the Trust Account may be used by us to pay taxes. Through March 31, 2021, we have not withdrawn any interest earned from the Trust Account.

We intend to use substantially all of the funds held in the Trust Account, including any amounts representing interest earned on the Trust Account (less income taxes payable), to complete our Business Combination. To the extent that our capital stock or debt is used, in whole or in part, as consideration to complete our Business Combination, the remaining proceeds held in the Trust Account will be used as working capital to finance the operations of the target business or businesses, make other acquisitions and pursue our growth strategies.

At March 31, 2021, we had cash of $655,350. We intend to use the funds held outside the Trust Account primarily to identify and evaluate target businesses, perform business due diligence on prospective target businesses, travel to and from the offices, plants or similar locations of prospective target businesses or their representatives or owners, review corporate documents and material agreements of prospective target businesses, and structure, negotiate and complete a Business Combination.

In order to fund working capital deficiencies or finance transaction costs in connection with a Business Combination, the Sponsor, or certain of our officers and directors or their affiliates may, but are not obligated to, loan us funds as may be required. If we complete a Business Combination, we would repay such loaned amounts. In the event that a Business Combination does not close, we may use a portion of the working capital held outside the Trust Account to repay such loaned amounts but no proceeds from our Trust Account would be used for such repayment. Up to $1,500,000 of such loans may be convertible into warrants at a price of $1.00 per warrant, at the option of the lender. The warrants would be identical to the Private Placement Warrants.

As indicated in the accompanying financial statements, at March 31, 2021, the Company had approximately $0.7 million in cash, and a working capital of approximately $1.0 million.

The Company’s liquidity needs prior to the consummation of the Initial Public Offering were satisfied through the proceeds of $25,000 from the sale of the Founders Shares (as defined in Note 6), and loans from the Sponsor of approximately $89,000. The loan was repaid in full on January 11, 2021. Subsequent from the consummation of the Initial Public Offering, the Company’s liquidity has been satisfied through the net proceeds received from the consummation of the Initial Public Offering and the Private Placement.

In connection with the Company’s assessment of going concern considerations in accordance with FASB ASC Topic 205-40, “Basis of Presentation – Going Concern,” management has determined that the expected shortfall in working capital over the period of time between the date these financial statement are issued and its estimated business combination date raises substantial doubt about the Company’s ability to continue as a going concern until the earlier of the consummation of the Business Combination or the date the Company is required to liquidate. The financial statements do not include any adjustment that might be necessary if the Company is unable to continue as a going concern.

**Off-Balance Sheet Arrangements**

We have no obligations, assets or liabilities, which would be considered off-balance sheet arrangements as of March 31, 2021. We do not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements. We have not entered into any off-balance sheet financing arrangements, established any special purpose entities, guaranteed any debt or commitments of other entities, or purchased any non-financial assets.

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**Contractual obligations**

We do not have any long-term debt, capital lease obligations, operating lease obligations or long-term liabilities.

The underwriters are entitled to a deferred fee of $0.35 per Unit, or $6,037,500 in the aggregate. The deferred fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

**Critical Accounting Policies**

The preparation of condensed financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and income and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following critical accounting policies:

*Warrant Liabilities*

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant’s specific terms and applicable authoritative guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 480, Distinguishing Liabilities from Equity (“ASC 480”) and ASC 815, Derivatives and Hedging (“ASC 815”). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company’s own ordinary shares, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the statements of operations. For the private placement warrants, the fair value was estimated using a binomial lattice model incorporating the Cox-Rss-Rubenstein methodology at the IPO date and as of March 31, 2021(see Note 10). For the public warrants, the fair value was estimated using a binomial lattice model incorporating the Cox-Rss-Rubenstein methodology at the IPO date and the level 1 quoted prices in an active market as of March 31, 2021(see Note 10).

*Common Stock Subject to Possible Redemption*

We account for our common stock subject to possible conversion in accordance with the guidance in Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.” Common stock subject to mandatory redemption is classified as a liability instrument and measured at fair value. Conditionally redeemable common stock (including common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control) is classified as temporary equity. At all other times, common stock is classified as stockholders’ equity. Our common stock features certain redemption rights that are considered to be outside of our control and subject to occurrence of uncertain future events. Accordingly, common stock subject to possible redemption is presented at redemption value as temporary equity, outside of the stockholders’ equity section of our condensed balance sheets.

*Net Loss Per Common Share*

We apply the two-class method in calculating earnings per share. Net income (loss) per common share, basic and diluted for Class A common stock subject to possible redemption is calculated by dividing the interest income earned on the Trust Account, net of applicable taxes, if any, by the weighted average number of shares of Class A common stock subject to possible redemption outstanding for the period. Net income (loss) per common share, basic and diluted for and non-redeemable common stock is calculated by dividing net loss less income attributable to Class A common stock subject to possible redemption, by the weighted average number of shares of non-redeemable common stock outstanding for the period presented.

*Recent Accounting Standards*

Management does not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on our condensed financial statements.

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**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Not required for smaller reporting companies.

**Item 4. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our principal executive officer and principal financial and accounting officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the fiscal quarter ended March 31, 2021, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on this evaluation, and in light of the material weakness in internal controls described below, our principal executive officer and principal financial and accounting officer has concluded that during the period covered by this report, our disclosure controls and procedures were not effective as of March 31, 2021.

Our internal control over financial reporting did not result in effective controls to properly evaluate complex equity transactions. This lack of control led to improper accounting classification of certain of the Warrants we issued in January 2021 which, due to its impact on our financial statements which we determined to be a material weakness. This mistake in classification was brought to our attention only when the SEC issued a Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies (“SPACs”) dated April 12, 2021 (the “SEC Statement”). The SEC Statement addresses certain accounting and reporting considerations related to warrants of a kind similar to those we issued at the time of our initial public offering in January 2021.

**Changes in Internal Control over Financial Reporting**

There was no change in our internal control over financial reporting that occurred during the fiscal quarter ended March 31, 2021 covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting, with the exception of the below.

The Chief Executive Officer and Chief Financial Officer performed additional accounting and financial analyses and other post-closing procedures including consulting with subject matter experts related to the accounting for the Public Warrants and Private Placement Warrants. The Company’s management has expended, and will continue to expend, a substantial amount of effort and resources for the remediation and improvement of our internal control over financial reporting. While we have processes to properly identify and evaluate the appropriate accounting technical pronouncements and other literature for all significant or unusual transactions, we have expanded and will continue to improve these processes to ensure that the nuances of such transactions are effectively evaluated in the context of the increasingly complex accounting standards.

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**PART II - OTHER INFORMATION**

**Item 1. Legal Proceedings**

None

**Item 1A. Risk Factors**

Factors that could cause our actual results to differ materially from those in this report include the risk factors described in our final prospectus for its Initial Public Offering filed with the SEC. As of the date of this Report, except for the below risk factors, there have been no material changes to the risk factors disclosed in our final prospectus for its Initial Public Offering filed with the SEC.

**We have identified a material weakness in our internal control over financial reporting. This material weakness could continue to adversely affect our ability to report our results of operations and financial condition accurately and in a timely manner.**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Our management is likewise required, on a quarterly basis, to evaluate the effectiveness of our internal controls and to disclose any changes and material weaknesses identified through such evaluation in those internal controls. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

As described elsewhere in this report, we identified a material weakness in our internal control over financial reporting related to the accounting for a significant and unusual transaction related to the warrants we issued in connection with our initial public offering in January 2021.

As a result of this material weakness, our management concluded that our internal control over financial reporting was not effective as of March 31, 2021. This material weakness led to a material misstatement of our warrant liabilities, Class A common stock subject to possible redemption, change in fair value of warrant liabilities, additional paid-in capital, accumulated deficit and related financial disclosures for the three months ended March 31, 2021.

To respond to this material weakness, we have devoted, and plan to continue to devote, significant effort and resources to the remediation and improvement of our internal control over financial reporting. While we have processes to identify and appropriately apply applicable accounting requirements, we plan to enhance these processes to better evaluate our research and understanding of the nuances of the complex accounting standards that apply to our financial statements. Our plans at this time include providing enhanced access to accounting literature, research materials and documents and increased communication among our personnel and third-party professionals with whom we consult regarding complex accounting applications. The elements of our remediation plan can only be accomplished over time, and we can offer no assurance that these initiatives will ultimately have the intended effects. For a discussion of management’s consideration of the material weakness identified related to our accounting for a significant and unusual transaction related to the warrants we issued in connection with the January 2021 Initial Public Offering, see “Note 2—Revision of Previously Issued Financial Statements” to the accompanying financial statements, as well as Part II, Item 4: Controls and Procedures included in this quarterly Report.

Any failure to maintain such internal control could adversely impact our ability to report our financial position and results from operations on a timely and accurate basis. If our financial statements are not accurate, investors may not have a complete understanding of our operations. Likewise, if our financial statements are not filed on a timely basis, we could be subject to sanctions or investigations by the stock exchange on which our common stock is listed, the SEC or other regulatory authorities. In either case, there could result a material adverse effect on our business. Failure to timely file will cause us to be ineligible to utilize short form registration statements on Form S-3 or Form S-4, which may impair our ability to obtain capital in a timely fashion to execute our business strategies or issue shares to effect an acquisition. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock.

We can give no assurance that the measures we have taken and plan to take in the future will remediate the material weakness identified or that any additional material weaknesses or restatements of financial results will not arise in the future due to a failure to implement and maintain adequate internal control over financial reporting or circumvention of these controls. In addition, even if we are successful in strengthening our controls and procedures, in the future those controls and procedures may not be adequate to prevent or identify irregularities or errors or to facilitate the fair presentation of our financial statements.

**The SEC issued guidance on the application of warrant accounting guidance which required that our warrants be accounted for as liabilities rather than as equity and such requirement resulted in a restatement of our previously issued financial statements.**

On April 12, 2021, the staff of the SEC issued a public statement entitled “Staff Statement on Accounting and Reporting Considerations for Warrants issued by Special Purpose Acquisition Companies (“SPACs”) (the “Statement”). In the Statement, the SEC staff expressed its view that certain terms and conditions common to SPAC warrants may require the warrants to be classified as liabilities on the SPAC’s balance sheet as opposed to equity. Since issuance, our warrants were accounted for as equity within our balance sheet, and after discussion and evaluation, including with our independent auditors, we have concluded that our warrants should be presented as liabilities with subsequent fair value remeasurement. Therefore we conducted a valuation of our warrants and restated our previously issued financial statements, which resulted in unanticipated costs and diversion of management resources and may result in potential loss of investor confidence. Although we have now completed the restatement, we cannot guarantee that we will have no further inquiries from the SEC or Nasdaq regarding our restated financial statements or matters relating thereto.

Any future inquiries from the SEC or Nasdaq as a result of the restatement of our historical financial statements will, regardless of the outcome, likely consume a significant amount of our resources in addition to those resources already consumed in connection with the restatement itself.

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**Certain of our warrants are accounted for as a warrant liability and are recorded at fair value upon issuance with changes in fair value each period to be reported in earnings, which may have an adverse effect on the market price of our common stock.**

Following the restatement of our historical financial statements, we account for our warrants as a warrant liability and recorded at fair value upon issuance any changes in fair value each period reported in earnings as determined by the Company based upon a valuation report obtained from its independent third party valuation firm. The impact of changes in fair value on earnings may have an adverse effect on the market price of our common stock.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

On January 11, 2021, we consummated the Initial Public Offering of 17,250,000 Units. The Units were sold at an offering price of $10.00 per unit, generating total gross proceeds of $172,500,000. BTIG, LLC acted as sole book-running manager, of the Initial Public Offering. The securities in the offering were registered under the Securities Act on registration statement on Form S-1 (No. 333-251337). The Securities and Exchange Commission declared the registration statements effective on January 6, 2021.

Simultaneous with the consummation of the Initial Public Offering, the Sponsor consummated the private placement of an aggregate of 5,200,000 warrants at a price of $1.00 per Private Placement Warrant, generating total proceeds of $5,200,000. Each whole Private Warrant is exercisable to purchase one share of common stock at an exercise price of $11.50 per share. The issuance was made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act.

The Private Warrants are identical to the warrants underlying the Units sold in the Initial Public Offering, except that the Private Warrants are not transferable, assignable or salable until after the completion of a Business Combination, subject to certain limited exceptions.

Of the gross proceeds received from the Initial Public Offering, the exercise of the over-allotment option and the Private Placement Warrants, an aggregate of $172,500,000 was placed in the Trust Account.

We paid a total of $3,450,000 in cash underwriting discounts and commissions, $6,037,500 in deferred underwriting fees and $404,497 for other costs and expenses related to the Initial Public Offering.

For a description of the use of the proceeds generated in our Initial Public Offering, see Part I, Item 2 of this Form 10-Q.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

None.

**Item 5. Other Information**

None.

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**Item 6. Exhibits**

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

|  |  |  |
| --- | --- | --- |
| **No.** |  | **Description of Exhibit** |
| 1.1 |  | [Underwriting Agreement, dated January 6, 2021, by and between the Company and BTIG, LLC. (1)](http://www.sec.gov/Archives/edgar/data/1826671/000121390021001675/ea133155ex1-1_kludein1.htm) |
| 3.1 |  | [Amended and Restated Certificate of Incorporation. (1)](http://www.sec.gov/Archives/edgar/data/1826671/000121390021001675/ea133155ex3-1_kludein1.htm) |
| 4.1 |  | [Warrant Agreement, dated January 6, 2021, by and between the Company and Continental Stock Transfer & Trust Company, as warrant agent. (1)](http://www.sec.gov/Archives/edgar/data/1826671/000121390021001675/ea133155ex4-1_kludein1.htm) |
| 10.1 |  | [Letter Agreement, dated January 6, 2021, by and among the Company, its officers and directors and the Sponsor. (1)](http://www.sec.gov/Archives/edgar/data/1826671/000121390021001675/ea133155ex10-1_kludein1.htm) |
| 10.2 |  | [Investment Management Trust Agreement, dated January 6, 2021, by and between the Company and Continental Stock Transfer & Trust Company, as trustee. (1)](http://www.sec.gov/Archives/edgar/data/1826671/000121390021001675/ea133155ex10-2_kludein1.htm) |
| 10.3 |  | [Registration Rights Agreement, dated January 6, 2021, by and among the Company and certain security holders. (1)](http://www.sec.gov/Archives/edgar/data/1826671/000121390021001675/ea133155ex10-3_kludein1.htm) |
| 10.4 |  | [Private Placement Warrants Purchase Agreement, dated January 6, 2021, by and between the Company and the Sponsor. (1)](http://www.sec.gov/Archives/edgar/data/1826671/000121390021001675/ea133155ex10-4_kludein1.htm) |
| 31.1\* |  | [Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](f10q0321ex31-1_kludein1.htm) |
| 31.2\* |  | [Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](f10q0321ex31-2_kludein1.htm) |
| 32.1\* |  | [Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](f10q0321ex32-1_kludein1.htm) |
| 32.2\* |  | [Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](f10q0321ex32-2_kludein1.htm) |
| 101.INS\* |  | XBRL Instance Document |
| 101.SCH\* |  | XBRL Taxonomy Extension Schema Document |
| 101.CAL\* |  | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF\* |  | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB\* |  | XBRL Taxonomy Extension Labels Linkbase Document |
| 101.PRE\* |  | XBRL Taxonomy Extension Presentation Linkbase Document |

|  |  |
| --- | --- |
| \* | Filed herewith. |
|  |  |
| (1) | Previously filed as an exhibit to our Current Report on Form 8-K filed on January 11, 2021 and incorporated by reference herein. |

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**SIGNATURES**

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

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|  | **KLUDEIN I ACQUISITION CORP.** | |
|  |  |  |
| Date: May 21, 2021 | By: | /s/ Narayan Ramachandran |
|  | Name: | Narayan Ramachandran |
|  | Title: | Chief Executive Officer |
|  |  | (Principal Executive Officer) |
|  |  |  |
| Date: May 21, 2021 | By: | /s/ Mini Krishnamoorthy |
|  | Name: | Mini Krishnamoorthy |
|  | Title: | Chief Financial Officer |
|  |  | (Principal Financial and Accounting Officer) |

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