

Q-REPORT 2022

January-March



truecaller

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

Interim report, January-March

2022

January-March 2022

Comparative figures refer to January-March 2021.

- **Net sales** increased by 116 percent to SEK 398.3m (184,0) compared to the same quarter last year.
- **Adjusted EBITDA** amounted to SEK 181.4m (54.2), corresponding to an adjusted EBITDA margin of 45.5 (29.5) percent.
- **Profit after tax** of SEK 133.7m (42.8).
- **Basic earnings per share** were SEK 0.36 (0.20) and diluted earnings per share were SEK 0.35 (0.12).
- **Profit for the quarter was not affected** by any items affecting comparability, but such items reduced profit for Q1 2021 by SEK -10.1m. The items affecting comparability in 2021 comprised preparations for the IPO of SEK -4.3m and synthetic options of SEK -5.8m.
- **The number of monthly active users** (MAU) increased by 14 percent to around 310.1 million (271.4*).
- **Sales growth** was 137 percent in India, 81 percent in the Middle East and Africa and 65 percent in the rest of the world.

FINANCIAL KEY FIGURES

	2022	2021	2021
Group, SEKm (unless otherwise stated)	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	398.3	184.0	1,128.9
Gross profit	311.3	131.7	856.1
Gross margin (%)	78.1%	71.6%	75.8%
Adjusted EBITDA	181.4	54.2	472.5
Adjusted EBITDA margin (%)	45.5%	29.5%	41.9%
EBIT (operating profit)	175.5	40.0	328.2
EBIT margin (%)	44.0%	21.7%	29.1%
Adjusted EBIT	175.5	50.2	455.7
Adjusted EBIT margin (%)	44.0%	27.2%	40.4%
Profit or loss after net financial income or expense	170.1	42.8	299.7
Equity	1,566.0	194.6	1,411.4
Total assets	1,857.3	505.4	1,692.9
Debt to equity ratio (%)	84.3%	38.5%	83.4%
Employees at the end of the period	321	251	306

* Historical comparison figures have been restated after minor adjustments of definitions and calculation methods. MAU and DAU now refer to the quarterly average, with all days in the quarter included in the calculation (previously calculated based on the last 7 days of each month). See page 29 for more information.

Significant events during the quarter

Product development

Truecaller continued to invest in product development, with the launch of new features and enhancements to the user experience.

- **Truecaller introduced additional engagement points for users** to provide community input through a dynamic feedback system. The introduction of comments at the end of 2021 have also been expanded this quarter to support 30 additional languages, empowering more users to report on their own experience while further enhancing our spam detection capabilities. Truecaller also improved the Search experience on the web and desktop, providing on the web an even better experience that is more on par with the mobile product.
- **Numerous improvements of messaging features have been released:** The app interface is now customizable such that users can easily switch their default app screen from calling to messaging and vice versa. Users can now edit and delete their instant messages, as well as send urgent messages that the recipient can read and respond to via animated emojis; without having to unlock the screen. Advanced machine learning models that automate spam SMS detection based on user feedback have now been rolled out globally.
- **Continued AdTech initiatives:** Truecaller implemented new performance-driven ad units aimed at improving yield per ad opportunity and better return on investment for performance advertisers.

Growth and partnerships

- **Truecaller reached 250 million global DAU on 2 March 2022:** A milestone in the company's history that few consumer products in the world have managed to achieve organically.
- **Partnerships were initiated with several world-leading Android phone manufacturers:** Agreements have been made to preinstall the Truecaller app on smartphones in key markets including India, Indonesia, Malaysia, and Latin America. The goal is to cover more than 100 million new Android phones in several markets over the next two years.
- **Truecaller announced on 13 January that it was acquiring CallHero to enhance the product for the US market:** CallHero has developed a unique technical solution for Android and iPhone that automatically answers and analyzes inbound calls using a digital assistant: a Smart Agent. The solution is currently offered to US consumers and businesses and thus further strengthens Truecaller's offering.
- **Truecaller has embarked on a partnership with Tanla:** The aim is to deliver a groundbreaking digital experience for business messaging. Truecaller Business Messaging will be offered through Tanla's Wisely platform. The volume of instant messages delivered is expected to reach 1 billion in the first year. The partnership is intended to help businesses reach Truecaller's more than 300 million active users with relevant content. Truecaller and Tanla have been successfully partnering since 2021 in an arrangement where the Truecaller Verified Business Caller ID service is offered to Tanla's business customers.

Other significant events

- **The EC companies, which are part of an earlier Truecaller incentive programme, sold all remaining employee shares on 8 March** to meet their obligations to their shareholders in accordance with that communicated in connection with the IPO in October 2021.
- **The number of shares and share capital in Truecaller AB changed in March** due to the new issue related to the acquisition of CallHero. As of 31 March, the number of shares outstanding in Truecaller was 373,959,710 distributed among 46,783,800 Class A ordinary shares that carry 10 votes per share and 327,175,919 Class B ordinary shares that carry 1 vote per share. The number of Class B shares has increased by 295,640. Share capital has risen by SEK 591.28 from SEK 747,328.14 to SEK 747,919.42.

Events after the end of the period

- **The notice of the general meeting** that will be held on 24 May in Stockholm and the 2021 Annual Report were published. Read more on page 13 and on the Truecaller website.



FIRST QUARTER 2022

2022 off to a strong start

Although the first quarter has historically been the calmest period of the year for Truecaller, the beginning of 2022 was characterized by strong user growth. Monthly average users for the quarter reached 310 million (271), an increase of 10 million users since year-end. During the quarter our app was the twentieth most downloaded app globally, according to statistics from Tower Watson, and during the quarter we also reached the milestone of exceeding 250 million daily active users. We are proud to help users and businesses benefit from a safer and more efficient communication experience everyday.

The year began on a very strong note, with net sales growth of 116 percent in Q1 and an adjusted EBITDA margin of 45.5 percent. Investments in our AdTech platform and growing demand for our relatively new B2B product, Truecaller for Business, contributed to strong development this quarter. In a world characterized by uncertainty with developments such as the war in Ukraine, rising inflation, and interest rates and the Covid pandemic, Truecaller continues to stand its ground. We have seen no direct adverse financial impacts of such external factors on our business. On the contrary, unlike many other fast-growing technology companies, we continue to maintain a strong financial position, with a very strong cash flow and almost SEK 2 billion available for investments, giving us good opportunities to act when attractive opportunities arise. We intend to take advantage of such opportunities to further strengthen our market position, our product, and our services, and to achieve our long-term growth goals more quickly.

With our scalable business model, we have a strong position as a technology company with high user and revenue growth combined with good profitability. We are continuing our work to further develop our platform. Combined with a highly positive trend in the number of smartphone users, this sets the stage for continued solid and profitable growth.

Our mission is to make tomorrow's communication smarter, safer and more efficient. We will achieve this by working non-stop to develop our product, introduce new features, increase ease-of-use and enhance the offering to consumers and businesses that need Truecaller to reach their customers. In comparison with the first quarter 2021 the average number of MAU rose by 39 million (or 14 percent) to 310.1 million and net sales increased by 116 percent to SEK 398.3 million (184.0). Thanks to our strong organic growth, the number of DAU topped 250 million for the first time on 2 March. As a result of the continuous improvements to our services, about 80 percent of our MAU use the product daily. We reach this growth in combination with a continued strong profitability, something that of course makes us proud.

User growth remains primarily organic, driven by our capacity to offer very high accuracy when we identify who is contacting our users. In markets where our database has not yet reached the level at which accuracy is sufficient, we are investing actively in user acquisition on different ad-platforms to seed new and established markets for branding purposes. This is resulting in continuous expansion of the database, which enhances the quality of our services. Once this reaches a threshold level, organic growth takes over. In other words, paid user acquisition is intended to lay the foundation for persistent, long-term organic growth, rather than to affect short-term user growth.

Net sales growth in our largest markets, Indian was 137 percent compared to Q1 2021. Our investments in other markets including Southeast Asia and Latin America are delivering good results and creating the conditions for persistent growth in users and revenues. The largest relative user growth in the last year has been in markets such as South America, North America and Asia excluding India.

”The year started off very strong with net sales growth of 116 percent in the first quarter and with an adjusted EBITDA margin of 45.5 percent. Our investments in our AD-tech platform and the great demand for our relatively new corporate offering, Truecaller for Business, both contributed to the strong development.”

We see strong potential for continued growth in new and existing markets, especially in markets characterized by expected continued growth in smartphone adoption as well as the prevalence of the challenges that Truecaller solves. Truecaller's

platform is used to make calls or send messages and helping users know who is calling or texting them while preventing spam and scams, which are serious, growing problems in many markets.

Adjusted EBITDA amounted to SEK 181.4 million (54.2) in the quarter and the adjusted EBITDA margin was 45.5 (29.5) percent. Our efforts to further develop and improve the AdTech platform, further develop our Truecaller for Business offering and increase the user benefit of our premium service for a larger user base are creating the conditions for sustained profit growth.

Performance remains robust in our business offering, Truecaller for Business, and we continue to add new business customers at a high rate in India and other markets including South Africa, Egypt, and Israel. We are continuing to expand the product, build up the technical and sales organization and expand partnerships with CPaaS (Communication Platforms as a Service) providers that act as resellers for us. This quarter also marked our foray into business instant messaging through the establishment of an exclusive distribution partnership with Tanla, a leading CPaaS provider. The partnership is aimed at helping businesses reach more than 300 million active users of Truecaller with relevant messages that include rich media and engaging content. The services are expected to lead to substantial improvements in the click rate for companies that send messages via this channel. To support growing demand for our business solutions, a new reseller portal was introduced this quarter.

Truecaller's revenue model is made up of three separate revenue streams: advertising, paid premium services and Truecaller for Business. Investments in our AdTech platform are still producing very good returns. Compared to Q1 2021, ad revenues rose by 133 percent with growth supported by the beginning of the Indian cricket season at the end of the quarter. We are continuing our initiatives to simplify direct usage of our platform by other demand partners, optimise ad inventory and implement new ad formats. Truecaller implemented new performance-driven ad units during the quarter to improve return per ad opportunity and yield better return on investment for advertisers oriented towards performance marketing.

The problems with spam and scams are significant and continue to grow, even in advanced markets like the US. The scale of the problems addressed by Truecaller are starkly illustrated in our “US Spam and Scam Report”, which will be published during the second quarter. Further development of the user experience and functionality for iPhone users is a key strategic priority for Truecaller aimed at generating stronger long-term growth, as iPhone is a leading platform in many of these markets. Truecaller continues to prioritize efforts to improve the offering on iPhone. Development aimed at delivering a brand new experience on iOS continued to progress during the quarter. The acquisition of CallHero closed in the first quarter is also expected to add even more value and functionality to the Truecaller experience on both iPhone and Android handsets. The process of integrating the entire CallHero offering in the Truecaller ecosystem has begun and the rollout will take place later this year.



We have received questions during the quarter about the planned data protection regulations in India, our largest market. The legislative process has been ongoing for several years and we have always kept ourselves apprised of the planned changes. We welcome the proposed law, which will create security and predictability and establish clear procedures for companies that process user data. As a matter of course, we have carefully analyzed public drafts of the bill and do not believe the law will have any significant impact on either user experience or our growth prospects. At Truecaller, we take user privacy very seriously and are committed to our role as a part of the solution that protects users against fraud, harassment and unwanted sales calls and messages. We also accomplish this indirectly by adhering to the principle of data minimization and only collecting the personal information we need to provide and improve the service. Truecaller has been storing Indian user data in India for a long time now and the data localization requirements will have no effect on our operations. Truecaller plays a crucial role in enabling efficient communication for our over 220 million monthly users in India. We are proud of being a central part of many Indians' everyday lives to create trust in communication and prevent fraud and other illegal activities. Our assessment is that we have legitimate reasons to process data today and when the new bill comes into effect.

Based on our strong growth, the operational leverage in our business opens up further opportunities for additional investments in user acquisition and brand-building activities while maintaining a high EBITDA margin. I look to the future with great confidence.

Alan Mamedi
Chief Executive Officer

Truecaller at a glance

Quarterly review, financial data

FINANCIAL KEY FIGURES

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Net sales	398.3	184.0	1,128.9
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Total assets	1,857.3	505.4	1,692.9
Debt to equity ratio (%)	84.3%	38.5%	83.4%
Employees at the end of the period	321	251	306

OPERATIONAL KEY FIGURES

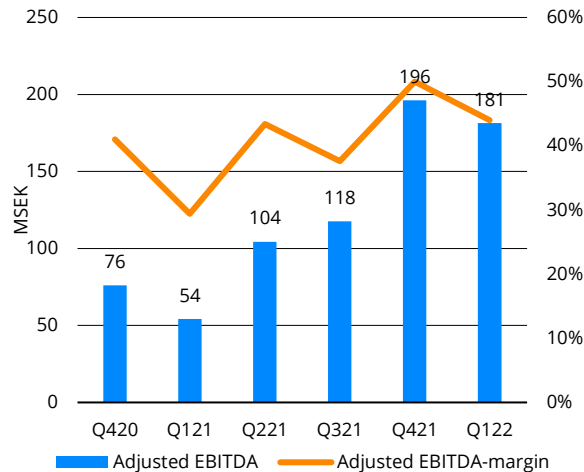
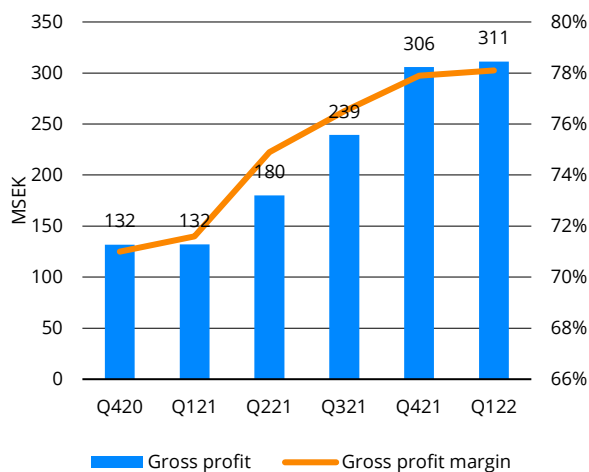
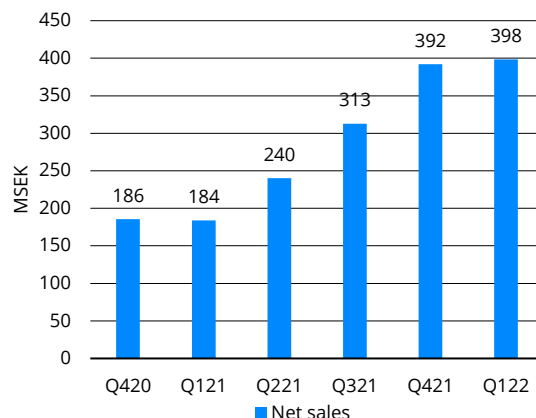
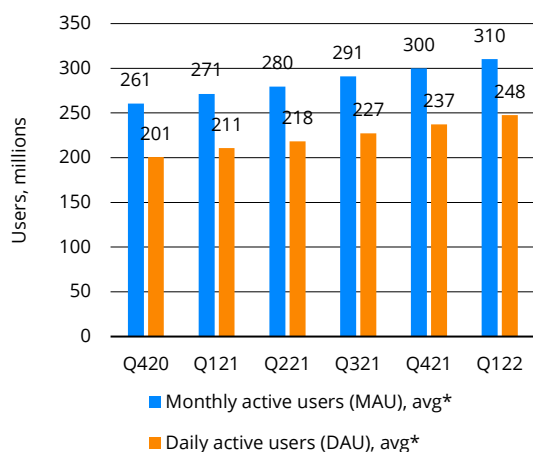
January-March 2022	Total	India	Middle East & Africa	Rest of the world
Monthly Active Users (MAU), quarterly average (millions)	310.1	227.8	60.1	22.2
Daily Active Users (DAU), quarterly average (millions)	247.7	189.4	44.1	14.2
Cost per mille impressions (CPM) for ad sales (SEK)	1.24	1.13	1.57	3.18
Average revenue per user (ARPU) for premium subscriptions (SEK)	8.05	4.50	10.10	11.83

January-March 2021*	Total	India	Middle East & Africa	Rest of the world
Monthly Active Users (MAU), quarterly average (millions)	271.4	201.0	52.4	17.9
Daily Active Users (DAU), quarterly average (millions)	210.9	162.2	37.4	11.3
Cost per mille impressions (CPM) for ad sales (SEK)	0.89	0.80	1.10	2.32
Average revenue per user (ARPU) for premium subscriptions (SEK)	7.39	4.14	10.00	12.73

* Historical comparison figures have been restated after minor adjustments of definitions and calculation methods. MAU and DAU now refer to the quarterly average, with all days in the quarter included in the calculation (previously calculated based on the last 7 days of each month). Free ads (for charitable purposes, for example) have now been excluded from CPM. ARPU is calculated as average revenue per recurring premium user. See page 29 for more information.

January-December 2021*

	Total	India	Middle East & Africa	Rest of the world
Monthly Active Users (MAU), period average (millions)	285.6	210.8	55.4	19.4
Daily Active Users (DAU), period average (millions)	223.5	171.4	39.8	12.3
Cost per mille impressions (CPM) for ad sales (SEK)	1.14	1.01	1.46	3.06
Average revenue per user (ARPU) for premium subscriptions (SEK)	7.85	4.61	9.82	11.97



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Financial performance

First quarter (January-March 2022)

Revenues

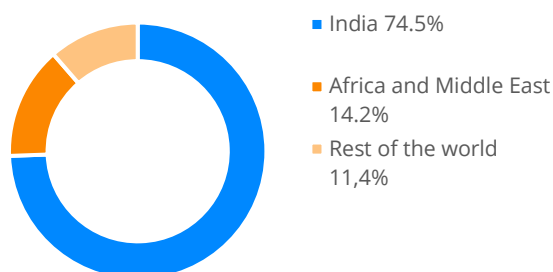
Net sales increased by 116 percent in Q1 to SEK 398.3 million (184.0). The revenue growth is due mainly to strong growth in advertising revenues, which is an effect of the sustained growth in user numbers in many different geographies, combined with continued growth revenue-generating ad impressions 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. In markets where 5-10 percent or more of smartphone users are also Truecaller users, the company delivers very high accuracy in identifying who is contacting users of the Truecaller app. Normally, this also leads to strong organic growth in the user base. In markets where the company does not yet have a sufficiently comprehensive database to offer this accuracy, Truecaller is investing in user acquisition on platforms including Google and Facebook. These user acquisitions help give Truecaller users a continuously improved experience of the company's services, and when the experience is good enough, organic growth takes off, as clearly evident in well-established markets like India.

Truecaller has closed agreements with several smartphone manufacturers on preinstallation of the company's app on a vast number of new phones in several different markets. Over time, these agreements are expected to have clearly positive effects on growth in user numbers as well as data quality, but these are multi-year agreements and thus far only a small number of phones with Truecaller preinstalled have reached end users.

Revenues distributed by region

Net sales in India grew 137 percent to SEK 296.6 million (125.4), in the Middle East & Africa by 81 percent to SEK 56.4 million (31.2), and in the rest of the world by 65 percent to SEK 45.3 million (27.4).



Revenues distributed by service

Ad revenues increased by 133 percent to SEK 339.0 million (145.5). We are continuously optimizing 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 39 percent compared to the same quarter last year. CPM varies across quarters as an effect of seasonal changes in demand in different geographies, the mix between various types of ads and the mix between direct sales and sales via partners like Google and Facebook. The share of revenues from direct sales and other partners increased.

On the supply side we continue to see user growth, which contributes to overall availability of ad opportunities. We are also working steadily with continued optimization of ad space utilization aimed at increasing both the fill rate and rates. On the demand side, we continue to increase our advertiser base while making it easier for advertisers to use our services without intermediaries, which has a positive effect on our profitability while driving fill rates.

Revenues from premium subscriptions increased by 14.5 percent to SEK 38.9 million (34.0), primarily an effect of an increase in the number of premium subscribers. The strongest growth in subscription revenues occurred outside India and on the iOS platform. There was a temporary dip in the growth of the number of premium subscribers 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 18.4 million (2.6). 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 have a need to maintain a secure channel of communication with their customers. The number of customer sign-ups is still showing strong growth in India and other markets. The services are sold through direct sales and through partners.

Gross profit

Gross profit rose by 136 percent to SEK 311.3 million (131.7) increasing the gross margin by 6.5 percentage points to 78.1 percent (71.6). 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 without using a partner. 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 Q1 than in the corresponding period in 2021. Google also lowered its charges for buys via its app store in early 2022, which affected the gross margin for premium subscriptions to a certain extent.

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 costs of server hosting are 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, depreciation and impairments excluding items affecting comparability (adjusted EBITDA) amounted to SEK 181.4 million (54.2), corresponding to an adjusted EBITDA margin of 45.5 percent (29.5).

EBIT rose to SEK 175.5 million (40.0), corresponding to an EBIT margin of 44.0 percent (21.7). EBIT excluding items affecting comparability (adjusted EBIT) amounted to SEK 175.5 million (50.2) with an adjusted EBIT margin of 44.0 percent (27.2). 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 first quarter amounted to SEK 58.7 million (50.7). 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 3.4 million (-) for the period. Employee costs have historically included the costs of synthetic options that arose in connection with the acquisition of Backwater Technologies Private Limited in 2019. These synthetic employee options should be regarded as an earnout 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 - million (5.8) was charged to operating profit for the quarter. No further costs for the options will be charged to profit in the future. Remeasurements of options issued to the former owners of Backwater Technologies who are no longer employed by Truecaller have also historically affected net financial income or expense. This expense amounted to a total of SEK - (SEK 1.5m) in Q1. 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 73.4 million (37.3). This is primarily an effect of increasing investments in user acquisition and marketing, as well as costs related to becoming a listed company.

Investments in user acquisition and marketing are rising incrementally as the company tests and evaluates various investment strategies. Return on investment is measured on an ongoing basis and Truecaller is continuing to build up skills and the organisation so that the rate of investment can be accelerated as intended and in a manner that cost-effectively supports long-term organic growth in various geographies. Focus in Q1 was on further skills building in these areas and investments have as a result increased at a somewhat lower rate.

Items affecting comparability

There were no items affecting comparability in Q1, while Q1 2021 included items affecting comparability of SEK 10.1 million. The items were related to preparations for the IPO of SEK -

(4.3m) and synthetic options of SEK - (5.8m) and included in "Other external costs" and "Employee costs" on the statement of profit or loss.

Profit and earnings per share for the period

Profit before tax amounted to SEK 170.1 million (42.8). Profit after tax for the period was SEK 133.7 million (42.8). Net financial income comprises positive exchange rate differences of SEK 0.9 million (5.0), interest expenses of SEK -5.0 million (-0.7), remeasurement of synthetic options of SEK - (-1.5m) and other financial expenses of SEK -1.3 million (-).

Basic earnings per share were SEK 0.36 (0.20) and diluted earnings per share were SEK 0.35 (0.12).

Cash flow and financial position

Net cash from operating activities rose to SEK 121.5 million (54.0). Net cash used in investing activities amounted to SEK -29.1 million (-) and was affected primarily by the acquisition of CallHero and investments in internally generated intangible assets. Net cash used in financing activities was SEK -28.7 million (4.1), broken down as follows: repayment of warrants of SEK -0.4 million (-), payments of synthetic options of SEK -23.1 million (-) and amortisation of lease liability of SEK -5.2 million (-3.7). A new issue was also carried out in the comparison period, which contributed SEK 7.8 million. Net cash for the period was SEK 63.7 million (58.1). Truecaller had cash and cash equivalents of SEK 1,302.2 million (254.4) at the end of the quarter. The debt-to-equity ratio was 84.3 percent (38.5). Truecallers has a revolving credit facility of SEK 500 million (-). At 31 March nothing was utilized.

Consolidated total assets amounted to SEK 1,857.3 million (505.4) at 31 March 2022. The carrying amounts of financial assets and financial liabilities are estimated to coincide with fair value in all material respects.

Investments

The Group began capitalizing 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 2.8 million (0.2) was capitalised as internally generated intangible assets in Q1 2022.

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 partly in local currency, which entails 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.

Parent company

Truecaller AB became the parent company of the Group in the third quarter of 2021. Until that point, it was a dormant shelf company and comparative figures are not yet relevant due to the change in Truecaller AB's operations. Parent company income for the quarter amounted to SEK 1.0 million (-) which refers to billing of subsidiaries for services rendered. Truecaller AB is reporting a loss before tax of SEK -5.4 million (-) and a loss after tax of SEK -4.3 million (-). Cash and cash equivalents at 31 March 2022 amounted to SEK 718.7 million (-). 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.

Product updates

Engagement-driven enhancements to core communications offering

Following the launch of app Version 12 on Android, Truecaller has continued to develop the features that were rolled out at the end of 2021. In addition to the delivery of technical enhancements that significantly improve speed and performance, there has been significant traction in the adoption of features that were rolled out as part of the most recent release. User adoption of Video Caller ID, for instance, grew most notably by over 150% since the end of the previous quarter.



Truecaller also introduced additional messaging capabilities in the first quarter to continue to improve the core communications experience for users. The app interface is now customizable, such that users can easily switch their default screen from calling to messaging and vice versa. Users can now edit and delete

their instant messages, and send “Urgent messages” which recipients can read and respond to via animated emojis without having to unlock their screen. From a machine learning perspective, Truecaller introduced a new artificial intelligence model that even more accurately classifies business SMS messages from businesses as spam or promotional.

Smart SMS, which categorizes the most important messages in a dedicated tab, developed even further during the quarter. Advanced machine learning models that automate spam SMS detection based on user feedback were deployed globally, covering a much wider scope than the select number of key markets as reported in the previous quarter. Such models are fully automated based on community feedback, ensuring that every user has the most relevant experience, regardless of where they are.

For messages categorized as important messages, Truecaller highlights pertinent information from lengthy SMS messages and translates such information into easily digestible smart cards, which have been a prominent feature of Smart SMS since its introduction in early 2020. Users in select markets including India, the US and Sweden can now share smart cards with their contacts, regardless of whether the recipient is on the Truecaller app. The underlying mechanism that powers smart cards has improved significantly, ensuring that Smart SMS delivers robust performance across languages in addition to English. Such machine learning initiatives occur

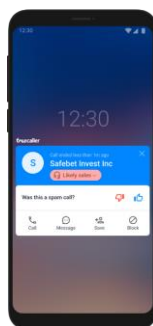
without compromising user privacy, and all processing is conducted locally on the user’s device



Truecaller continues to prioritize efforts to revamp its offering on iPhone, and efforts to deliver a brand new experience on iOS systems continued to progress in the first quarter. The acquisition of CallHero in the first quarter is also expected to add even more value to the Truecaller experience on both iPhone and Android devices. The process of integrating the full CallHero offering into the Truecaller ecosystem commenced this quarter and is on track for release to the market later this year.

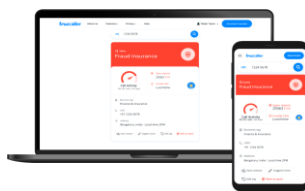
Fundamental improvements to search and AI Identity capabilities

The app redesign that came with the latest version of Truecaller on Android facilitated more opportunities for users to leave feedback on unknown numbers in the form of comments and up/down votes. In the first quarter, comments have been expanded to cover over 30 additional languages, empowering more users to report on their own experience while further enhancing our spam detection capabilities with community input. Truecaller also introduced additional engagement points for users to provide input through a dynamic feedback system. In the



first quarter alone, these produced over 2.5 million feedback points. This initiative is expected to drive significant improvements in the app’s ability to provide the most useful information on unknown numbers. Over time, this will strengthen Truecaller’s contextual search capabilities, which enable the app to provide relevant information (e.g., “Someone you may know,” “Likely sales”) about an unknown number.

Machine learning initiatives introduced in the previous quarter to improve spam detection accuracy through carrier classification in the EU have continued to scale well. In the first quarter, carrier classification was expanded to cover the US, Malaysia and South Africa, and additional markets for coverage continue to be investigated.

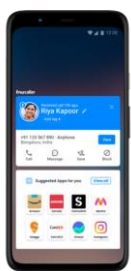


At the beginning of the first quarter, Truecaller rolled out its new website, including a revamped Search results page akin to the new profile view rolled out with app Version 12. This provides a more consistent experience across Truecaller, regardless of the device

you are on. Searching for numbers on the Truecaller website provides just as much relevant information—call activity, spam reports, and opportunities to leave feedback—as on the mobile app. Truecaller’s web presence also increases the accessibility of its services and now allows anyone to conduct a limited number of searches without downloading the app.

Continued investments in AdTech

Investments made to improve Truecaller's AdTech capabilities and strengthen its independent demand stack in the second half of 2021 continued to scale well, demonstrating positive results in the first quarter. A re-architected auction set up enhances Truecaller's ability to integrate all types of demand partners into its ecosystem with greater flexibility. In the first quarter, both new and existing demand partners have been integrated into the re-architected auction setup with strong results, including improved demand liquidity and better yield management. In parallel with improvements on the tech side, the direct sales process has also been streamlined further to expand the customer base and use cases that can be served through Truecaller's direct advertising solutions.



On the supply side, Truecaller deployed new performance-driven ad units with the goal of improving yield per ad opportunity and better ROI for performance advertisers. This initiative has demonstrated promising initial results and is expected to improve as Truecaller scales this format on the supply side and maps more demand. Inventory optimization remained a focus area in the first quarter, and initiatives to foster performance and

affiliate demand for unfilled inventory were piloted in the first quarter for full scale implementation later this year. Truecaller is also investing in analytics to an even greater extent in order to further optimize ad inventory.

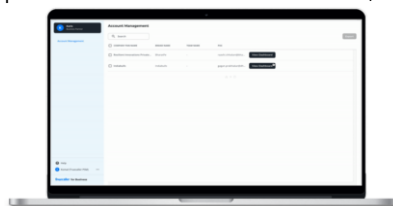
Rapid development of Truecaller for Business

Demand for Truecaller for Business (TfB) continues to grow substantially across a wide range of industry verticals. Key customers onboarded in the first quarter include a number of leading brands in India such as Xpressbees, Apollo Hospitals, Liberty General, Insurance Dekho, and MoneyView. The State Bank of India (SBI) General Insurance, the largest state-owned banking and financial services company in the country and among one of the largest banks in the world, as well as Flipkart, a subsidiary of Walmart and one of the top eCommerce players in India, also became new Truecaller for Business customers in the first quarter. The need for Truecaller's business-facing solutions remains apparent in markets beyond India as well, with the addition of new business customers from South Africa, Egypt, and Israel across diverse industries.

The first quarter also marked Truecaller's foray into business instant messaging through the establishment of an exclusive reseller partnership with Tanla, a leading player in the CPaaS space. The partnership aims to help businesses reach out to more than 300 million active users of Truecaller with relevant messages that include rich media and engaging content and is expected to drive significant improvements in click through rates for businesses sending messages on this channel.

Truecaller continues to actively explore innovative use cases for its business solutions. In the first quarter, Truecaller established its Early Access Program for select existing business customers. This new initiative provides participating customers the opportunity to test new offerings before they are fully commercialized. Following the strong traction seen in end user adoption of Video Caller ID, this feature was piloted for business customer use cases within the Early Access Program in the first quarter. Other relevant offerings continue to be tested through the Early Access Program, and this initiative has already demonstrated substantial added value to both the customer experience and the product development process.

In order to keep up with growing demand for TfB, Truecaller continues to prioritize driving operational improvements across the customer journey. Building on the success of the self-serve portal introduced at the end of 2021, a new reseller portal was



launched in the first quarter. It has since been widely deployed, enabling resellers to handle all services on behalf of their customers more efficiently.

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 the 2021 annual report for Truecaller AB.

Impact of the war in Ukraine

The war in Ukraine and its global economic repercussions have had minimal impact on Truecaller's business. Truecaller's focus has been to take care of our employees from Ukraine, Russia and the Baltic countries who have family and friends in Ukraine.

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 inactive. 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 reached levels above those before the outbreak of the pandemic. Social restrictions due to the pandemic were lifted during the quarter and the company was able to conduct business efficiently. In the company's assessment, Truecaller will be able to operate efficiently even if there is the transmission rate increases, and there is still a great need for businesses and people to communicate with each other, even in a scenario where transmission 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-June 2022: 22 July 2022
Interim report, January-September 2022: 11 November 2022
Year-end report January-December 2022: 23 February 2023

Annual General Meeting

The 2022 Annual General Meeting will be held Tuesday, 24 May 2022 in Stockholm. Business on the agenda includes allocation of the company's profit for 2021, election of directors, a resolution to authorise the board to decide on share issues, share buy-backs, issuance and transfer of warrants and implementation of a long-term share ownership programme. The board is proposing that no dividend should be distributed for the financial year and the nomination committee has proposed the re-election of all directors. The notice of the general meeting was published on 22 April and complete information about the annual general meeting is available online at corporate.truecaller.com.

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Auditor's review

This interim report has not been reviewed by the company's auditor.

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 6 May 2022 at 07.30 CEST.

Condensed consolidated statement of profit or loss

Amounts in SEK 000s	Note	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec
Operating revenue	3	398,300	184,041	1,128,888
Other income		9	356	2,738
Work performed by the entity and capitalised		2,245	-	1,045
Third party fees		-87,050	-52,307	-272,807
Other external costs		-73,430	-37,247	-248,049
Employee costs		-58,701	-50,730	-266,752
Depreciation, amortisation and impairments		-5,927	-4,089	-16,844
EBIT (operating profit)		175,447	40,024	328,219
Net financial income or expense		-5,380	2,771	-28,511
Profit or loss after net financial income or expense		170,067	42,796	299,708
Tax		-36,372	44	-41,398
Profit for the period ¹⁾		133,695	42,840	258,310
Earnings per share ²⁾				
Basic earnings per share (SEK)		0.36	0.20	1.01
Diluted earnings per share (SEK)		0.35	0.12	0.72
Average number of shares before dilution ³⁾		373,696,919	218,374,400	254,718,955
Average number of shares after dilution		378,269,543	355,806,300	357,708,466

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

²⁾ 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 through 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.

³⁾ 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	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec
Profit or loss for the period		133,695	42,840	258,310
Other comprehensive income for the period				
<i>Items that will be reclassified to profit and loss in subsequent periods</i>				
Foreign exchange translation differences		-302	-2,352	-1,529
<i>Items that will not be reclassified to profit and loss in subsequent periods</i>				
Remeasurement of defined-benefit pension plans		-	-	-89
Other comprehensive income for the period		-302	-2,352	-1,618
Comprehensive income for the period ¹⁾		133,393	40,487	256,692

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	2022 31 Mar	2021 31 Mar	2021 31 Dec
ASSETS				
Non-current assets				
Goodwill		34,209	-	-
Other intangible assets		13,955	227	1,350
Property, plant and equipment		1,314	1,431	1,429
Right-of-use assets		88,225	96,019	86,196
Deferred tax assets		40,132	58,499	35,077
Other non-current receivables	4	18,819	469	999
Total non-current assets		196,654	156,645	125,051
Current assets				
Current receivables	4	208,838	94,373	179,336
Short-term placements	4	149,604	-	150,066
Cash and cash equivalents	4	1,302,180	254,374	1,238,443
Total current assets		1,660,623	348,748	1,567,845
TOTAL ASSETS		1,857,277	505,393	1,692,896
EQUITY AND LIABILITIES				
Equity				
Equity attributable to owners of the parent		1,565,957	194,552	1,411,410
Total equity		1,565,957	194,552	1,411,410
Non-current liabilities				
Liability arising from defined-benefit pension plans		4,445	3,043	4,538
Lease liability		70,723	85,420	72,393
Deferred tax liability		20,800	20,002	18,030
Other non-current liabilities	4	12,097	-	-
Total non-current liabilities		108,065	108,465	94,961
Current liabilities				
Liability arising from synthetic options	4	-	98,264	22,509
Lease liability		16,233	12,076	15,985
Other current liabilities	4	167,022	92,036	148,030
Total current liabilities		183,255	202,376	186,524
TOTAL EQUITY AND LIABILITIES		1,857,277	505,393	1,692,896

Condensed consolidated statement of cash flows

Amounts in SEK 000s	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec
Operating activities			
Profit or loss after net financial income or expense	170,067	42,796	299,708
Adjustments for non-cash items	8,692	6,362	119,545
Income tax paid	-10,123	-	-4,717
Net cash from operating activities before changes in working capital	168,636	49,158	414,536
Net cash from changes in working capital			
Change in operating receivables	-34,599	-19,475	-97,183
Change in operating liabilities	-12,523	24,284	63,538
Net cash from operating activities	121,514	53,967	380,891
Investing activities			
Acquisitions of Group companies, net effect on cash and cash equivalents	-26,824	-	-
Purchases of property, plant and equipment	-	-	-351
Disposals of property, plant and equipment	-	-	-
Purchases of intangible assets	-2,760	-	-1,470
Purchase of short-term investment	-	-	-150,000
Change in financial receivables	461	-	-66
Net cash used in investing activities	-29,123	-	-151,887
Financing activities			
Share issue	-	7,787	982,904
Funds received for warrants	-	-	17,364
Repurchase of warrants	-374	-	-
Amortisation of lease liability	-5,148	-3,699	-15,280
Payout synthetic options	-23,140	-	-172,016
Net cash from (-used in) financing activities	-28,662	4,089	812,972
Net cash flow for the period	63,729	58,055	1,041,976
Cash and cash equivalents at the beginning of the period	1,238,443	195,224	195,224
Foreign exchange differences in cash and cash equivalents	9	1,095	1,243
Cash and cash equivalents at the end of the period	1,302,180	254,374	1,238,443

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 2021	353	702,511	4,682	-561,612	145,933
Profit or loss for the period	-	-	-	42,840	42,840
Other comprehensive income for the period	-	-	-2,352	-	-2,352
Comprehensive income for the period	-	-	-2,352	42,840	40,487
<i>Transactions with owners of the Group</i>					
Share issue after transaction costs	1	7,787	-	-	7,788
Share-based payment	-	-	-	344	344
Total	1	7,787	-	344	8,131
Closing balance at 31 Mar 2021	354	710,298	2,330	-518,428	194,552
Opening balance at 1 Jan 2022	747	1,707,864	3,153	-300,354	1,411,410
Profit or loss for the period	-	-	-	133,695	133,695
Other comprehensive income for the period	-	-	-302	-	-302
Comprehensive income for the period	-	-	-302	133,695	133,393
<i>Transactions with owners of the Group</i>					
Share issue	1	-	-	18,152	18,152
Warrants	-	-374	-	-	-374
Share-based payment	-	-	-	3,375	3,375
Total	1	-374	-	21,527	21,153
Closing balance at 31 Mar 2022	748	1,707,490	2,851	-145,132	1,565,957

Condensed parent company income statement

Amounts in SEK 000s	2022 Jan-Mar	2021 Jan-Mar ¹⁾	2021 Jan-Dec ¹⁾
Operating revenue	1,034	-	1,318
Other external costs	-3,006	-	-52,446
Employee costs	-1,697	-	-2,752
EBIT (operating profit)	-3,670	-	-53,880
Net financial income or expense	-1,746	-	-1,733
Profit or loss before tax	-5,416	-	-55,613
Tax	1,116	-	11,456
Profit or loss for the period	-4,300	-	-44,157

¹⁾ Truecaller AB became the parent company of the Group in the third quarter of 2021. Until that point, it was a dormant shelf company and comparative figures are not yet relevant due to the change in Truecaller AB's operations.

Condensed parent company balance sheet

Amounts in SEK 000s	2022 31 Mar	2021 31 Mar ¹⁾	2021 31 Dec
ASSETS			
Non-current assets			
Investments in Group companies	10,217,177	-	10,182,046
Deferred tax asset	17,698	-	16,582
Total non-current assets	10,234,875	-	10,198,628
Current assets			
Current receivables	27,291	25	16,132
Receivables from Group companies	26,370	-	650
Short-term placements	149,604	-	150,066
Cash and cash equivalents	718,691	-	830,776
Total current assets	921,957	25	997,624
TOTAL ASSETS	11,156,832	25	11,196,252
EQUITY AND LIABILITIES			
Equity and liabilities			
Equity	11,152,347	25	11,135,495
Liabilities to Group companies	74	-	31,509
Current liabilities	4,410	-	29,248
TOTAL EQUITY AND LIABILITIES	11,156,832	25	11,196,252

¹⁾ Truecaller AB became the parent company of the Group in the third quarter of 2021. Until that point, it was a dormant shelf company and comparative figures are not yet relevant due to the change in Truecaller AB's operations.

Notes

Note 1. Significant accounting policies

This interim 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 retained their relative ownership interests in Truecaller AB. The newly formed Group is 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). Disclosures according to IAS 34 are provided in other parts of the interim report, in addition to the financial statements. 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. The accounting principles, basis for measurement and estimates and judgements applied to the interim report for the Group and the parent are identical to those applied in Truecaller's annual report. Accordingly, refer to the most recently published annual report for a description of applied accounting policies.

Note 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 unchanged from those described in the most recently published annual report.

Note 3. Revenue from contracts with customers

DISTRIBUTION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

SEK 000s	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec
Geographical region			
India	296,568	125,380	787,120
Middle East and Africa	56,427	31,186	184,114
Rest of the world	45,305	27,475	157,654
Revenue from contracts with customers	398,300	184,041	1,128,888

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

SEK 000s	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec
Type of service			
Advertising revenues	338,955	145,503	948,925
User revenues	38,883	33,954	138,985

Other income	20,462	4,584	40,978
Revenue from contracts with customers	398,300	184,041	1,128,888

Note 4. Financial instruments

Measurement of financial assets and liabilities at 31 March 2022

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	-	18,819	18,819
Claims on advertising networks and platform owners	-	125,615	125,615
Trade receivables	-	38,712	38,712
Short-term placements	149,604	-	149,604
Cash and cash equivalents	-	1,302,180	1,302,180
Total	149,604	1,485,326	1,634,930
FINANCIAL LIABILITIES			
Trade payables	-	28,776	28,776
Conditional consideration (earnout)	16,785	-	16,785
Total	16,785	28,776	45,561

Measurement of financial assets and liabilities at 31 March 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	-	469	469
Claims on advertising networks and platform owners	-	61,968	61,968
Trade receivables	-	8,350	8,350
Cash and cash equivalents	-	254,374	254,374
Total	-	325,162	325,162
FINANCIAL LIABILITIES			
Liability arising from synthetic options	98,264	-	98,264
Trade payables	-	22,642	22,642
Total	98,264	22,642	120,906

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	-	1,238,433	1,238,433
Total	150,066	1,370,954	1,521,020

FINANCIAL LIABILITIES

Liability arising from synthetic options	22,509	-	22,509
Trade payables	-	39,544	39,544
Total	22,509	39,544	62,053

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.

The Group has short-term placements, liability arising from synthetic options and conditional consideration (earnouts) that 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 SEK 150 million placed 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.

Short-term placements	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec
Opening balance at 1 January	150,066	-	-
Investment in short-term placements	-	-	150,000
Change in value recognised in profit and loss	-462	-	66
Closing balance	149,604	-	150,066

Conditional consideration (earnout)

Conditional consideration is categorised at level 3 of the fair value hierarchy. The fair value of conditional consideration is calculated by discounting future cash flows by a risk-adjusted discount rate. The conditional consideration for CallHero has been classified as a current and non-current liability.

Conditional consideration (earnout)	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec
Opening balance at 1 January	-	-	-
Cost	16,785	-	-
Closing balance	16,785	-	-

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 has been recognised as a separate item on the statement of financial position and measured at fair value through profit or loss as an employee cost and in net financial income and expenses. The debt was settled in its entirety in January 2022 and there will be no further costs attributable to the synthetic options.

Liability arising from synthetic options	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec
Opening balance at 1 January	22,509	91,019	91,019
Paid	-23,140	-	-172,016
Change in value recognised in profit and loss	631	7,245	103,506
Closing balance	-	98,264	22,509

Note 5. Related party transactions

In the first quarter of 2022, the following companies (collectively, "EC companies") sold their entire shareholdings in the parent company Truecaller AB as follows: True Software EC AB, 3,381,387 shares; True Software EC II AB, 1,421,414 shares; True Software EC II AB, 587,518 shares; and True Software EC IV AB, 1,027 840 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.

Note 6. Acquisitions of Group companies

On 22 March 2022, Truecaller closed the previously announced acquisition of the Israeli company CallHero Ltd. CallHero has developed a unique technical solution that automatically answers and analyses inbound calls using a digital assistant: a Smart Agent. The technology is expected to strengthen Truecaller's offering in the US, where CallHero's primary customer base is located. The consideration amounts to USD 4.5 million, of which USD 2.6 million paid in cash from existing reserves and USD 1.9 million paid in new shares in Truecaller. The shares are conditional upon the owners remaining employed by the Group for a specified period and this portion will therefore be recognised as an employee cost over the relevant period. In addition, there will be a potential earnout capped at USD 2 million provided that certain targets are met during a period of up to four years after acquisition date. The acquisition is primarily an acquisition of technology and skills and is not expected to have significant effect on profit or loss in 2022.

According to the preliminary acquisition analysis, surplus value of SEK 10 million arose attributable to proprietary software, as well as non-tax-deductible goodwill of SEK 34.4 million, primarily attributable to the skills added to the company by the employees of CallHero. The useful life of proprietary software has been estimated at five years.

Fair value of acquired net assets, CallHero (SEK 000s)

Proprietary software	10,000
Property, plant and equipment	8
Deferred tax assets	14
Trade receivables and other receivables	92
Cash and cash equivalents	229
Deferred tax liability	-2,300
Other current liabilities	-978
Total acquired net assets	7 065

Purchase consideration CallHero (SEK 000s)

Consideration, cash	24,629
Conditional consideration, liability	16,785
Total consideration, shares	41,414
Fair value of acquired net assets	-7,065
Goodwill	34,349

Group Investing activities (SEK 000s)

Consideration paid	-24,629
Cash and cash equivalents in acquired entities	229
Costs directly related to acquisitions	-2,424
Net effect of acquisitions on consolidated cash and cash equivalents	26,824

Note 7. Events after the reporting date

Nothing to report.

Assurance

The CEO and the Board of Directors hereby certify that the interim 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, 6 May 2022

Bing Gordon
Board Chair

Alan Mamedi
Director and CEO

Annika Poutiainen
Director

Helena Svancar
Director

Nami Zarringhalam
Director

Shailesh Lakhani
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 measures 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
Gross profit ¹⁾	Net sales minus brokerage costs.	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. Is calculated as an average from all days in the period.	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. Is calculated as an average from all days in the period.	Used to illustrate the volume of active users of Truecaller's services.
Cost per thousand 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 recurring paying user (Truecaller Premium)	Used to illustrate how revenues per user develop over time.

¹⁾ The definitions of gross profit and gross margin in this report have been adjusted to include net sales instead of total operating revenue. Using net sales instead of total operating revenue is considered to give a fairer picture of the profitability measure.

RECONCILIATION OF SELECTED KEY FIGURES, NON-IFRS MEASUREMENTS

Group, SEK 000s

	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec
Gross profit and gross margin *			
Net sales	398,300	184,041	1,128,888
Minus brokerage costs	-87,050	-52,307	-272,807
Gross profit	311,250	131,734	856,081
Divided by net sales	398,300	184,041	1,128,888
Gross margin	78.1%	71.6%	75.8%

* The comparative figures for Q1 2021 have been restated in accordance with the adjusted definitions of key financial data. Before the adjustment, gross profit was SEK 132,091 thousand and the gross margin was 71.6 percent.

Adjusted EBITDA and Adjusted EBITDA margin

Profit before tax	170,067	42,796	299,708
Excluding net financial income or expense	5,380	-2,771	28,511
Excluding depreciation, amortisation and impairments	5,927	4,089	16,844
EBITDA	181,374	44,113	345,063
Excluding items affecting comparability	-	10,117	127,443
Adjusted EBITDA	181,374	54,230	472,506
Divided by total net sales	398,300	184,041	1,128,888
Adjusted EBITDA margin	45.5%	29.5%	41.9%

EBIT (operating profit) and EBIT margin

Profit before tax	170,067	42,796	299,708
Excluding net financial income or expense	5,380	-2,771	28,511
EBIT (operating profit)	175,447	40,024	328,219
Divided by total net sales	398,300	184,041	1,128,888
EBIT margin	44.0%	21.7%	29.1%

Adjusted EBIT and Adjusted EBIT margin

EBIT (operating profit)	175,447	40,024	328,219
Excluding items affecting comparability	-	10,117	127,443
Adjusted EBIT	175,447	50,141	455,662
Divided by total net sales	398,300	184,041	1,128,888

Adjusted EBIT margin	44.0%	27.2%	40.4%
Debt to equity ratio			
Total equity	1,565,957	194,552	1,411,410
Divided by total assets	1,857,277	505,393	1,692,896
Debt to equity ratio	84.3%	38.5%	83.4%

Adjustment of definitions for KPIs

In this report, minor adjustments have been made to definitions and calculation methods for the key figures, number of active users per month (MAU) on average, number of active users per day (DAU) on average, cost per thousand impressions (CPM) and average revenue per paying user (ARPU). The adjustments have been made to further improve and refine the ability to analyze Truecaller's operations. The historical comparative figures have been recalculated.

MAU refers to number of active users on the Truecaller app who are active on the platform on a monthly basis and DAU refers to the number of active users on the Truecaller app and who are active on the platform on a daily basis. MAU and DAU are now calculated as the period average where all the days of the period are included in the calculation (previous average calculated on the last 7 days of each month).

	2022 Jan-Mar	2021 Oct-Dec	2021 Jul-Sep	2021 Apr-Jun	2021 Jan-Mar	2020 Oct-Dec	2020 Jul-Sep	2020 Apr-Jun	2020 Jan-Mar	2021 Jan-Dec
MAU (new definition)	310.1	299.9	291.1	279.6	271.4	260.6	242.8	227.2	222.9	285.6
MAU (old definition)		301.2	292.1	278.1	270.3	259.3	242.9	226.0	222.1	285.4
DAU (new definition)	247.7	237.5	227.2	218.2	210.9	200.8	188.3	176.9	172.6	223.5
DAU (old definition)		238.8	228.6	219.1	211.8	201.4	190.4	177.8	173.9	224.6

CPM refers to the cost of displaying an ad a thousand times. For CPM, free advertising (for example for charitable purposes) has now been excluded, which in the previous definition was included in the calculation of CPM.

	2022 Jan-Mar	2021 Oct-Dec	2021 Jul-Sep	2021 Apr-Jun	2021 Jan-Mar	2020 Oct-Dec	2020 Jul-Sep	2020 Apr-Jun	2020 Jan-Mar	2021 Jan-Dec
CPM (new definition)	1.24	1.34	1.18	1.05	0.89	1.24	1.28	0.94	1.50	1.14
CPM (earlier definition)		1.34	1.13	0.99	0.87	1.24	1.28	0.89	1.48	1.11

ARPU is now calculated as average revenue per recurring premium subscriber (one-time purchases has been excluded).

	2022 Jan-Mar	2021 Oct-Dec	2021 Jul-Sep	2021 Apr-Jun	2021 Jan-Mar	2021 Jan-Dec
ARPU (new definition)	8.05	8.20	8.29	7.56	7.39	7.85
ARPU (earlier definition)		8.43	8.82	8.11	7.84	8.29