



Q-REPORT 2021

Year-end report January-December

truecaller

The year-end report refers to the group for which Truecaller AB (559278-2774) is the parent company, called Truecaller in the report.

Truecaller year-end report

October-December 2021 (Q4)

Comparative figures refer to October-December 2020.

- **Net sales** were up 111 percent to SEK 392.2m (185.7) compared to the same quarter last year.
- **Adjusted EBITDA¹⁾** amounted to SEK 196.2m (76.1), corresponding to an adjusted EBITDA margin of 50.0 (41.0) percent.
- **Profit after tax** of SEK 138.4m (-8.7).
- **Basic earnings per share** were SEK 0.38 (-0.04) and diluted earnings per share were SEK 0.37 (-0.04).
- **Profit** was affected by items affecting comparability of SEK -20.8m (-9.3) attributable to preparations for the IPO of SEK -18.7m (-) and synthetic options of SEK -2.1m (-9.3).
- **The number of monthly active users** (MAU) rose by 16 percent to around 301.2 million (259.3) on average.
- **Sales growth** was 113 percent in India, 90 percent in the Middle East and Africa and 125 percent in the rest of the world.

January-December 2021

Comparative figures refer to January-December 2020.

- **Net sales** were up 130 percent to SEK 1,128.9m (491.2) compared to the same period last year.
- **Adjusted EBITDA¹⁾** amounted to SEK 472.5m (104.8), corresponding to an adjusted EBITDA margin of 41.9 (21.3) percent.
- **Profit after tax** of SEK 258.3m (-15.5).
- **Basic earnings per share** were SEK 1.01 (-0.07) and diluted earnings per share were SEK 0.72 (-0.07).
- **Profit** was affected by items affecting comparability of SEK -127.4m (-16.9) attributable to preparations for the IPO of SEK -48.7m (-) and synthetic options of SEK -78.7m (16.9).
- **The number of monthly active users** (MAU) rose by 20 percent to around 285.4 million (237.6) on average during the period of January-December.
- **Sales growth** was 131 percent in India, 137 percent in the Middle East and Africa and 117 percent in the rest of the world.
- **The board of directors has decided** to propose to the Annual General Meeting that no dividend be paid for financial year 2021.

FINANCIAL KEY FIGURES

Group, SEKm (unless otherwise stated)	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	392.2	185.7	1,128.9	491.2
Gross profit	305.7	131.9	856.1	321.8
Gross margin (%)	77.9%	71.0%	75.8%	65.5%
Adjusted EBITDA ¹⁾	196.2	76.1	472.5	104.8
Adjusted EBITDA margin (%)	50.0%	41.0%	41.9%	21.3%
EBIT (operating profit)	170.9	-35.7	328.2	-30.6
EBIT margin (%)	43.6%	-19.2%	29.1%	-6.2%
Adjusted EBIT	191.7	-26.4	455.7	-13.7
Adjusted EBIT margin (%)	48.9%	-14.2%	40.4%	-2.8%
Profit or loss after net financial income or expense	171.2	-47.8	299.7	-54.0
Equity	1,411.4	145.9	1,411.4	145.9
Total assets	1,692.9	435.8	1,692.9	435.8
Debt to equity ratio (%)	83.4%	33.5%	83.4%	33.5%
Employees at the end of the period	306	241	306	241

¹⁾ EBITDA adjusted for costs related to the IPO and synthetic options from the acquisition of Backwater Technologies. The costs of synthetic options were included in adjusted EBITDA in the prospectus dated 29 September 2021.

Significant events during the fourth quarter

Product development

Product development continued as Truecaller launched new features and enhanced the user experience.

- The fourth quarter saw the launch of a major update of the product on Android: **Truecaller Version 12**. Version 12 includes new features like Video Caller ID, Call Recording, Ghost Call, Call Announce and a totally redesigned user interface. Truecaller Version 12 is being rolled out gradually for all Android users worldwide.
- **Truecaller has launched a brand new design for Truecaller for iPhone**. The new interface is simplified, easy to use and improves the search engine feature used by millions of Truecaller users on iPhone every day. The improvement is the first step in our biggest investment in the iPhone platform. In progress now, the goal is to create the optimal experience for consumers and businesses.

Growth and partnerships

- **Truecaller for Business closed contracts with more than 1,000 customers in 2021**, including Zomato, TVS Motors and Matrimony.com. The strong demand for Truecaller's business offering illustrates the huge needs of companies to reach their customers and help them prioritise important calls.
- **Truecaller reached 300 million global MAU on 21 November 2021**, a milestone in the company's history that few consumer products in the world have managed to achieve organically.
- **Truecaller initiated a partnership with the Indian Railway Catering & Tourism Corporation (IRCTC)** aimed at increasing trust in communications with the company's passengers. Truecaller-verified ID reduces the risk of fraud by assuring people that critical information, such as booking details and PNR status (Passenger Name Record), has been delivered by IRCTC and nobody else.

Other significant events


- **The fifth annual Global Spam & Scam Report was published at the end of the year**. The report is a detailed global study of how spam and scam calls are affecting people and businesses all over the world. During the period of 1 January to 31 October 2021, Truecaller identified 184.5 billion calls and 586 billion text messages, out of which 37.8 billion calls and 182 billion texts were blocked as spam and scams – a significant increase compared to the previous year.
- **The IPO raised a total of SEK 961.1m in new capital for the company** (after issue costs) through the issue of 19,230,770 new Class B shares at SEK 52 per share. Upon execution of the listing, all existing preference shares were converted to a total of 133,630,800 ordinary shares.
- **The synthetic options arising from the acquisition of Backwater Technologies irrevocably expired in conjunction with the listing**, which gave rise to employee costs of SEK 17.0 million and a financial cost of SEK 5.5 million. The final payment was settled in January 2022 and no further costs for these options will arise in the future.
- **The revolving credit facility (RCF) agreement with SEB** was expanded to a total of SEK 500 million in connection with the listing on Nasdaq Stockholm. The duration of the agreement is three years, with an option to extend for one plus one year. The RCF gives the company additional strategic flexibility with regard to, for example, new user acquisition and structural deals. The RCF agreement is on market terms.

Events after the end of the period

- **Truecaller signed an agreement in January to acquire CallHero** (www.getcallhero.com). CallHero has developed a unique product and technical solution for Android and iPhone that automatically answers and analyses inbound calls using a Smart Agent digital assistant. The solution is currently

offered to US consumers and businesses and accelerates Truecaller's expansion plans in this key market. The long-term plan is to roll out CallHero in all markets.

- **Truecaller has initiated partnerships with several world-leading smartphone manufacturers** to preinstall the Truecaller app on Android smartphones in key markets including India, Indonesia, Malaysia and Latin America. Truecaller is platform agnostic and aims to work with as many smartphone manufacturers as possible in the future. The plan is set to cover over 100 million new Android smartphones in several markets over the next two years. While Truecaller will be pre-installed on the smartphone from the factory, consumers are free to exercise their choice of using the app, with no guarantee of a new active user from start.



FOURTH QUARTER 2021

A strong finish to a historic year

2021 was a historic, in many ways extraordinary, year for Truecaller, one in which the platform we built helped deliver a safer and more effective communication experience to more than 300 million people and businesses across the globe. The number of active users has grown from 265 million as 2021 began to 304 million as the year ended. With more than 770 billion calls and texts identified in a single year and an increase of the number of spam calls blocked of 27 percent, Truecaller is the leading platform for verifying contacts and blocking unwanted communications. We have also seen keen interest in our new B2B product, Truecaller for Business, which grew during its first year by more than 1,000 paying customers that scale both vertically and horizontally. The year ended on a very strong note with net sales growth of 111 percent in Q4 and an adjusted EBITDA margin of 50.0% percent. Net sales growth for the full year 2021 was 130 percent and the adjusted EBITDA margin was 41.9 percent. We are continuing our work to further develop our platform. Combined with a highly positive trend in the number of smartphone users, this is creating the conditions for persistently strong and profitable growth

Our mission is to make communication smarter, safer and more effective, today and tomorrow. We will achieve this by working non-stop to further develop our product, introduce new features, increase ease-of-use and enhance the offering to consumers and to businesses that need Truecaller to reach their customers. Average MAU rose in Q4 by 16 percent to 301.2 million and net sales increased to SEK 392.2 million (185.7). On the strength of organic growth, MAU topped 300 million for the first time on 21 November. This was a huge milestone that very few companies have managed to achieve, anywhere in the world. Naturally, we are especially proud that this was achieved while maintaining strong profitability.

“The number of active users rose from 265 million at the beginning of 2021 to 304 million at year-end. With more than 770 billion calls and text messages identified in a single year and an increase of the number of spam calls blocked of 27 percent, Truecaller is the leading global platform for verifying contacts and blocking unwanted communications.”

Net sales in India increased by 113 percent compared to Q4 2020. Growth was 90 percent in Africa and the Middle East during the quarter and 125 percent in the rest of the world. Our investments in markets including Indonesia, Malaysia and Latin America are producing good results and setting the stage for sustained growth while we are also seeing an outstanding growth trend in markets where we already have a strong position.

We see strong potential for continued growth in new and existing markets. For example, there are about 450 million smartphone users in India, of whom more than 220 million are Truecaller users. The number of smartphone users in the country is forecast to rise to 700 million within three or four years, which illustrates the potential for Truecaller. There is also significant potential for continued growth in other markets where Truecaller's penetration is high due to strong expected growth in smartphone penetration in the next few years.

Adjusted EBITDA¹⁾ amounted to SEK 196.2 million (76.1) in Q4, corresponding to an adjusted EBITDA margin of 50.0 (41.0) percent. Our work to further develop and improve the adtech platform and boost the user benefit of our premium service for a larger user base is creating the conditions for sustained profit

growth. We are also seeing robust development of our business offering, Truecaller for Business. During 2021, our first year with Truecaller for Business, we executed on three fronts. We built up the product, built up the technical and sales organisation and expanded partnerships with the CpaaS companies (Communication Platform as a Service) that act as resellers for us. More than 1,000 companies signed contracts with Truecaller in 2021 to use our platform to communicate with consumers in a much safer, much more effective way. The partnership announced during the quarter with one of the largest employers in the world, the Indian Railway Catering & Tourism Corporation, is a good example of market response to our business offering. With Truecaller Verified Identity on their phones, Indian travellers can feel secure in the knowledge that information provided about booking details, departures, etc., is reliable and from the right source.



Truecaller's revenue model comprises three separate revenue streams: advertising, paid premium services and Truecaller for Business. The changes we made in Q3 to the in-app bidding system, where the adtech platform was made directly accessible to bidders with no intermediaries, progressed very well at the end of the year and contributed to our growth. We are also working to optimise ad space utilisation, which is creating the conditions for persistent good development. The launch of Video Caller ID in Q4 gives our users the option to create a video message that shows when they call other Truecaller users and works as their profile picture. With this feature, we are taking another step towards the capacity to offer our advertisers video ads in a unique and innovative format.

The spam and scam problem is big and getting bigger all the time, even in advanced markets like the US. Further development of the user experience and functionality for iPhone users

is a key strategic priority for Truecaller, as iPhone is a leading platform in many of these markets. We launched a brand new design of Truecaller for iPhone during the quarter in the first stage of our largest investment in the iPhone platform, aimed at creating the optimal user experience for consumers and businesses.

The acquisition of CallHero announced in early 2022 is another important step in the further development of Truecaller for iPhone. CallHero has developed a product with a unique technical solution for both iPhone and Android. CallHero gives the user intelligent support in handling inbound calls using an AI-based assistant that answers the call while the user can see what is being said in text format, live in the app. This service will give our users even more help prioritising what is relevant and important to them while rapidly improving our understanding of the context of unwanted calls. The technology developed by CallHero will initially strengthen Truecaller's offering in the US through integration with our existing service and thus accelerate our expansion plans in the US first, but globally in the future.

During the last quarter of the year and early in 2022, we closed several contracts with major smartphone manufacturers (OEMs, Original Equipment Manufacturers). Under these agreements, the Truecaller app will be preinstalled on the smartphones sold by these OEMs in several large and strategic markets. The eagerness of OEMs to include Truecaller to make their smartphone devices more attractive is a proof of strength that confirms Truecaller's dominant position in numerous emerging countries.

Our annual Global Spam and Scam Report, which reveals how spam and scam calls are affecting people and businesses all over the world, was published in December. The report shows that the pandemic has not only affected communication behaviour, but also spam, sales and scam behaviours all over the world - a growing, global, snowballing problem. I am proud that we at Truecaller helped our users identify and block 37.8 billion spam calls in 2021, up by 27 percent compared to last year.*

Based on our strong growth, the operational leverage in our business is creating scope for further increasing investments in user acquisition and brand-building activities while maintaining a high EBITDA margin. With a strong year behind us, we are now looking forward with great optimism to the year that lies before us.

In 2022, we will continue executing on growth in new and existing markets, further developing our products and further scaling up the organisation for the persistent strong growth that is to come. The need to communicate safely, securely and effectively is bigger than ever.

Alan Mamedi
Chief Executive Officer

* Up to 31 October 2021 according to the Truecaller Global Scam and Spam Report.

Truecaller at a glance

Quarterly review, financial data

FINANCIAL KEY FIGURES

	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Group, SEK 000s (unless otherwise stated)				
Net sales	392,229	185,664	1,128,888	491,154
Gross profit	305,662	131,898	856,081	321,831
Gross margin (%)	77.9%	71.0%	75.8%	65.5%
Adjusted EBITDA ¹⁾	196,207	76,138	472,506	104,802
Adjusted EBITDA margin (%)	50.0%	41.0%	41.9%	21.3%
EBIT (operating profit)	170,914	-35,680	328,219	-30,591
EBIT margin (%)	43.6%	-19.2%	29.1%	-6.2%
Adjusted EBIT	191,740	-26,405	455,662	-13,743
Adjusted EBIT margin (%)	48.9%	-14.2%	40.4%	-2.8%
Profit or loss after net financial income or expense	171,242	-47,800	299,708	-53,965
Equity	1,411,410	145,933	1,411,410	145,933
Total assets	1,692,896	435,834	1,692,896	435,834
Debt to equity ratio (%)	83.4%	33.5%	83.4%	33.5%
Employees at the end of the period	306	241	306	241

¹⁾ EBITDA adjusted for costs related to the IPO and synthetic options from the acquisition of Backwater Technologies. The costs of synthetic options were included in adjusted EBITDA in the prospectus dated 29 September 2021.

OPERATIONAL KEY FIGURES

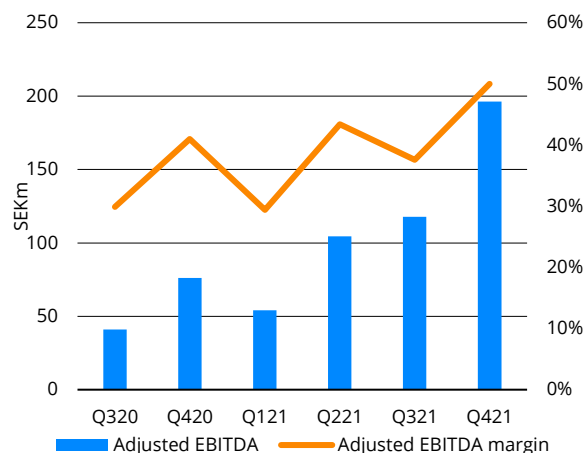
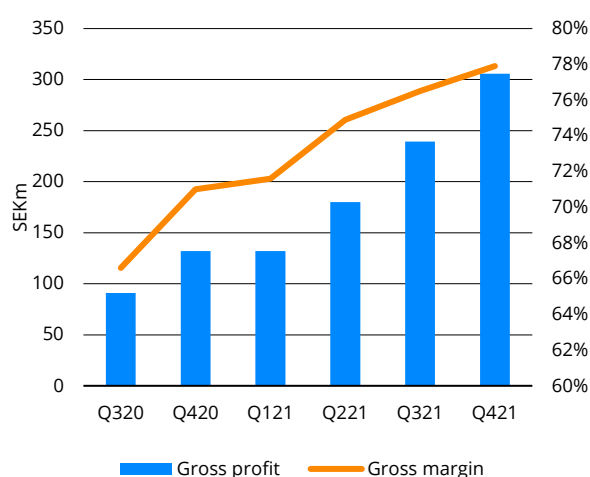
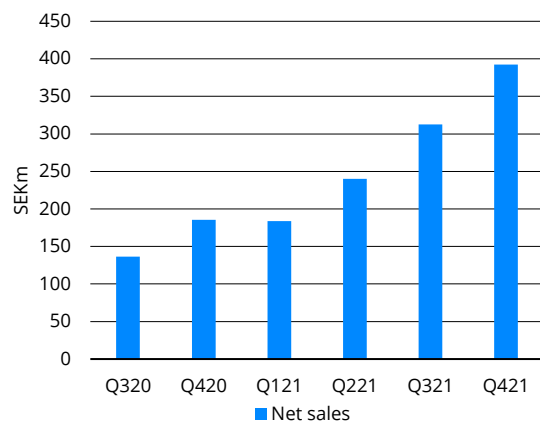
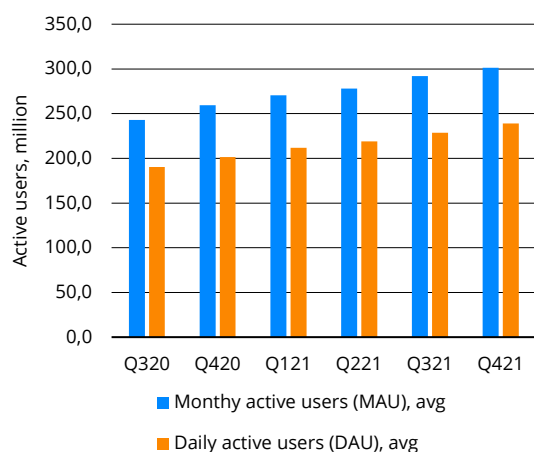
	Total	India	Middle East & Africa	Rest of the world
October-December 2021				
Monthly Active Users (MAU), quarterly average (millions)	301.2	221.5	58.5	21.2
Daily Active Users (DAU), quarterly average (millions)	238.8	182.9	42.4	13.5
Cost per mille impressions (CPM) for ad sales (SEK)	1.34	1.22	1.60	3.12
Average revenue per user (ARPU) for premium subscriptions (SEK)	8.43	5.44	9.94	11.58
October-December 2020				
Monthly Active Users (MAU), quarterly average (millions)	259.3	192.3	50.0	17.0
Daily Active Users (DAU), quarterly average (millions)	201.4	155.0	35.5	10.9
Cost per mille impressions (CPM) for ad sales (SEK)	1.24	1.17	1.25	2.99
Average revenue per user (ARPU) for premium subscriptions (SEK)	8.08	4.92	10.80	13.48

January-December 2021

	Total	India	Middle East & Africa	Rest of the world
Monthly Active Users (MAU), period average (millions)	285.4	210.7	55.4	19.3
Daily Active Users (DAU), period average (millions)	224.6	172.2	40.0	12.4
Cost per mille impressions (CPM) for ad sales (SEK)	1.11	0.98	1.44	3.06
Average revenue per user (ARPU) for premium subscriptions (SEK)	8.29	5.26	10.12	12.08

January-December 2020

	Total	India	Middle East & Africa	Rest of the world
Monthly Active Users (MAU), period average (millions)	237.6	174.2	47.7	15.7
Daily Active Users (DAU), period average (millions)	185.9	141.8	34.0	10.1
Cost per mille impressions (CPM) for ad sales (SEK)	1.23	1.21	1.05	2.42
Average revenue per user (ARPU) for premium subscriptions (SEK)	7.99	4.85	10.65	13.76



Financial performance

Fourth quarter (October-December 2021)

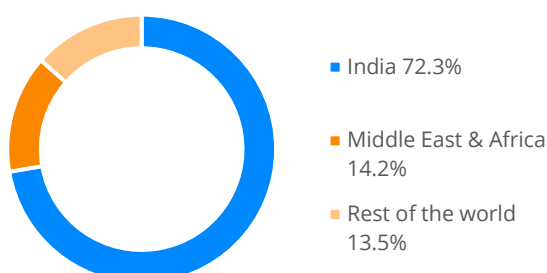
Revenues

Net sales in the fourth quarter rose by 111 percent to SEK 392.2 million (185.7). The revenue growth is primarily due to strong growth in advertising revenues, which is an effect of the sustained growth in user numbers in many different geographies, combined with continued growth in revenue-generating ad impressions per user.

The sustained growth in the number of monthly active users (MAU) is attributable to a general increase in the use of smartphones in many countries and more affordable prices for communication services in emerging countries. Rising smartphone penetration is driving a need to be able to communicate safely and efficiently, which benefits Truecaller.

Revenues distributed by region

Net sales in India grew 113 percent to SEK 283.5 million (132.8), in the Middle East & Africa by 90 percent to SEK 55.8 million (29.4), and in the rest of the world by 125 percent to SEK 52.9 million (23.5).



Revenues distributed by service

Ad revenues increased by 128 percent to SEK 338.9 million (148.7). We are continuously optimising the balance between rates (CPM) and fill rates. There was a substantial increase in the number of ad impressions during the quarter, while CPM rose by about 8 percent compared to the preceding year. CPM varies between quarters due to the mix between various types of ads and the mix between direct sales and sales via partners like Google and Facebook. Our CPM figure includes both ads paid for when shown to a user and early trials of performance-based ads. Truecaller temporarily increased the volume of ads of the latter type in Q2 2021 to test the waters for future ad monetisation models for the medium term. This change temporarily reduced overall CPM, although CPM calculated based only on programmatic ads (excluding performance-based ads) increased. A larger share of sales in Q3 were also funnelled through partners, rather than direct sales.

On the supply side, we are still seeing strong user growth, which adds to our overall ad opportunities available. We are also

working steadily with continued optimisation of ad space utilisation aimed at increasing both the fill rate and rates. On the demand side, we are continuing to increase our advertiser base while making it easier for advertisers to use our services without intermediaries, which has a positive effect on profitability while driving fill rates.

Revenues from premium subscriptions increased by 7 percent to SEK 35.6 million (33.3), primarily an effect of an increase in the number of premium subscribers. There was a temporary dip in the premium subscription growth rate in the Indian market for a period in 2021 caused by restrictions on automatic extension of subscriptions in the Google app store. The restrictions were lifted in October and growth has since begun to recover.

Revenues from Truecaller for Business amounted to SEK 15.3 million (1.3). Truecaller for Business has progressed very well since the launch in late 2020. Demand for these services has proved to be very high in several of our established markets because many companies are finding it difficult to maintain a secure channel of communication with their customers by other means.

Gross profit

Gross profit rose by 132 percent to SEK 305.7 million (131.9) increasing the gross margin by 6.9 percentage points to 77.9 percent (71.0). The gross margin is determined by fees to partners such as Google and Apple and the costs of verifying new users and hosting servers used for the company's services. Fees to partners are directly proportional to the number of ad impressions and the number of premium users. Truecaller also sells ads directly to end customers with no partner involvement. Fee levels vary among advertising partners and the gross margin is consequently affected by the distribution of ad traffic between direct sales and different partners in different periods. Direct sales and sales via partners with lower fees made up a larger share of total sales in Q4 than in the corresponding period in 2020.

Verification costs are proportional to growth in the customer base but are also affected by how local telecoms operators price their messaging services. These prices can vary significantly, especially in India, with not much advance notice. The cost of server hosting is relatively independent of traffic volumes over the short and medium terms but rise when they reach new volume bands.

Operating profit

Adjusted operating profit before amortisation and depreciation excluding items affecting comparability (Adjusted EBITDA) amounted to SEK 196.2 million (76.1), corresponding to an adjusted EBITDA margin of 50.0 percent (41.0).

EBIT rose to SEK 170.9 million (-35.7), corresponding to an EBIT margin of 43.6 percent (-19.2). EBIT excluding items affecting

comparability (adjusted EBIT) amounted to SEK 191.7 million (-26.4) with an adjusted EBIT margin of 48.9 percent (-14.2).

The EBIT improvement is attributable to a persistently high revenue growth rate combined with a lower growth rate for operating costs. The company's business model accommodates significant revenue increases without corresponding increases in e.g. the costs of employees and premises.

Employee costs in the fourth quarter amounted to SEK 52.8 million (49.1). Payroll costs rose as an effect of increases in the workforce combined with certain pay rises. The long-term incentive programme (LTIP 2021) implemented in Q3 2021 entailed a cost of SEK 2.2 million (-) for the period.

Employee costs include the costs of synthetic options that arose in connection with the acquisition of Backwater Technologies Private Limited in 2019. These synthetic employee stock options are to be regarded as an earnout (contingent consideration) linked to the value of Truecaller's stock. The options have been remeasured quarterly based on the valuation of Truecaller, which affects results. For option holders who are still employed by the company, this effect is reported as an increase or decrease in employee costs. The difference in how this affects different reporting periods can be significant. A total of SEK 2.1 million (9.3) was charged to operating profit for the quarter

In connection with the acquisition, options were also distributed to the former owners of Backwater Technologies who are no longer employed by Truecaller. Remeasurements of these options are recognised in net financial income or expense. The total financial costs for the quarter amount to SEK -1.5 million (5.0).

These options were finally redeemed in connection with the Truecaller IPO and no further related costs will be charged to profit.

Other external costs increased to SEK 80.3 million (15.9). This is primarily an effect of increasing investments in user acquisition and marketing, as well as costs related to the IPO.

Items affecting comparability

Items affecting comparability totalled SEK 20.8 million (9.3) for Q4 2021. The items are related to preparations for the IPO of SEK 18.7 million (-) and synthetic options of SEK 2.1 million (9.3) and are included in "Other external costs" and "Employee costs" on the statement of profit and loss.

Profit and earnings per share for the period

Profit before tax amounted to SEK 171.2 million (-47.8). Profit after tax for the period was SEK 138.4 million (-8.7). Net financial income/expense comprises positive exchange rate differences of SEK 1.2 million (-6.1), interest expenses of SEK 0.7 million (1.0), remeasurement of options of SEK -1.5 million (5.0) and other financial costs of SEK 1.7 million (-). The Group's positive result has meant that all the tax deficit that existed at the beginning of the year has been utilized. Basic earnings per share were SEK 0.38 (-0.04) and diluted earnings per share were SEK 0.37 (-0.04).

Cash flow and financial position

Net cash from operating activities amounted to SEK 159.1 million (68.0). Net cash used in investing activities amounted to SEK -150.8 million (0.6), due mainly to an investment in short-term fixed income funds. Net cash from financing activities amounted to SEK 970.4 million (-5.0), where cash flow is affected by funds received from new share issues of SEK 974.5 million (0) and amortisation of lease liability in the amount of SEK -4.0 million (-4.9). Net cash for the period was SEK 978.7 million (63.6). The company had cash and cash equivalents of SEK 1,238.4 million (195.2) at the end of the quarter. The debt-to-equity ratio was 83.4 percent (33.5).

Investments

The Group began capitalising development costs in 2021 when certain initiated projects were assessed as meeting the criteria under IAS 38. Development costs for these projects have therefore been capitalised. SEK 0.4 million (-) was capitalised as internally generated intangible assets in the fourth quarter, with a corresponding provision to the development expenditure reserve under restricted equity.

Currency exposure

The majority of Truecaller's revenues are denominated in Swedish kronor (SEK) via partners including Google and Apple. Accordingly, there is little direct currency exposure. In turn, these partners bill users of Truecaller's services in local currency, which entails a certain level of indirect currency exposure. Truecaller does not, however, have access to complete information about how currency effects are managed by partners and thus cannot presently quantify the indirect currency exposure.

Impairment of goodwill

Goodwill of SEK 98 million arising from the acquisition of Backwater Technologies Private Limited was impaired in Q4 2020. Refer to the 2020 annual report for True Software Scandinavia AB for information about the impairment.

Parent company

Truecaller AB had a short financial year in 2020, from 22 October to 31 December, and the company was a dormant shelf company until the Group was restructured. The comparison figures are not comparable due to the short financial year and operational changes in the parent company.

Parent company income for the quarter amounted to SEK 1.3 million (-) which refers to billing of subsidiaries for services rendered. Truecaller AB is reporting a loss before tax of SEK -54.0 million (-) and a loss after tax of SEK -42.5 million (-). The higher costs are primarily attributable to the Truecaller IPO. Cash and cash equivalents at 31 December 2021 amounted to SEK 830.8 million (-). An investment of SEK 150.0 million in short-term fixed income funds was made during the period. There were no significant investments in intangible assets or property, plant and equipment.

The parent company had 2 (-) employees at the end of the reporting period.

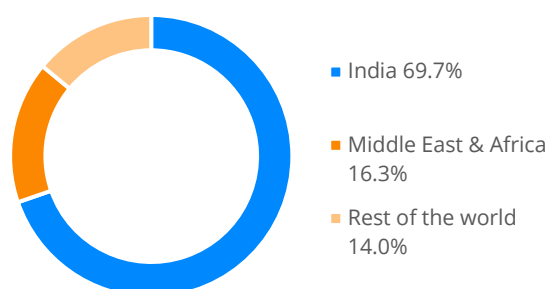
January-December 2021

Revenues

Net sales for the period of January-December increased by 130 percent to SEK 1,128.9 million (491.2). The increase in revenues for the reporting period is attributable to the same factors described above regarding the quarter.

Revenues distributed by region

Net sales in India grew 131 percent during the period to SEK 787.1 million (340.8), in the Middle East & Africa by 137 percent to SEK 184.1 million (77.8), and in the rest of the world by 117 percent to SEK 157.7 million (72.6).



Revenues distributed by service

Ad revenues increased by 162 percent to SEK 948.9 million (362.5). Revenues from premium subscriptions increased by 15 percent to SEK 139.0 million (121.0). Revenues from Truecaller for Business amounted to SEK 32.8 million (1.8). Truecaller for Business was launched in 2020.

Gross profit

Gross profit rose by 166 percent to SEK 856.1 million (321.8), increasing the gross margin by 10.3 percentage points to 75.8 (65.5) percent. The gross margin trend is described above.

Operating profit

Operating profit before amortisation, depreciation and impairments excluding items affecting comparability (Adjusted EBITDA) amounted to SEK 472.5 million (104.8), corresponding to an adjusted EBITDA margin of 41.9 percent (21.3).

EBIT rose to SEK 328.2 million (-30.6), corresponding to an EBIT margin of 29.1 percent (-6.2). EBIT excluding items affecting comparability (adjusted EBIT) amounted to SEK 455.7 million (-13.7) with an adjusted EBIT margin of 40.4 percent (-2.8).

Employee costs amounted to SEK 266.8 million (178.5). Payroll costs rose as an effect of increases in the workforce combined with certain pay rises. The long-term incentive programme (LTIP 2021) implemented in Q3 2020 entailed a cost of SEK 2.9 million (-) for the period.

Employee costs also include costs of SEK 78.7 million (16.9) to remeasure synthetic options.

In connection with the acquisition, options were also issued to previous owners of Backwater Technologies who are no longer employed by Truecaller. The revaluation of these options is

included in net financial items. The financial cost for the year amounts to a total of SEK 24.8 (5.0) million. See the detailed report of the outcome on page 9.

Other external costs amounted to SEK 248.1 million (56.0). This is primarily an effect of increasing investments in user acquisition and marketing, as well as costs related to the IPO.

Items affecting comparability

Items affecting comparability for the period of amount to SEK 127.4 million (16.9). The items are related to preparations for the IPO of SEK 48.7 million (-) and synthetic options of SEK 78.7 million (16.9) and are included in "Other external costs" and "Employee costs" on the statement of profit and loss.

Profit and earnings per share for the period

Profit before tax amounted to SEK 299.7 million (-54.0). Profit after tax for the period was SEK 258.3 million (-15.5). Net financial income/expense comprises positive exchange rate differences of SEK 5.2 million (-14.4), remeasurement of options of SEK 24.8 million (5.0) and other financial costs of SEK 1.8 million (-). The Group's positive result has meant that all the tax deficit that existed at the beginning of the year has been utilized. Basic earnings per share were SEK 1.01 (-0.07) and diluted earnings per share were SEK 0.72 (-0.07).

Cash flow and financial position

Net cash from operating activities rose to SEK 380.9 million (105.6). Net cash used in investing activities amounted to SEK -151.9 million (-1.3), due mainly to an investment in short-term fixed income funds. Net cash from financing activities amounted to SEK 813.0 million (-16.4), where cash flow is affected by funds raised from new share issues of SEK 982.9 million (2.4). Funds received from warrants accounted for SEK 17.4 million (-), payouts of synthetic options for SEK -172.0 million (-) and amortisation of lease liability for SEK -15.3 million (-18.7). Net cash for the period was SEK 1,042.0 million (87.9). The company had cash and cash equivalents of SEK 1,238.4 million (195.2) at the end of the year. The debt-to-equity ratio was 83.4 percent (33.5).

Consolidated total assets amounted to SEK 1,692.9 million (435.8) at 31 December 2021. The carrying amounts of financial assets and financial liabilities are estimated to coincide with fair value in all material respects.

Investments

The Group began capitalising development costs in 2021 when certain initiated projects were assessed as meeting the criteria under IAS 38. Development costs for these projects have therefore been capitalised. A total of SEK 1.5 million (-) has been capitalised during the year as internally generated intangible assets, with a corresponding provision to the development expenditure reserve under restricted equity

Employees

There were 306 (241) employees at the end of the year. The average number of employees during the year was 275 (227). Truecaller is in a phase of strong growth and the company has identified a need to continue adding skills to the organisation.

Impairment of goodwill

Goodwill of SEK 98 million arising from the acquisition of Backwater Technologies Private Limited was impaired in 2020. Refer to the 2020 annual report for True Software Scandinavia AB for information about the impairment.

Parent company

Truecaller restructured the Group during Q3 2021, whereupon Truecaller AB became the new parent company. The former parent, True Software Scandinavia AB, became a wholly owned subsidiary of Truecaller AB. The restructuring was carried out through a non-cash issue directed at shareholders in True Software Scandinavia AB, where one (1) share in True Software Scandinavia AB entitled the holder to subscribe for 100 shares in Truecaller AB.

Truecaller AB had a short financial year in 2020, from 22 October to 31 December, and the company was a dormant shelf

company until the Group was restructured. The comparison figures are not comparable due to the short financial year and operational changes in the parent company.

Parent company income for the period amounted to SEK 1.3 million (-) which refers to billing of subsidiaries for services rendered. Truecaller AB is reporting a loss before tax of SEK -55.6 million (-) and a loss after tax of SEK -44.2 million (-). The higher costs are primarily attributable to the Truecaller IPO. Cash and cash equivalents at 31 December 2021 amounted to SEK 830.8 million (-). An investment of SEK 150.0 million in short-term fixed income funds was made during the period. There were no significant investments in intangible assets or property, plant and equipment.

The parent company had 2 (-) employees at the end of the reporting period.

Dividend

The Board of Directors has decided to propose to the Annual General Meeting that no dividend be paid for financial year 2021. The position of the Board of Directors is that the company is in a phase during which financial surpluses should be reinvested in continued growth, both organically and through acquisitions.

Product updates

Launch of Truecaller 12 for Android



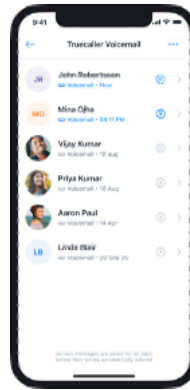
In the fourth quarter, Truecaller released app Version 12 on Android, which comprises a fully redesigned user interface. The app was redesigned to provide a more streamlined and user-friendly experience across the app, such that users can navigate through their calls and messages in a more intuitive way. A new profile view was introduced, providing users with the most useful information about callers at a glance. From a spam identification perspective, the new view also gives users the opportunity to leave feedback on spammers in the form of com-

ments and up/down votes. This empowers users to report on their own experience while further enhancing our spam detection capabilities with community input.

New features developed to create a more personalized and unique calling experience were also released with the launch of Truecaller Version 12. Video Caller ID allows users to deliver personalized video greetings – either self-recorded or selected from built-in templates – that play automatically when calling friends and family. Additionally, Call Recording gives users the ability to record incoming and outgoing calls, allowing them to revisit important conversations at their convenience.

In addition to delivering these new experiences to users, Truecaller Version 12 is faster and leaner, allowing for smoother operation and greatly improved battery optimization.

Enhancements to Truecaller Premium



Truecaller has enabled the purchase of Premium through its website, making it easier to upgrade or give a subscription as a gift to friends and family. This has initially been rolled out in the Indian market supporting 25 payment methods. Truecaller is actively exploring the implementation of similar solutions in other markets in which users seek alternatives to in-app payments.

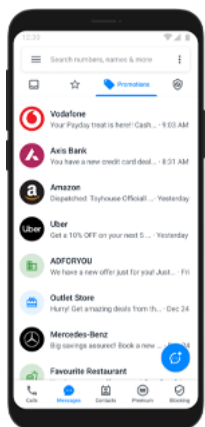
Truecaller has made a number of enhancements to add value to the Premium experience for both iPhone (iOS) and An-

droid users. In the fourth quarter, Truecaller committed to driving iPhone user adoption by dedicating focused resources on rebuilding the app on the iOS system, with the goal of delivering a Truecaller app that provides as close an experience as possible to its Android counterpart for both free and paying iPhone users.

Improvements to the Truecaller experience on iPhone have been driven by Advanced Caller ID, which was launched in the third quarter for Premium users in the US and Canada. Advanced Caller ID was further developed this quarter with the launch of Voicemail Support, as an initial step toward cloud telephony services. Premium users on iPhone can now access their voicemails directly on the Truecaller app, without the dependency on the user's phone carrier.

Truecaller has also enhanced the Premium offering on Android devices. With Announce Call, users can now know who is calling without looking at their phone. Through this feature, Truecaller's voice assistant reads out the name of the caller or reads out the contextual information on the type of call as identified by Truecaller's AI Identity feature (e.g., "Likely Sales"), even if the contact is not stored in the user's phone book.

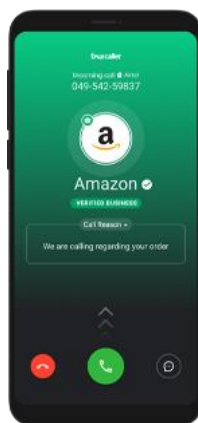
Continued innovation through machine learning



Truecaller continues to build on machine learning and AI-driven capabilities in order to improve services across functionalities. In the fourth quarter, two machine learning-driven initiatives drove significant advancements in Truecaller's spam detection capabilities in a number of markets. A new machine learning-powered spam detection algorithm was introduced, driving drastic improvements to spam detection in select markets. Additionally, a new model for predictive analytics focused on mobile virtual network operators was deployed. This model enables Truecaller to better identify the likelihood of a number being identified as spam. This initiative has markedly improved spam detection accuracy in the EU and is expected to deliver similar performance enhancements in other markets for implementation, including the US.

Truecaller's messaging platform has also been upgraded with AI-driven capabilities, improving incoming message efficiency and highlighting the most relevant information from businesses who reach out to them via SMS or instant message. The integration of machine learning signals into Truecaller's messaging ecosystem has increased precision in differentiating between relevant promotions and spam, resulting in better visibility on business messages that are likely to be more relevant to users. The Smart SMS feature has been refined with the global release of advanced machine learning models that automate spam SMS detection based on user feedback in discrete markets. Taking market-specific nuances into consideration, customizations using intelligent offline text processing have also been deployed in the US, Sweden, Egypt and other key markets in Africa for a more relevant Smart SMS experience. Machine learning models launched on Smart SMS in these markets highlight important SMS updates such as prescriptions, appointments, weather, security alerts, and more. Such machine learning initiatives occur without compromising user privacy, and messages never leave a user's device.

Adtech and Truecaller for Business



Truecaller continues to invest in AdTech. A number of initiatives designed to deliver a better demand profile are scaling well and have shown very promising results. AdTech infrastructure has been optimized, and new features were introduced, enabling diverse integration paths (e.g., SDK, S2S API, Open RTB) and enhancing Truecaller's ability to work with a wider range of demand partners. Additionally, ad trafficking functionalities are being improved to better orchestrate the onboarded demand. These enhancements help improve demand liquidity and yield management while aligning better with demand side expectations.

Changes previously introduced to the ad server's auction mechanism have scaled well in the fourth quarter, driving overall auction efficiency, improving fill rates and eCPM (effective cost per mille), and providing more value to advertisers. Such improvements contributed to the overall revenue growth in the fourth quarter. Optimizations on the supply side have also been a key focus area, and some recent initiatives have been propagating well. These are expected to improve the quality of inventory available on Truecaller's ad platform, helping advertisers improve their ROI while improving revenue to Truecaller. Resources have also been deployed to improve interaction-inventory analytics, and Truecaller expects further optimization opportunities in the near future stemming from this initiative.

Truecaller for Business has grown at a tremendous rate and achieved the milestone of serving over 1,000 active business customers across India and several other key markets in the fourth quarter. Truecaller for Business has gained traction across a wide range of verticals, with the strongest demand coming from Banking and Financial Services, EdTech, Healthcare and FinTech. Key customers onboarded in the fourth quarter include a number of leading brands in India such as Zomato, TVS Motors, Ola, Digit and Matrimony.com, as well as a major bank in South Africa. Business Call Reason, an add-on feature that allows business customers to provide context for why they are calling before an end customer decides to answer a call, has shown strong potential with business customer adoption quickly growing to 40 percent since its launch in the third quarter.

A number of operational improvements were introduced in order to support the growing demand for Truecaller's business solutions. A self-serve portal for business customers was launched in order to enable self-onboarding for new customers. This has had a significant impact, as this enablement contributed to 35 percent of direct sales in December alone. Efforts to develop and implement an equivalent self-serve portal dedicated to resellers (i.e., other CPaaS companies) also commenced in the fourth quarter, with the goal of increasing new business potential in other markets.

Other disclosures

Risks and uncertainties

Like all companies, Truecaller is exposed to various types of risk in the course of business. These include risks related to currency movements, dependence upon certain strategic partners, the general economic trend and developments in the financial market, technical progress, dependence on key individuals, legal risks and risks associated with personal privacy, as well as tax risks and political risks. Risk management is an integrated component of the management of Truecaller. The risks described for the Group could also have indirect impact on the parent company. A complete description of risks and uncertainties associated with Truecaller is provided in True Software Scandinavia AB's annual report for 2020.

Impact of Covid-19

The ongoing spread of Covid-19 is accelerating digitalisation, which is increasing the need for Truecaller's services. Early in the pandemic, we saw a reduction in the number of calls and messages that our users received because many countries went into lockdown and many companies were dormant. There was also a temporary dip in demand for ad space. In pace with the company's adjustment of procedures and working methods, call volumes have rebounded to levels above those before the outbreak of the pandemic. The company has significant operations in India, a country that is still reeling from the pandemic, with widespread transmission of the virus resulting in serious social restrictions, which entails uncertainty in our short-term development. In the company's assessment, Truecaller will be able to operate efficiently and there is still a great need for businesses and people to communicate with each other, even in a scenario where transmission of the virus continues in India and other markets where the company has numerous users.

Forward-looking statements

The report presents statements pertaining to matters including Truecaller's financial position and performance as well as statements on market conditions that may be forward-looking. Truecaller believes the expectations reflected in these forward-looking statements are based on reasonable assumptions. Forward-looking statements are, however, associated with risks and uncertainties and actual outcomes or consequences may differ materially from those presented here. In addition to that required under applicable law, forward-looking statements apply only on the date presented and Truecaller disclaims any obligation to update them in the light of new information or future events.

Outlook

Truecaller does not publish forecasts.

Parent company

Truecaller AB, CRN 559278-2774, is a Swedish public company whose registered office is in Stockholm, Sweden.

Future reporting dates

Interim report, January-March 2022: 6 May 2022

Interim report, January-June 2022: 22 July 2022

Interim report, January-September 2022: 11 November 2022

Annual report

The annual report for the 2021 financial year will be available on the company's website, corporate.truecaller.com, no later than three weeks before the annual general meeting.

Annual general meeting

The 2022 Annual General Meeting will be held Tuesday, 24 May 2022 in Stockholm.

Contact details

Alan Mamedi, CEO
alan.mamedi@truecaller.com

Odd Bolin, CFO
+46 70 428 31 73
odd.bolin@truecaller.com

Annika Billberg, Head of IR & Communication
+46 702 67 97 91
annika.billberg@truecaller.com

Auditor's review

This year-end report has not been reviewed by the company's auditors.

This information constitutes insider information that Truecaller AB is required to disclose under the EU Market Abuse Regulation. The information was released for publication, through the agency of the contact persons above, on 23 February 2022 at 07.30 CEST.

Condensed consolidated statement of profit or loss

Amounts in SEK 000s	Note	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Operating revenue	3	392,229	185,664	1,128,888	491,154
Other income		2,620	2	2,738	547
Work performed by the entity and capitalised		248	-	1,045	-
Third party fees		-86,567	-53,766	-272,807	-169,323
Other external costs		-80,333	-15,904	-248,049	-55,975
Employee costs		-52,816	-49,133	-266,752	-178,449
Depreciation, amortisation and impairments		-4,467	-102,543	-16,844	-118,545
EBIT (operating profit)		170,914	-35,680	328,219	-30,591
Net financial income or expense		328	-12,120	-28,511	-23,374
Profit or loss after net financial income or expense		171,242	-47,800	299,708	-53,965
Tax		-32,893	39,074	-41,398	38,443
Profit or loss for the period ¹⁾		138,348	-8,726	258,310	-15,522
Earnings per share ^{2) 3)}					
Basic earnings per share (SEK)		0.38	-0.04	1.01	-0.07
Diluted earnings per share (SEK)		0.37	-0.04	0.72	-0.07
Average number of shares before dilution ⁴⁾		361,406,208	217,457,128	254,718,955	213,097,334
Average number of shares after dilution		376,337,956	356,467,128	357,708,466	352,112,334

¹⁾ The profit for the period is attributable entirely to shareholders in the parent company.

²⁾ There is dilution in connection with profit for the period.

³⁾ The extraordinary general meeting held 22 July 2021 resolved to execute a non-cash issue in which one share in True Software Scandinavia AB entitled the holder to subscribe for 100 shares in Truecaller AB. Payment was made in kind through issue of shares in True Software Scandinavia AB, whereby Truecaller AB also acquired True Software Scandinavia AB. As a result of the increased number of shares, earnings per share from earlier periods have been adjusted downwards, by adjusting the historical number of shares upwards, to make earnings per share comparable over time.

⁴⁾ In connection with Truecaller's IPO, all preference shares were converted to Class B shares, which explains the large differences in the number of shares included in "Average number of shares before dilution" in the various periods.

Consolidated statement of comprehensive income

Amounts in SEK 000s	Note	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Profit or loss for the period		138,348	-8,726	258,310	-15,522
Other comprehensive income for the period					
<i>Items that will be reclassified to profit and loss in subsequent periods</i>					
Foreign exchange translation differences		615	5,216	-1,529	1,183
<i>Items that will not be reclassified to profit and loss in subsequent periods</i>					
Remeasurement of defined-benefit pension plans		-89	-1,065	-89	-1,065
Other comprehensive income for the period		526	4,151	-1,618	118
Comprehensive income for the period ¹⁾		138,874	-4,575	256,692	-15,404

1) The profit for the period is attributable entirely to shareholders in the parent company.

Condensed consolidated statement of financial position

Amounts in SEK 000s	Note	2021 31 Dec	2020 31 Dec
ASSETS			
Non-current assets			
Goodwill		-	-
Internally generated intangible assets		1,350	-
Property, plant and equipment		1,429	1,564
Right-of-use assets		86,196	99,830
Deferred tax asset		35,077	59,271
Other non-current receivables	4	999	1,349
Total non-current assets		125,051	162,014
Current assets			
Current receivables	4	179,336	78,597
Short-term placements	4	150,066	-
Cash and cash equivalents	4	1,238,443	195,224
Total current assets		1,567,845	273,821
TOTAL ASSETS		1,692,896	435,834
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the parent		1,411,410	145,933
Total equity		1,411,410	145,933
Non-current liabilities			
Liability arising from defined-benefit pension plans		4,538	2,966
Lease liability		72,393	86,122
Deferred tax liability		18,030	20,828
Total non-current liabilities		94,961	109,916
Current liabilities			
Liability arising from synthetic options	4	22,509	91,019
Lease liability		15,985	14,922
Other current liabilities	4	148,030	74,044
Total current liabilities		186,524	179,985
TOTAL EQUITY AND LIABILITIES		1,692,896	435,834

Condensed consolidated statement of cash flows

Amounts in SEK 000s	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Operating activities				
Profit or loss after net financial income or expense	171,242	-47,800	299,708	-53,965
Adjustments for non-cash items	7,307	119,617	119,545	159,884
Income tax paid	-4,717	-	-4,717	-
Net cash from operating activities before changes in working capital	173,832	71,817	414,536	105,919
Net cash from changes in working capital				
Change in operating receivables	-24,977	-6,478	-97,183	-27,675
Change in operating liabilities	10,237	2,654	63,538	27,307
Net cash from operating activities	159,093	67,993	380,891	105,552
Investing activities				
Purchases of property, plant and equipment	-351	-	-351	-1,879
Disposals of property, plant and equipment	-	608	-	608
Purchases of intangible assets	-381	-	-1,470	-
Purchase of short-term investment	-150,000	-	-150,000	-
Change in financial receivables	-66	-	-66	-
Net cash used in investing activities	-150,798	608	-151,887	-1,271
Financing activities				
Share issue	974,447	375	982,904	2,809
Funds received for warrants	-	-	17,364	-
Repurchase of warrants	-	-503	-	-503
Amortisation of lease liability	-4,005	-4,895	-15,280	-18,735
Payout synthetic options	-	-	-172,016	-
Net cash used in financing activities	970,442	-5,023	812,972	-16,429
Net cash flow for the period	978,737	63,578	1,041,976	87,852
Cash and cash equivalents at the beginning of the period	259,616	132,348	195,224	109,330
Foreign exchange differences in cash and cash equivalents	90	-702	1,243	-1,958
Cash and cash equivalents at the end of the period	1,238,443	195,224	1,238,443	195,224

Condensed consolidated statement of changes in equity

Amounts in SEK 000s	Equity attributable to owners of the parent				
	Share capital	Other capital contributions	Reserves	Retained earnings including profit for the period	Total equity attributable to owners of the parent
Opening balance at 1 Jan 2020	345	699,709	3,499	-552,740	150,814
Profit or loss for the period	-	-	-	-15,522	-15,522
Other comprehensive income for the period	-	-	1,183	-1,065	118
Comprehensive income for the period	-	-	1,183	-16,587	-15,404
<i>Transactions with owners of the Group</i>					
Share issue after transaction costs	7	2,802	-	-	2,435
Share-based payment	-	-	-	8,217	8,217
Repurchase of warrants	-	-	-	-503	-503
Total	7	2,802	-	7,714	10,523
Closing balance at 31 Dec 2020	353	702,511	4,682	-561,612	145,933
Opening balance at 1 Jan 2021	353	702,511	4,682	-561,612	145,933
Profit or loss for the period	-	-	-	258,310	258,310
Other comprehensive income for the period	-	-	-1,529	-89	-1,618
Comprehensive income for the period	-	-	-1,529	258,221	256,692
<i>Transactions with owners of the Group</i>					
Share issue	39	1,007,749	-	-	1,007,788
Issue costs, net after tax	-	-19,760	-	-	-19,760
Non-cash issue	355	-	-	-328	27
Issuance of warrants	-	17,364	-	3,022	20,386
Share-based payment	-	-	-	344	344
Total	394	1,005,353	-	3,038	1,008,785
Closing balance at 31 Dec 2021	747	1,707,864	3,153	-300,354	1,411,410

Condensed parent company income statement

Amounts in SEK 000s	2021 Oct-Dec	2020 Oct-Dec ¹⁾	2021 Jan-Dec	2020 Jan-Dec ¹⁾
Operating revenue	1,318	-	1,318	-
Other external costs	-52,012	-	-52,446	-
Employee costs	-1,640	-	-2,752	-
Depreciation, amortisation and impairments	-	-	-	-
EBIT (operating profit)	-52,334	-	-53,880	-
Net financial income or expense	-1,636	-	-1,733	-
Profit or loss before tax	-53,970	-	-55,613	-
Tax	11,456	-	11,456	-
Profit or loss for the period	-42,514	-	-44,157	-

1) Truecaller AB had a short financial year in 2020, from 22 October to 31 December, and the company was a dormant shelf company until the Group was restructured. The comparison figures are not comparable due to the short financial year and operational changes in the parent company.

Condensed parent company balance sheet

Amounts in SEK 000s	2021 31 Dec	2020 31 Dec ¹⁾
ASSETS		
Non-current assets		
Investments in Group companies	10,182,046	-
Deferred tax asset	16,582	-
Total non-current assets	10,198,628	-
Current assets		
Current receivables	16,132	25
Receivables from Group companies	650	-
Short-term placements	150,066	-
Cash and cash equivalents	830,776	-
Total current assets	997,624	25
TOTAL ASSETS	11,196,252	25
EQUITY AND LIABILITIES		
Equity and liabilities		
Equity	11,135,495	25
Liabilities to Group companies	31,509	-
Current liabilities	29,248	-
TOTAL EQUITY AND LIABILITIES	11,196,252	25

1) Truecaller AB had a short financial year in 2020, from 22 October to 31 December, and the company was a dormant shelf company until the Group was restructured. The comparison figures are not comparable due to the short financial year and operational changes in the parent company.

Notes

Not 1. Significant accounting policies

This year-end report covers the Swedish parent company Truecaller AB ("Truecaller"), company registration number 559278-2774, and its subsidiaries. The principal business of the Group is to develop and publish software, primarily mobile Caller ID applications, under the Truecaller brand. The parent is a limited liability company registered and domiciled in Stockholm, Sweden. The address of the head office is Mäster Samuelsgatan 56, 111 21 Stockholm, Sweden.

Truecaller restructured the Group in 2021, whereby the former parent company, True Software Scandinavia AB, became a wholly owned subsidiary of the new parent, Truecaller AB. Truecaller AB was previously a dormant shelf company. The restructuring was accomplished through a non-cash issue directed at shareholders in True Software Scandinavia AB, who retain their relative ownership interests in Truecaller AB. The newly formed Group is regarded as a direct continuation of the True Software Scandinavia Group and Truecaller has thus assumed the financial history of the True Software Scandinavia Group unencumbered.

Truecaller applies International Financial Reporting Standards (IFRS), as adopted by the EU. The interim report for the Group was prepared in compliance with IAS 34 *Interim Financial Reporting* and applicable sections of the Swedish Annual Accounts Act (1995:1554). The interim report for the parent company was prepared in accordance with the Annual Accounts Act, Chapter 9 *Interim Financial Reporting*, and recommendation RFR 2 *Accounting of Legal Entities* issued by the Swedish Financial Accounting Standards Council. Previously prepared annual accounts for the parent company were prepared in accordance with BFNAR 2012:1 *Annual Accounts and Consolidated Accounts* (K3). The transition from previous accounting policies has had no impact on the parent company's balance sheet or income statement from previous years. Nor has the transition had any effect on the parent company's cash flow. In other respects, the Group and the parent company have applied the same accounting policies, bases for measurement and assessments as in the annual report. Accordingly, please refer to True Software Scandinavia's most recent annual report for a complete description of applied accounting policies.

The Group began capitalising development costs in 2021 when certain initiated projects were assessed as meeting the criteria

under IAS 38. The development costs for these projects have therefore been capitalised as internally generated intangible assets, with a corresponding provision to the development expenditure reserve under restricted equity. The Group's internal development projects are divided into two phases as required under IAS 38: the research phase and the development phase. Costs incurred during the research phase are expensed as they are incurred and are never capitalised subsequently. Costs incurred during the development phase are capitalised as intangible assets when management has assessed that it is probable that the future economic benefits attributable to the asset will flow to the Group, the criteria for capitalisation have been met and the costs can be measured reliably. Within the Group, internally generated intangible assets refer primarily to development of the Truecaller app. Internally generated assets under development are tested at least annually for any indication of impairment. Intangible assets with finite useful lives are amortised from the date they are available for use over a maximum period of five years.

Disclosures as required under IAS 34 are presented in the financial statements and associated notes in the interim information on pages 1-14, which constitute an integrated part of this financial report.

Incentive programme

Truecaller implemented an employee incentive programme (LTIP 2021) during the year. The programme gives Swedish employees the opportunity to acquire warrants in Truecaller AB at a market valuation based on Black-Scholes. Employees outside Sweden are issued employee options with performance conditions. The vesting periods for the warrants are two, three and, in certain cases, four years. As required under IFRS 2, the costs of employee warrants for employees outside Sweden will be recognised in profit or loss over the vesting period. The value is recognised in profit or loss as an employee cost allocated over the vesting period with a corresponding increase in equity. The cost of share-based payments is determined based on the fair value of the rights to shares received by the employee. This cost is adjusted in subsequent periods to reflect the actual number of shares. No adjustment is made, however, if the warrants are forfeit because a share price-related condition was not met to the extent that confers a redemption right.

Not 2. Key judgements and estimates

Preparation of the interim report requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the recognised amounts of assets, liabilities, revenues and costs. Actual outcomes may differ from these judgements and estimates. The key judgements and sources of estimation uncertainty are

identical to those described in the most recently published annual report.

The Group capitalises certain development expenses as intangible assets on the statement of financial position, primarily referring to the further development of the Truecaller app. Capitalisation of development expenses is based on factors including

assessment of whether future economic benefits will be generated by the asset and that it is technologically feasible to complete the asset so that it can be used in operations. The majority of the expenses refer to further development of the Truecaller app, whereupon the Group must make critical judgements regarding which expenses are attributable to updates of an existing asset (and thus must be expensed) and which refer to development of a new asset (and which are thus recognised as an intangible asset).

Accounting for the Group's leases as right-of-use assets and corresponding financial liabilities according to IFRS 16 is affected by the lease term. Periods covered by an extension option are included in the lease term only if it is reasonably certain that the lease will be extended (or not terminated). The lease term is

remeasured if an option is exercised (or not exercised) or if the Group is forced to exercise the option (or to not exercise the option). The assessment of whether or not it is reasonably certain is re-evaluated only if a significant event or change in circumstances arises that affects this assessment, and the change is within the lessee's control. The majority of the Group's options to extend have been included in the lease liability.

Not 3. Revenue from contracts with customers

DISTRIBUTION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

SEK 000s	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Geographical region				
India	283,504	132,803	787,120	340,780
Middle East and Africa	55,823	29,387	184,114	77,800
Rest of the world	52,902	23,474	157,654	72,574
Revenue from contracts with customers	392,229	185,664	1,128,888	491,154

The geographical distribution is based on where the customer has their mobile subscription.

SEK 000s	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Type of service				
Advertising revenues	338,880	148,706	948,925	362,514
User revenues	35,579	33,305	138,985	120,984
Other income	17,770	3,653	40,978	7,656
Revenue from contracts with customers	392,229	185,664	1,128,888	491,154

Not 4. Financial instruments

Measurement of financial assets and liabilities at 31 December 2021

FINANCIAL ASSETS	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Total carrying amount
Other non-current receivables	-	999	999
Claims on advertising networks and platform owners	-	100,353	100,353
Trade receivables	-	31,160	31,160
Short-term placements	150,066	-	150,066

Cash and cash equivalents	-	1,238,443	1,238,443
Total	150,066	1,370,955	1,521,020

FINANCIAL LIABILITIES	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Total carrying amounts
Liability arising from synthetic options	22,509	-	22,509
Trade payables	-	39,544	39,544
Total	22,509	39,544	62,053

Measurement of financial assets and liabilities at 31 December 2020

FINANCIAL ASSETS	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Total carrying amounts
Other non-current receivables	-	1,349	1,349
Claims on advertising networks and platform owners	-	51,898	51,898
Trade receivables	-	4,160	4,160
Cash and cash equivalents	-	195,224	195,224
Total	-	252,631	252,631

FINANCIAL LIABILITIES	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Total carrying amounts
Liability arising from synthetic options	91,019	-	91,019
Trade payables	-	9,137	9,137
Total	91,019	9,137	100,156

The carrying amount is considered a good estimate of the fair value of current receivables and liabilities, such as claims on advertising networks and platform owners, trade receivables and trade payables. The maximum credit risk of the assets comprises the net amounts of the carrying amounts shown in the table above.

Short-term placements and liabilities arising from synthetic options are measured at fair value through profit or loss. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement methods are classified in a hierarchy consisting of three levels defined as follows:

- Level 1 Quoted prices in active markets
- Level 2 Inputs other than quoted prices that are observable directly (prices) or indirectly (derived from prices)
- Level 3 Non-observable market data

There were no transfers between the levels during the period. The Group has no financial assets or liabilities that have been offset in the accounts or which are covered by a legally binding netting agreement.

Short-term placements

Truecaller has placed SEK 150 million in short-term fixed income funds. The fair value of the holding is determined by using market prices on the reporting date according to Level 1. The effect of the measurement at fair value is recognised in profit or loss. The adjustment to the fair value of these

instruments is reflected directly in "Short-term placements" in the statement of financial position. Valuations are shown on the table below.

Short-term placements	2021 Jan-Dec
Opening balance at 1 January	-
Investment in short-term placements	150,000
Change in value recognised in profit and loss	66
Closing balance at 31 December	150,066

Liability arising from synthetic options

In connection with the acquisition of Backwater Technologies Private Limited in 2019, Truecaller entered into an option agreement with the former owners of the acquired company. The measurement was at Level 3 of the fair value hierarchy and the outcome of the liability has been dependent upon whether the vesting conditions were met and Truecaller's share price, which consisted of non-observable inputs.

The liability arising from future payments is accounted for as a separate item in the statement of financial position and has been measured at fair value through profit or loss. The liability was reclassified from non-current to current in connection with the close of books on 31 December 2020 for principal

settlement in August 2021. The costs recognised in profit or loss amount to SEK 103.5 million including SEK 22.5 million in unrealised costs as of the reporting date. The amounts are included as a component of employee costs and in net financial

income/expense on the consolidated statement of profit or loss. Valuations are shown on the table below.

Liability arising from synthetic options	2021 Jan-Dec	2020 Jan-Dec
Opening balance at 1 January	91,019	69,220
Paid	-172,016	-
Change in value recognised in profit and loss	103,506	21,799
Closing balance at 31 December	22,509	91,019

Not 5. Related party transactions

In connection with the IPO on 8 October 2021, the following "EC companies" sold shares in the parent company Truecaller AB as follows: True Software EC AB, 18,028,613 shares; True Software EC III AB, 7,578,586 shares; True Software EC IV AB, 5,480,160 shares. The EC companies are owned by employees of Truecaller. As the directors of the EC companies include Odd Bolin and Ola Espelund, the transactions constitute related party transactions.

Not 6. Events after the reporting date

Acquisition after the reporting date - CallHero Ltd

Truecaller entered into a binding agreement on 13 January 2022 to buy 100 percent of the shares in CallHero Ltd. The purchase consideration totals USD 4.5 million, of which USD 2.6 million paid in cash from existing reserves upon close of the acquisition. USD 1.9 million is paid in new shares in Truecaller which are conditional on the owners continuing to be employed in the Group for a certain period of time. In addition, there will be a potential earnout (contingent consideration) capped at USD 2 million provided that certain targets are met during a period of up to four years after the deal closes. The transaction is expected to close during the latter half of the first quarter.

Assurance

The CEO and the Board of Directors hereby certify that the year-end report provides a true and fair view of the operations, position and earnings of the parent company and the Group and describes the material risks and uncertainties faced by the parent company and the companies included in the Group.

Stockholm, 23 February 2022

Bing Gordon
Chairman of the Board

Alan Mamedi
Director and CEO

Nami Zarringhalam
Director

Shailesh Lakhani
Director

Annika Poutiainen
Director

Helena Svancar
Director

Alternative performance measurements

In accordance with ESMA (European Securities and Markets Authority) Guidelines on Alternative Performance Measures, the definition and reconciliation of alternative performance measures used by Truecaller are presented here. The guidelines entail additional disclosures regarding financial measures not defined under IFRS. The performance measures shown below are presented in the interim report. They are used for the purposes of internal control and monitoring. As all companies do not calculate financial measures in the same way, these measures are not always comparable to measures used by other companies. The following measures are used by Truecaller to clarify the company's performance and simplify evaluation for users of the company's financial reports.

Key performance measurements	Definition	Purpose
Net sales	Operating revenue less any foreign exchange gains, capitalized work and other revenue.	Net sales are used to illustrate the revenue generated by Truecaller's core business in each region.
Gross profit ¹⁾	Net sales minus third party fees.	Gross profit is used to analyse profit minus direct costs (costs related directly to brokerage of ad space and the costs to affiliate new premium users).
Gross margin ¹⁾	Gross profit as a percentage of net sales.	Gross margin is a measure of profit minus direct costs.
Adjusted EBITDA	EBIT before interest, taxes, depreciation and amortisation (EBITDA) and adjusted for items affecting comparability. Items affecting comparability consist of costs related to the IPO and synthetic options from the acquisition of Backwater Technologies.	Adjusted EBITDA is a measurement Truecaller uses to show how current operations develop over time.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales.	Adjusted EBIT margin is used to illustrate the profitability of current operations excluding items affecting comparability and before amortisation.
EBIT (operating profit)	Operating profit (earnings) before interest and taxes	EBIT is used to analyse the profit generated by the operating entity.
EBIT margin	EBIT as a percentage of net sales.	The EBIT margin is used to illustrate the profitability of current operations.
Adjusted EBIT	Operating profit (earnings) before interest and taxes (EBIT) and adjusted for items affecting comparability. Items affecting comparability consist of costs related to the IPO and synthetic options from the acquisition of Backwater Technologies.	Adjusted EBIT is used to analyse the profit generated by the operating entity, adjusted for items affecting comparability.
Adjusted EBIT margin	Adjusted EBIT as a percentage of net sales.	The adjusted EBIT margin is used to illustrate the profitability of current operations adjusted for items affecting comparability.
OPEX (operating expense)	OPEX illustrates the other external costs of the business that are not directly attributable to acquisition of revenues, as well as employee costs.	Truecaller uses OPEX to clarify the costs required for the ongoing maintenance of the company's services.
Debt to equity ratio	Equity divided by total assets.	A measure to illustrate financial risk, expressed as the percentage of total assets financed by shareholders' equity.

Monthly Active Users (MAU)	The number of users that have a Truecaller profile and are active on the platform on a monthly basis.	Used to illustrate the volume of active users of Truecaller's services.
Daily Active Users (DAU)	The number of users that have a Truecaller profile and are active on the platform on a daily basis.	Used to illustrate the volume of active users of Truecaller's services.
Cost per mille impressions (CPM)	CPM illustrates the cost of displaying one ad one thousand times.	Used to illustrate the effectiveness of the ad platform.
Average revenue per user (ARPU)	The average revenue for one paying user (Truecaller Premium)	Used to illustrate how revenues per user develop over time.

1) In this report, the definition of Gross profit and Gross margin has been adjusted to include net sales instead of total operating revenue. Using net sales instead of the total operating revenue is considered to give a fairer picture of the profitability measures.

FINANCIAL KEY FIGURES – NON-IFRS MEASUREMENTS

Group, SEK 000s

	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Operating revenue				
Net sales	392,229	185,664	1,128,888	491,154
Other revenue	2,620	2	2,738	547
Capitalized work	248	-	1,045	-
Operating revenue	395,097	185,666	1,132,671	491,701

Gross profit and Gross margin *

Net sales	392 229	185 664	1 128 888	491 154
Minus Third party fees	-86 568	-53 765	-272 807	-169 322
Gross profit	305 662	131 898	856 081	321 831
Divided by Net sales	392 229	185 664	1 128 888	491 154
Gross margin	77,9%	71,0%	75,8%	65,5%

* Due to the adjusted key figure definitions, the comparative figures for 2020 have been recalculated. Before the adjustment, the gross profit was SEK 131,900 thousand for Q4 2020 and SEK 322,378 thousand for the full year 2020. The gross margin was 71.0% for Q4 2020 and 65.6% for the full year 2020.

Adjusted EBITDA and Adjusted EBITDA margin

Profit before tax	171,242	-47,800	299,708	-53,965
Excluding net financial income or expense	-328	12,120	28,511	23,374
Excluding depreciation, amortisation and impairments	4,467	102,543	16,844	118,545
EBITDA	175,381	66,863	345,063	87,954
Excluding items affecting comparability	20,826	9,275	127,443	16,847
Adjusted EBITDA	196,207	76,138	472,506	104,802
Divided by Total net sales	392,229	185,664	1,128,888	491,154
Adjusted EBITDA margin	50.0%	41.0%	41.9%	21.3%

EBIT (operating profit) and EBIT margin

Profit before tax	171,242	-47,800	299,708	-53,965
Excluding net financial income or expense	-328	12,120	28,511	23,374
EBIT (operating profit)	170,914	-35,680	328,219	-30,591
Divided by Total net sales	392,229	185,664	1,128,888	491,154

EBIT margin	43.6%	-19.2%	29.1%	-6.2%
--------------------	--------------	---------------	--------------	--------------

Adjusted EBIT and Adjusted EBIT margin

EBIT (operating profit)	170,914	-35,680	328,219	-30,591
Excluding items affecting comparability	20,826	9,275	127,443	16,847
Adjusted EBIT	191,740	-26,405	455,662	-13,743
Divided by total net sales	392,229	185,664	1,128,888	491,154
Adjusted EBIT margin	48.9%	-14.2%	40.4%	-2.8%

Debt to equity ratio

Total equity	1,411,410	145,933	1,411,410	145,933
Divided by total assets	1,692,896	435,834	1,692,896	435,834
Debt to equity ratio	83.4%	33.5%	83.4%	33.5%