

A close-up photograph of a man with a beard and mustache, smiling broadly with his eyes closed. He is wearing a white button-down shirt and dark suspenders. He is sitting in the driver's seat of a car, with the steering wheel and dashboard visible in the background. The lighting is bright and natural, suggesting daytime.

INTERIM REPORT

January-March 2023

truecaller

Interim report, January-March 2023

January-March 2023 (Q1)

Comparative figures refer to January-March 2022.

- **Net sales** decreased by 3 percent to SEK 387.1m (398.3).
- **Adjusted EBITDA** amounted to SEK 150.0m (181.4), corresponding to an adjusted EBITDA margin of 38.8 (45.5) percent. Excluding the costs of incentive programs, adjusted EBITDA would have been SEK 161.1m (184.8), equivalent to an adjusted EBITDA margin of 41.6 (46.4) percent.
- **Profit for the period was not affected** by items affecting comparability. The corresponding quarter of the previous year was also not affected by any items affecting comparability.
- **Profit after tax** amounted to SEK 109.1m (133.7).
- **Basic earnings per share** were SEK 0.30 (0.36) and diluted earnings per share were 0.30 (0.35).
- **The average number of active users** (MAU) increased by 34.3 million to approximately 344.4 million (310.1).
- **Sales growth** decreased by 1 percent in India, 13 percent in the Middle East and Africa and increased by 1 percent in the rest of the world.

FINANCIAL KEY FIGURES

Group, SEKm (unless otherwise stated)	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Net sales	387.1	398.3	1,772.9
Gross profit	291.0	311.3	1,355.2
Gross margin (%)	75.2%	78.1%	76.4%
Adjusted EBITDA	150.0	181.4	717.2
Adjusted EBITDA margin (%)	38.8%	45.5%	40.5%
EBIT (operating profit)	139.8	175.5	688.5
EBIT margin (%)	36.1%	44.0%	38.8%
Adjusted EBIT	139.8	175.5	688.5
Adjusted EBIT margin (%)	36.1%	44.0%	38.8%
Profit or loss after net financial income or expense	147.0	170.1	688.1
Basic earnings per share (SEK)	0.30	0.36	1.43
Diluted earnings per share (SEK)	0.30	0.35	1.43
Equity	1,738.4	1,566.0	1,804.1
Total assets	2,123.5	1,857.3	2,344.4
Equity to assets ratio (%)	81.9%	84.3%	77.0%
Employees at the end of the period	400	321	395

Significant events during the quarter

Truecaller continued to invest in product development by launching new products and functions and by further improvements of the user experience.

- **Truecaller continued to grow number of users** The fastest relative growth was in regions outside of India, and for the first time during the period 2020-2023 growth of number of users outside of India was as strong as growth in number of users in India. During the quarter a new record was also set when it comes to share of Daily Active users (DAU) which reached 81%.
- **A larger share of Truecaller users became subscribers** Truecaller has increased the focus to improve the subscription offering with new functions and introduced new price plans during the 2nd half of 2022. The number of subscribers and the share of subscribers increased in many markets, not least India, and for both Android and iOS. In total subscription income increased with 20 per cent.
- **Truecaller for Business continues to grow its customer base** and during the quarter several major brands in the banking and finance sector joined, such as ICICI Prudential, Airtel Payments and Godrej Housing Finance. The product offering was also expanded with several new functions, including the Verified SMS function. For Business IMs, volumes scaled up and reached all time high levels.

Other significant events

- **During the quarter Truecaller continued to buy back B-shares** in accordance with the mandate from the annual general meeting to buy back up to 5 percent of the shares until the annual general meeting in May 2023. At the end of the quarter, a total of 10,997,407 shares had been bought back at an average price of 33.93 SEK. The repurchased shares correspond to 3.36% of outstanding B-shares. For more information see note 6.

Events after the end of the period

- **On the 17th of April Truecaller reached a new milestone when number of monthly active users (MAU) surpassed 350 million.** Average MAU during the first quarter was 344.4 millions and at the end of the quarter the number of MAUs was 348.2 million. The growth of number of users increased during the latter part of the quarter and in the beginning of the second quarter and the increased growth was achieved without increased marketing spend.
- **A complete Live Caller-ID experience is now available on iPhone through an update of Truecaller's iOS-application** Through an integration with the virtual assistant Siri, users on iPhone will know who is calling and be provided with the same quality of information as users of Truecaller on Android. The function was launched as part of Truecaller's premium offering. The new update also included improved spam identification, improved SMS-filtering and the function "comments" where users can leave feedback on calls and numbers to improve the information in the Truecaller app.
- **Truecaller launched AI-powered SMS Fraud protection.** The menace for fraud through SMS has increased and to protect users Truecaller launched a service that warns users about messages and links where there might be a risk for fraud attempts. The service combines AI with user input and has so far been launched in India on Android-devices.
- **Truecaller acquired 4+ percent of the shares in the Singapore-based game development company Mayhem Studios Private Ltd. for roughly SEK 30 million.** The company focuses on developing mobile games for the fast growing Indian market. In addition to being a good investment, the ambition is that it should contribute to Truecaller being able to build a stronger position for Truecaller's ad platform within the mobile gaming market through a close collaboration with the aim to improve the effectiveness of Truecaller's new performance ads..
- **In accordance with the rules regarding Truecaller's repurchase program of buybacks of B-shares** was halted after the 6th of April when Truecaller entered a silent period ahead of the interim report for the first quarter. As of the 6th of April Truecaller had bought back 11,566,804 B-shares to an average price of 33.73 SEK. More information can be found in note 9.
- **Notice to the AGM which will be held on the 26th of May** was published on the 26th of April. The nomination committee has proposed a re-election of the Board and Nami Zarringhalam has been proposed as Chairman. The board proposes authorizations for the board of directors to issue and repurchase new shares, as well as two different incentive programs for staff at Truecaller. Read more on page 14.



FIRST QUARTER 2023

Strong profitability despite macro-economic uncertainty

The demand and need for our services continues to grow globally. Our user base continued to increase during the quarter; growth was slightly weaker at the beginning of the year but increased toward the end of the quarter. The stronger growth has continued in the second quarter and in April we reached a new milestone when we passed 350 million monthly users. We are especially proud of this given that global smartphone sales are declining due to the weak economy.

Quarterly revenue amounted to SEK 387.1m (398.2). Advertising revenue was lower, while subscription revenue and revenue from Truecaller for Business increased. Our focus during the quarter was on delivering solid profitability and a consistently positive cash flow, which we achieved through an increased focus on efficiency. Our underlying costs decreased by 20 percent compared to the fourth quarter and we are reporting EBITDA of SEK 150m and an EBITDA margin of 39 percent. Reporting profitability this high in our seasonally weakest quarter when revenues are being squeezed by the global macroeconomy shows the strong underlying profitability of our business model.

In our latest financial report we flagged that the current macroeconomic uncertainty is expected to adversely affect the advertising market, at least in the first half of 2023. The slowdown in demand we saw in the second half of the fourth quarter of 2022 continued in the first quarter, although we saw signs of improvement at the end of the first quarter. The second quarter has begun more positively where we during individual days have reached new record levels for ads income, related to increased demand in relation to the Indian cricket season (IPL).

Our focus is still to deliver solid profitability through the entire economic downturn and at the same time ensure that we stand even stronger when demand turns higher again. Our user growth, our strong balance sheet, the investments we have made in the product and our advertising platform, as well as the investments we are doing in our server infrastructure, give us the potential for very positive development once the macroeconomy and demand regain momentum.

The average number of monthly active users increased by 34 million to 344 million in the quarter. We continue to grow the number of users on Android as well as iOS, where growth is strong after the launch of our new iOS app in 2022. During the quarter, we invested in growing our growth engineering team that focuses on user growth, as well as improving the product to be able to continue to build underlying growth in our growth markets. Eighty-one percent of monthly users are active on a daily basis, a new record level. To put this in perspective, we have an engagement level on a daily basis that is equivalent to that of other large global services such as WhatsApp and Facebook.

Relative user growth was strongest in regions outside India, and in absolute terms growth for the first time in the years 2020-2023 was just as high outside India as in India. The stronger growth at the end of the quarter has continued and in April we passed 350 million monthly users, a major milestone for us as a company. The growth has mainly been achieved through the launch of features that have gone viral, as well as through major improvements in the product that make more users discover the value of the service faster, which in turn leads to higher retention.

During the quarter, we continued to deliver a number of major production improvements such as Live Caller ID on iOS as a premium function and improved SMS functions on iOS. Paying iOS users now receive the same quality of information as users on Android, which is a big improvement. Our investments in AI, coupled with feedback from users, continue to bear fruit in the form of improved data quality as well as a number of improvements to functions that are designed to prevent fraud by phone, including an AI-based fraud protection for SMS.

The lower demand for digital advertising led to a drop in advertising revenue of 10 percent to SEK 303.9m (339.0) compared to the same quarter in 2022. Prices on the ads market decreased due to generally lower demand, primarily driven by lower investments in large-scale branding campaigns by private equity owned firms and larger companies, which has affected pricing in the market. Seasonally, the first quarter is the weakest quarter in the ads market. This year the pattern was even more evident as revenue related to the Indian Premier League (IPL) for 2023 is recognized entirely in the second quarter, while in 2022 it was partially recognized in the first quarter. In recent quarters, we have made big improvements to our Ad-tech platform to offset the weaker demand. In the first quarter, this enabled us to increase ad impressions by 20 percent compared to last year. This is positive, but more important is that the improvements will generate a significantly higher return once demand regains momentum on a broad basis. This has already proven to be true at the beginning of the Q2 when we on individual days reached all time high for advertising revenue tied to the increased demand in connection with the IPL.

Revenue from subscriptions increased by 20 percent to SEK 46.5m (38.9). Revenue is rising mainly due to better conversion to the subscription offering, which resulted in an 18% increase in the number of subscribers, a higher growth rate than total user growth. The subscription product is growing steadily and we see great long-term potential. With further investments, and as the willingness to pay for subscriptions rises in our markets, it could in time account for a substantially larger share of our revenue.

Truecaller for Business continues to prosper with new products and an increased number of customers. Revenue grew by 87

percent to SEK 34.4m (18.4) and there are now customers in a total of 36 countries. New sales were slightly lower in the quarter as sales processes took somewhat longer time, impacted by the weaker economy. During the quarter, we launched "Verified SMS" to complement "Verified Calling," which means that companies can now verify their identity with Truecaller to create more secure communication with consumers by voice as well as SMS. Truecaller Business Messaging saw rising popularity in the quarter and volumes were record high. We think this service, which today is done exclusively in a partnership with the CPaaS company Tanla, could eventually become an important part of our business offering, beyond the opportunities we have already created with our calling solutions.

“Our focus is still to build a world-class product for our users, grow number of users and the engagement in the product and deliver solid profitability through the entire economic downturn, while at the same time ensuring that we stand even stronger when demand turns higher again and also planning to take advantage of opportunities that can arise during a recession.”

Our adjusted EBITDA amounted to SEK 150.0m (181.4) with an adjusted EBITDA margin of 38.8 percent (45.5) and our cash flow from operating activities before tax amounted to SEK 126.7m (131.7). When revenue growth slowed in the fourth quarter we increased investments in our server infrastructure to obtain a more scalable and resource-efficient architecture, which in the long term can have a greater effect, and compared to the previous quarter we reduced underlying costs (excluding the major marketing campaigns in the fourth quarter) by approximately 20 percent. The company's cash position and holdings in short-term interest-bearing securities amounted to SEK 1.6bn at the end of the quarter.

Our view that the general advertising market will be weaker in the first half of 2023 remains unchanged, although we noticed positive effects on demand and prices at the beginning of the second quarter, driven by the IPL. The view of major market players and partners we continuously dialogue with is that the second half of the year is generally expected to be somewhat better than the first half, but economic conditions and their impact on the advertising market remain difficult to assess.

In summary, we have had a quarter with many product improvements towards the end user, strong profitability despite a weaker macro through continuous improvements in our Ad-tech platform, increased conversion of paying users, and we have scaled up Truecaller for Business on the messaging side, while we have invested in increased efficiency of our server infrastructure. Our focus is still to build a world-class product for our users, grow number of users and the engagement in the product and deliver solid profitability through the entire economic downturn, while at the same time ensuring that we stand even stronger when demand turns higher again and also planning to take advantage of opportunities that can arise during a recession. This combined provides excellent opportunities for growth once the macroeconomy and demand regain momentum.

Alan Mamedi, President and CEO

Truecaller at a glance

Quarterly review, financial data

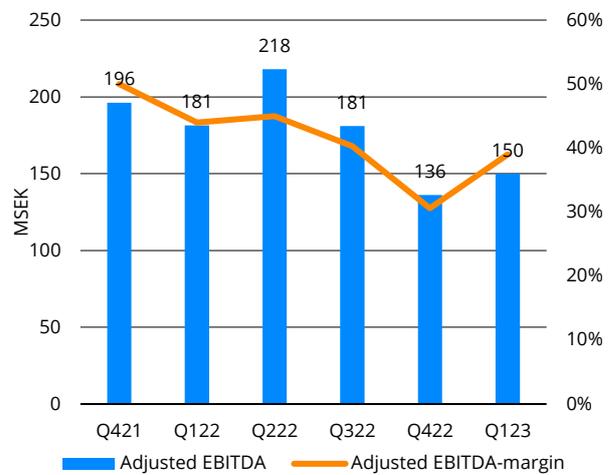
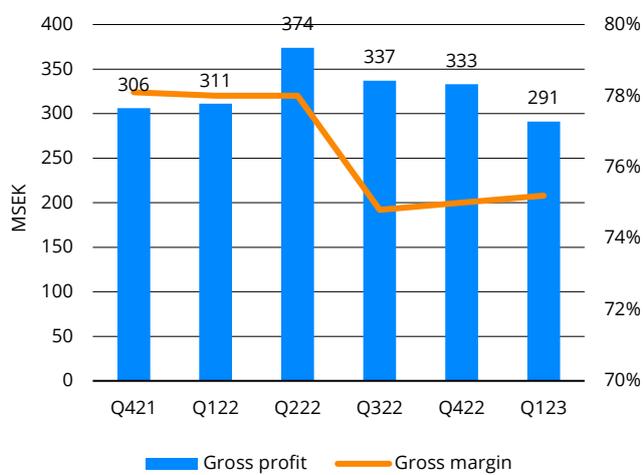
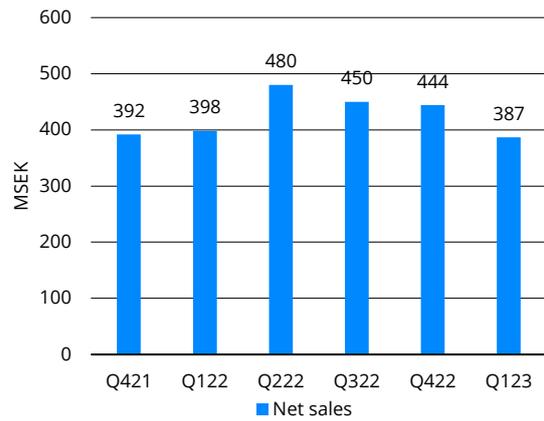
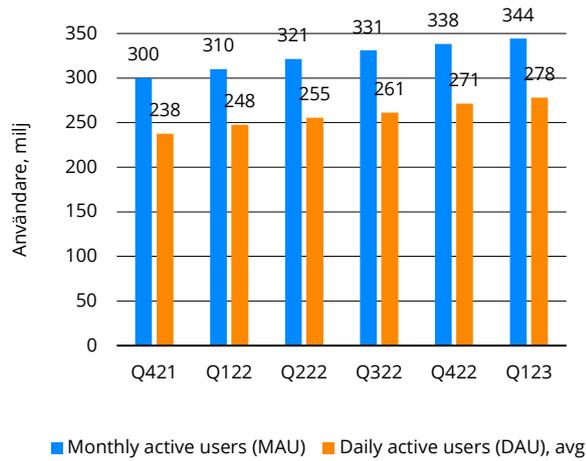
FINANCIAL KEY FIGURES

Group, SEKm (unless otherwise stated)	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Net sales	387.1	398.3	1,772.9
Gross profit	291.0	311.3	1,355.2
Gross margin (%)	75.2%	78.1%	76.4%
Adjusted EBITDA	150.0	181.4	717.2
Adjusted EBITDA margin (%)	38.8%	45.5%	40.5%
EBIT (operating profit)	139.8	175.5	688.5
EBIT margin (%)	36.1%	44.0%	38.8%
Adjusted EBIT	139.8	175.5	688.5
Adjusted EBIT margin (%)	36.1%	44.0%	38.8%
Profit or loss after net financial income or expense	147.0	170.1	688.1
Basic earnings per share (SEK)	0.30	0.36	1.43
Diluted earnings per share (SEK)	0.30	0.35	1.43
Equity	1,738.4	1,566.0	1,804.1
Total assets	2,123.5	1,857.3	2,344.4
Equity to assets ratio (%)	81.9%	84.3%	77.0%
Employees at the end of the period	400	321	395

OPERATIONAL KEY FIGURES

January-March 2023	Total	India	Middle East & Africa	Rest of the world
Monthly Active Users (MAU), quarterly average (millions)	344.4	249.3	69.9	25.2
Daily Active Users (DAU), quarterly average (millions)	278.0	208.8	52.3	16.9
Cost per mille impressions (CPM) for ad sales (SEK)	0.94	0.84	1.37	3.15
Average revenue per user (ARPU) for premium subscriptions (SEK)	8.34	4.77	10.95	13.37

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



Financial performance

First quarter 2023 (January-March)

Revenues

Net sales during the first quarter decreased by 3 percent compared to the corresponding period last years and amounted to SEK 387.1 (398.3) million. Revenue increased for subscriptions and the business offering, Truecaller for Business (TfB), while advertising revenue decreased. Currency effects had a minor positive effect on revenues during the quarter, see Currency exposure below.

One important factor for Truecaller's revenue development over the longer term is the continued growth in the number of regular users of Truecaller's app. The app is one of the world's most downloaded, and the user base is growing continuously, in many different geographies. Scams and other unwanted calls and messages continue to increase in many countries, as smartphones become the primary communication channel for individuals in their communications with businesses and authorities. This drives a need to be able to communicate securely and efficiently, which benefits Truecaller.

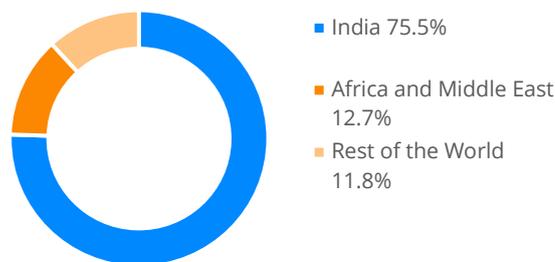
In the markets where a sufficiently large part of the users of smartphones are also users of Truecaller, the company gets a very good accuracy in identifying who contacts the users of the company's app, and thereby good opportunities to prevent fraud and other unwanted communication. This leads to continued organic growth of the user base, a network effect. In markets where the company does not yet have a sufficiently extensive database to be able to offer this accuracy, Truecaller invests in user acquisition through platforms such as Google and Facebook. These user acquisitions contribute to Truecaller's users getting a continuously improved experience of the company's services, and when the experience is good enough, organic growth takes off, which is clearly visible in well-established markets such as India.

The last year, new smartphone sales declined globally. This have had some impact on the growth in the number of monthly active users (MAU) of Truecaller's app, as many choose to start using the app when they get their first smartphone, or switch to a more modern version.

To make it easier for new smartphone users to take advantage of Truecaller's services, the company has signed agreements with a number of smartphone manufacturers to pre-install the company's app on a large number of new phones in several different markets. Over time, these agreements are expected to have positive effects on the growth in the number of users, as well as data quality, but the agreements span several years, and so far only a small percentage of phones with Truecaller pre-installed have reached end users. The rollout is considered to have been delayed due to macroeconomic developments, which reduced sales of new smartphones during the past year.

Revenues distributed by region

Net sales in India decreased by 1 percent to SEK 292.2 (296.6) million, in the Middle East & Africa it decreased by 13 percent to SEK 49.2 (56.4) million and in the rest of the world it increased by 1 percent to SEK 45.7 (45.3) million.



Revenues distributed by service

Ad revenues decreased by 10 percent to SEK 303.9 (339.0) million. Truecaller continuously optimizes the balance between prices (CPM) and utilization (fill rate) of the company's advertising space. CPM therefore varies between quarters, as a consequence of seasonal and macroeconomic variations in demand in different geographies, the mix between different types of ads and the mix between direct sales and sales via partners such as Google and Facebook.

Compared to the corresponding quarter last year, prices (CPM) decreased by approximately 24 percent. The price reduction is due to lower demand in the wake of weak macroeconomic development. Many companies have become more cautious about marketing investments, and have either postponed these, or have chosen to reduce their digital advertising budgets. This effect has become increasingly clear even in markets where the underlying macroeconomic development remains good, such as India. The fact that the Indian cricket season (IPL) last year was divided between the first and the second quarter, and this year only takes place during the second quarter, impacted the comparison between the years. This as IPL increases the demand for digital advertising and thereby increases CPM levels.

The effects of the weak demand and price trend have been partially counteracted thanks to investments and improvements in Truecaller's advertising platform, which has enabled a greater number of ads to be displayed than was the case before. This means that the company is even stronger than before once the economy turns upwards and demand increases.

On the supply side, the continuous user growth also increases our available advertising space. We are also working on continued optimization of the utilization of advertising space, with the aim of increasing both fill rate and prices. On the demand side, we continue to increase our advertiser base, as well as making it easier for advertisers to use our services without intermediaries, which has a positive effect on our profitability while helping us to increase fill rates.

Revenue from premium subscriptions increased by 20 percent to SEK 46.5 (38.9) million. This is primarily an effect of more

premium subscribers. The growth in the number of subscriptions and subscription revenue occurs in most regions and for both Android and iOS users.

From this quarter Truecaller for Business (TfB) is reported separately, and not as a part of other income. Revenue from TfB amounted to SEK 34.4 (18.4) million. The demand for these services is still very high in several of our established markets, as many companies need to maintain a secure communication channel to their customers. The number of connected customers continues to show good growth both in India and in other markets, and in total Truecaller for Business now has active customers in 36 countries. During the quarter new sales was somewhat lower, as a consequence of the weaker global macro economy which makes companies more cautious when it comes to signing new business agreements. The services are sold through direct sales, through partners and through a self-service portal. In collaboration with CPAAS company Tanla, Truecaller also sends B2C messages to Truecaller's users. The volumes of business messages have gradually increased.

Other income amounted to SEK 1.0 (2.3) million.

Gross profit

The gross profit decreased by 7 percent to SEK 291.0 (311.3) million compared to the same period last year. The gross margin amounted to 75.2 (78.1) percent but has been stable during the last three quarters. The gross margin is partly determined by fees to partners such as Google and Apple, partly by costs for verification of new users and for servers used for the company's services. During the second half of 2022, transparency was improved from partners who previously did not specify brokerage costs for advertisements. Truecaller are now receiving information about brokerage costs, which will partly increase revenues somewhat, and partly will be included in the reported costs of goods sold. This has a certain negative impact on the gross margin compared to the comparison period.

The fees to partners are proportional to the number of displayed ads and the number of premium users. Truecaller also sells ads directly to end customers, resulting in a higher gross margin. Different advertising partners have different fee levels, and the gross margin is therefore affected by how the advertising traffic is distributed between direct sales and different partners during different periods.

Verification costs are proportional to growth in the customer base but are also affected by how local telecom operators price their messaging services. The cost of server hosting is, in the short and medium term, relatively independent of traffic volumes, but rises when these reach new volume bands. The costs both for messaging services used for verification of new users and for servers increased compared to the comparison period, which had a certain negative impact on the gross margin.

Operating profit

Operating profit before depreciation and write-downs excluding items affecting comparability (adjusted EBITDA) amounted to SEK 150.0 (181.4) million. The adjusted EBITDA margin amounted to 38.8 (45.5) percent.

Operating profit (EBIT) decreased to SEK 139.8 (175.4) million, corresponding to an operating margin of 36.1 (44.0) percent. EBIT excluding items affecting comparability (adjusted operat-

ing profit) amounted to SEK 139.8 (175.4) million with an adjusted operating margin of 36.1 (44.0) percent.

The lower operating profit is largely due to the lower ad related income due to a worsening macro, timing effects with regards to IPL (the Indian cricket league, somewhat lower gross margin and higher costs for incentive programs).

The company will closely monitor the demand trend in order to adjust costs during the ongoing macroeconomic slowdown, without renouncing the growth potential when demand picks up again. Costs excluding incentive costs is stable compared to the comparison period and decreased compared to the last three quarters as a result of a number of efficiency improvements during the end of 2022 and the first quarter of 2023. Among other things, the investments in user acquisition have been focused on a smaller number of focus markets where the cost effectiveness is high.

Staff costs during the quarter increased to SEK 84.8 (58.7) million. Salary costs increased as an effect of increased number of employees and salary adjustments. The recruitment rate of new staff has decreased significantly during the period as a result of the weaker demand. The group's long-term incentive program (LTIP 2021 and LTIP 2022) entailed a salary cost for the period of SEK 10.6 (3.4) million with a corresponding increase in equity and social security contributions of SEK 0.4 (-) million reported as a provision in the balance sheet. Salary costs are valued at fair value and amortized over the term of the program. The social security contributions are affected by the share price at the end of each accounting period and may therefore amount to significantly higher amounts in the future and create volatility in the income statement. In order to clarify the distribution of staff costs between staff costs attributable to salaries, and personnel costs related to performance or share price-related incentive programs, the company will continue to report the latter separately. Excluding costs for incentive programs, the EBITDA margin during the quarter would have increased by 2.9 (0.9) percentage points and been 41.6 (46.4) percent. See more info in note 5.

Other external costs decreased to SEK 57.1 (73.4) million compared to the same period last year. The reduction in costs is primarily an effect of investments in user growth and marketing being focused on a smaller number of markets where cost efficiency is high.

Profit and earnings per share for the period

Profit before tax amounted to SEK 147.0 (170.1) million. Profit after tax for the period was SEK 109.1 (133.7) million. Net financial income amounted to SEK 7.2 (-5.4) million and comprises positive exchange rate differences of SEK 4.5 (0.9) million, interest income of SEK 4.1 (-5.0) million and other financial expenses of SEK -1.3 (-1.3) million.

The total tax amounted to SEK 37.9 (36.4) million which corresponds to an effective tax rate of 25.8 (21.4) percent for the group.

Basic earnings per share were SEK 0.30 (0.36) and diluted earnings per share were SEK 0.30 (0.35).

Cash flow and financial position

Net cash from operating activities amounted to SEK 80.1 (121.5) million. Net cash from investing activities amounted to SEK -519.1 (-29.1) million and included an investment in short term

interest funds of SEK -500.0 (-0.0) million. Net cash used in financing activities was SEK -189.1 (-28.7) million and included purchase of treasury shares SEK -182.2 (-) million. Net cash for the period was SEK -628.1 (63.7) million. Truecaller had cash and cash equivalents of SEK 699.5 (1,302.2) million at the end of the quarter. The equity to assets ratio was 81.9 (84.3) percent. In excess to the cash and cash equivalents Truecaller has SEK 900 (150) million invested in short-term interest rate funds.

Truecaller have a revolving credit facility of SEK 500 (500) million. SEK 0 (0) million had been utilized as of the reporting date.

Consolidated total assets amounted to SEK 2,123.5 (1,857.3) million at 31 March 2023. The carrying amounts of financial assets and financial liabilities are estimated to coincide with fair value in all material respects.

Trade receivables for the Group amounted to SEK 60.0 (38.7) million and claims on advertising networks and platform owners amounted to SEK 93.8 (125.6) million. The increase in trade receivables is attributable mainly to the increase in direct sales in the advertising business and growth in Truecaller for Business. Payment terms for the company's customers are normally 30-60 days. A structured credit review process in combination with non-paying customers being quickly suspended from the company's services and proactive assurance that customers pay their invoices with minimal delay has resulted in limited customer losses. Recognized but unrealized customer credit losses amounted to SEK 2.2 (1.7) million as of 31 March 2023. The increase in claims on advertising networks and platform owners is mainly linked to outstanding claims against Google and Facebook.

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 capitalized. During the first quarter of 2023, SEK 1.1 (2.8) million were capitalized as internally developed intangible assets.

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 complete information concerning currency exposure or how currency effects are managed by partners and thus cannot at present accurately quantify indirect currency exposure. A depreciation of SEK against currencies including USD and INR, however, has a positive impact on the company's sales and profit, although it also increases the company's costs. The largest currency exposures are against INR and USD. The company estimates that exchange rate changes had a minor positive impact on sales during the first quarter of 2023 compared to the corresponding quarter in 2022. The company's estimate is that exchange rate changes did not affect the EBITDA margin.

Parent company

Parent company income for the quarter amounted to SEK 1.6 (1.0) million which refers to billing of subsidiaries for services rendered. The profit before tax amounted to SEK 1.4 (-5.4) million. The profit after tax amounted to SEK 1.2 (-4.3) million. Cash and cash equivalents on 31 March 2023 amounted to SEK 173.5 (718.7) million. In excess to the cash and cash equivalents the parent company has SEK 400 (150) million invested in short-term interest rate funds. No investments have taken place in intangible or tangible assets. At the end of the period, 2 (2) people were employed in the parent company.

Product update

Investments in growth engineering and server efficiency

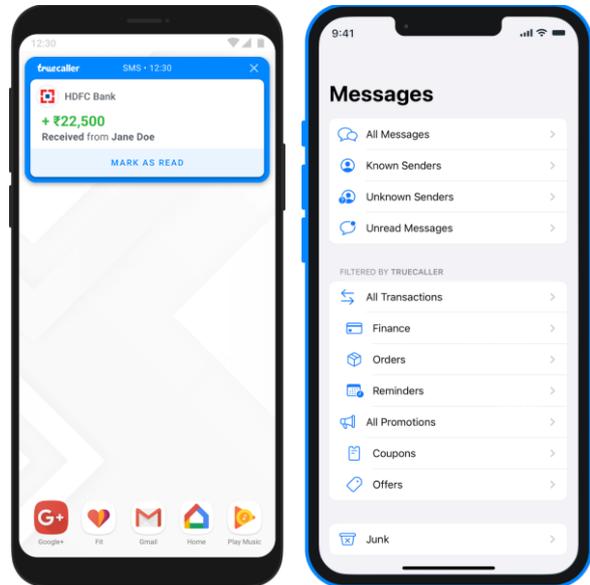
During the first quarter, Truecaller made significant progress in improving the app's core infrastructure. Focused engineering efforts led to more streamlined operations, resulting in more efficient use of resources and reduced costs. With a focus on user experience improvements that enhance stickiness, Truecaller optimized its infrastructure with a leaner architecture and lower latency. This approach resulted in faster response times, which reduced the resources required to serve its users and lowered server costs and data usage. Additionally, low latency minimizes the risk of server downtime or disruptions, which can be costly and disrupt user experience.

Throughout 2022, Truecaller invested in strengthening its growth engineering team. This strategic investment in engineering resources is expected to enhance Truecaller's capacity to support and drive long-term organic and inorganic growth. Truecaller invested in enhancing metrics and observability to track user behavior at a much more granular level in order to identify leaks in the activation funnel and retention. In the first quarter, this resulted in improvements to the product, increased user engagement and a material increase in retention of new users. These initiatives are expected to have long-term benefits with respect to organic growth and retention.

Initiatives to enhance user experience and combat fraud

Truecaller continues to improve its core offering in order to deliver on its promise of a smarter, safer, and more efficient experience across communication needs. AI Identity technology, which leverages artificial intelligence and machine learning, continued to develop during the first quarter, ensuring that users receive the most up-to-date and relevant information about unknown numbers in real time. Community feedback played a significant role in driving these improvements, with up/down votes and comments growing by 63% quarter on quarter. By using community input to enhance AI Identity, Truecaller has created a valuable feedback loop; as more users contribute information through these channels, Truecaller's data quality improves, which ultimately drives even higher in-app engagement. Other initiatives leveraging AI Identity in the first quarter facilitated continued improvements in data quality in both mature and nascent markets.

One significant development in the first quarter was the expansion of AI Identity to SMS with the introduction of Message ID, which provides a Caller ID-like service for text messages. With Message ID, users can easily verify the authenticity of an SMS sender using visual cues provided by the app. Truecaller's advanced machine learning models power Message ID, and all processing is conducted locally on the user's device, ensuring complete privacy protection. The feature prioritizes time-sensitive, transactional, or bill reminder messages, cutting through spam and fraud and ensuring prompt and secure delivery.



Truecaller continued to invest in developing its offering for iPhone users by further optimizing the caller identification experience on iOS. Improvements executed in the first quarter included updated SMS filtering for users in key markets to drive further adoption. This new filtering mechanism uses the same machine learning model as on Android, ensuring that messages are sorted in the relevant inbox (e.g., junk, coupons, and more). Efforts to improve the Truecaller experience on iPhone continue to demonstrate strong potential, with healthy growth across performance indicators. In the first quarter, the daily active user base on iPhone continued to show good growth, while retention continued to show improvements, particularly in comparison to prior to the launch of the brand new Truecaller experience on iPhone in August 2022.

In addition to internal product development efforts, Truecaller expanded its collaboration with Indian government authorities. Government Directory Services (GDS), an in-app service available to Indian users, helps users seamlessly connect with the government through easy access to verified contacts, and has grown to cover over 30 different states and union territories. Additionally, a partnership with the Delhi Police added the organization's official numbers and addresses to the GDS Directory, further protecting the population from fraud and impersonation.

During the first quarter, Truecaller made advancements in bolstering its web capabilities, including expanding its search experience. This brings the benefits of using the Truecaller app to the web and facilitates intent-driven traffic to the website. The company also focused on improving localization on this channel, making the Truecaller website more relevant to each user while also attracting organic traffic from a wider range of markets. These efforts continue to demonstrate positive results, with continued growth in web traffic and improved SEO performance. Truecaller continues to explore innovative ways to enhance its desktop functionalities and drive adoption in regions with higher desktop usage. With further developments

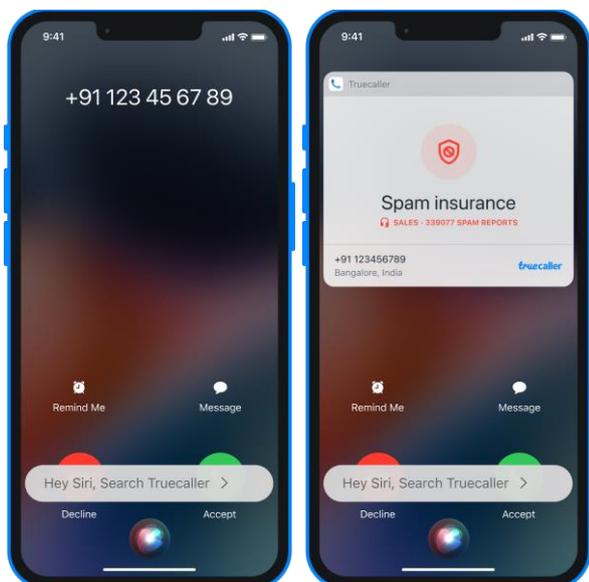
planned for the web in 2023, Truecaller remains committed to delivering the best possible user experience across all platforms.

Enhancements to Premium and cloud telephony offerings

Truecaller's paid offering continued to develop positively, with the subscriber base increasing by 18% compared to the first quarter of 2022. Adoption of the recently introduced Family Plan continues to gain traction, with 80% of those opting in to the plan being new subscribers. In the US, this package was expanded to include access to Truecaller Assistant.

Truecaller continues to develop its premium offering by introducing new features, expanding its Assistant capabilities, and delivering the most attractive pricing packages for its users. Who Searched For Me, an extension of the popular Who Viewed Me feature, now gives subscribers visibility on users that have searched for their number using Truecaller. This feature was introduced in the beginning of the first quarter, and has already demonstrated very positive results with respect to driving higher subscriber conversion.

For iPhone users, Truecaller made Live Caller ID available to paid users globally. As the first real-time, server-based number lookup solution for iPhone, Live Caller ID underscores Truecaller's commitment to strengthening its foothold in the Apple ecosystem. Live Caller ID leverages Truecaller's proprietary technology on the iOS platform to provide users with instant, reliable identification of incoming calls from unknown numbers. This development represents a significant breakthrough in bringing the quality of the Truecaller experience on iPhone even closer to that on Android. Early indicators are promising, including growth in conversions as well as increased usage.



Truecaller Assistant, the newest paid feature powered by cloud telephony technology, developed further in the first quarter. Assistant now offers a higher level of customization, empowering users to personalize their experience to their specific needs. Users can now set a personalized greeting whenever the Assistant answers incoming calls. The custom greeting can be tailored to different callers based on their

classification (e.g., phonebook contacts, top spammers, non-phonebook contacts). During the first quarter, Truecaller also integrated voicemail into the offering. Given that voicemail is not available in many of Truecaller's core markets, the cloud telephony product enables the app to expand the service to additional countries in parallel to the expansion of Assistant to more markets. Truecaller made progress towards bringing the Assistant offering to more markets in the first quarter. Building on the valuable insights gained from the initial launch in the US, preparations are now underway to expand the service to new markets, bringing the benefits of cloud telephony technology to even more users.

Further development of proprietary AdTech

Despite muted demand affecting revenue growth in advertising, Truecaller continues to enhance its AdTech capabilities to offer a superior experience to advertisers, demand partners, and end users. Investments in advertising capabilities over the previous year have been paying off, as demonstrated in continued improvements across multiple indicators—including notable growth in total impressions with a 20% improvement compared to the first quarter of 2022.

Technical optimizations on the supply side continue to demonstrate substantial improvements to render rate and efficiency across the advertising life cycle. Key indicators such as ads engagement and click through rates continue to develop positively, establishing strong operating leverage when demand recovers. Other ongoing initiatives on the supply side include continued development of custom formats within existing ad inventory to drive better outcomes, and optimizations to inventory on iOS in order to better monetize Truecaller's growing user base on iPhone.

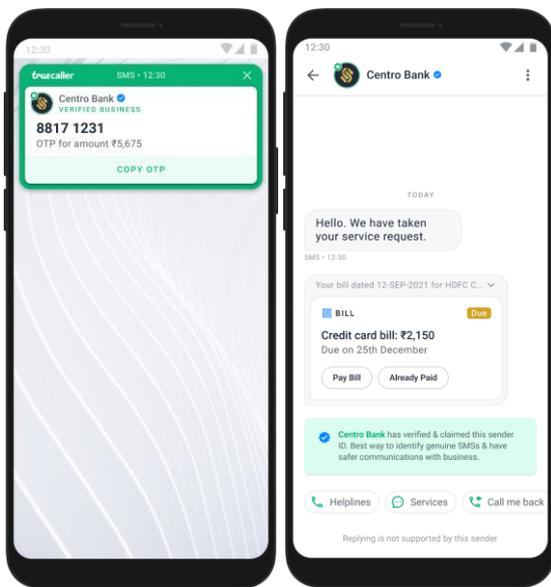
Investments in Truecaller's independent tech stack have yielded positive results, with strong growth in demand from Truecaller Ad Server. In the first quarter, Truecaller continued to build out its in-house capabilities in order to strengthen its offering for its growing range of demand partners and advertisers. Truecaller Ad Server now supports more advanced features such as custom targeting and retargeting, which have shown promising indicators in terms of further improving conversion rates (e.g., app installs, lead generation and sales) while maintaining the right balance of precision and scale. Truecaller continues to collaborate with ecosystem partners such as mobile measurement partners and attribution companies in order to make its advertising platform more performance-ready. Other initiatives to expand performance advertising capabilities have also gained traction, enabling advertisers to make more informed decisions about campaigns executed on the Truecaller Ad Server.

Efforts to strengthen Truecaller's demand side platform continue to scale well, giving direct advertisers a holistic solution for setting up and managing campaigns, using various targeting options and optimization tools. In addition to enabling access to target audiences beyond Truecaller's ecosystem, investments in the demand side platform set the foundation for Truecaller's transition towards becoming a full stack advertising solutions partner catering to a wide range of use cases across the advertising funnel.

Focused investments to drive enterprise growth and expand business offering

Demand for the Truecaller for Business (TfB) developed at a healthy pace, demonstrating the continued relevance and need for Truecaller's business solutions amidst a more challenging macroeconomic environment. In the first quarter, TfB's portfolio of accounts grew by 57% year on year. TfB continues to benefit from strong interest from the banking and financial services sector, with notable brands such as ICICI Prudential, Airtel Payments, and Godrej Housing Finance onboarded as new clients during the quarter, to name a few. While the offering has established product-market fit within banking and financial services, the portfolio of clients has continued to expand beyond the sector, with growing representation from automotive, logistics, retail, and more. Adoption of TfB has also shown steady growth outside of India, with the RoW segment accounting for 18% of the overall client base (vs. 15% in the same period of 2022).

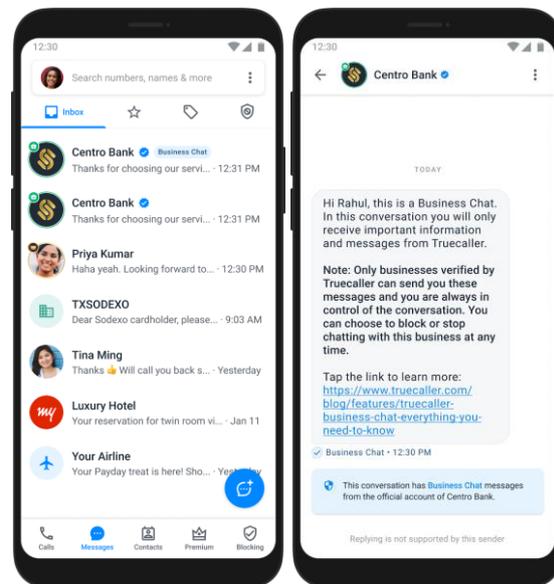
Product development for the enterprise offering continued to progress, with a number of milestones delivered in the first quarter. Verified Business expanded to include SMS, marking a significant step in the evolution of the offering. As SMS continues to function as an important channel for businesses, Verified SMS offers a powerful tool for businesses seeking to create more impactful SMS communications with their audiences. By providing users with the assurance that an SMS message is genuine and secure, Verified SMS enhances trust and confidence with an enterprise's brand. Verified SMS was commercialized at the end of the first quarter and has already generated interest from some of the highest-volume SMS senders in India, most notably within the banking and financial services sector.



Other product development efforts centered on facilitating two-way communication between users and businesses, which in turn provides high-intent signals from users to enterprises. Call Me Back for Business, an existing feature that allows users to request a call back from a business when they are not able to answer the phone, was updated in the first quarter such that users can now indicate their preferred time for the business to call back. This initiative is expected to drive conversion rates for businesses, and early results indicate a correlation between usage of Call Me Back and user propensity to purchase. Another new feature, User Feedback (screenshot #13), introduces a new way for businesses to get real-time customer feedback and insights after answered, missed, and rejected calls. User

Feedback is self-serve and fully customizable, such that feedback can be solicited in multiple styles and formats based on the context of any call.

Business messaging, a first-of-its-kind service delivered in partnership with leading CPaaS provider Tanla, facilitates the distribution of messages to end customers in a more efficient way. During the first quarter, implementation scaled up substantially, with over 1.5 billion messages delivered to end users on this channel — a 100% growth in volume, quarter on quarter. In addition to improved efficiency, business messaging also allows enterprises to analyze their messaging campaign performance, providing them with the insights necessary to fine-tune their messaging and targeting to optimize results. Adoption of business messaging has demonstrated applicability to various use cases, including transactional, bill payments, delivery, and informational messages. For important transactional and bill-related messages, the product is designed such that users do not miss out on important communications. Enterprises who have adopted business messaging—including some of the most recognizable brands in India—have observed higher levels of user engagement as compared to traditional SMS, suggesting significant potential for even broader adoption moving forward.



Truecaller continues to build out its capabilities in order to serve growing demand and the evolving needs of enterprise customers. In the first quarter, Truecaller made significant progress with respect to its investments in technology supporting the business offering, repositioning Truecaller as a platform that allows businesses to integrate their CRM systems with Truecaller APIs. The platform's APIs provide businesses with the flexibility to customize their communications and enhance overall customer experience. These efforts to evolve Truecaller's platform into a more holistic business tool demonstrate the company's commitment to driving innovation and creating value for business customers and end users.

Other disclosures

Annual General Meeting 2023

On the 26th of April Truecaller published the notice for the Annual General Meeting (AGM). The AGM will be held on the 26th of May at 2pm CET in the company's office on Mäster Samuelsgatan 56 in Stockholm.

The Board of directors has presented a number of proposals for the AGM. Among them are proposals for resolution on authorization for the Board of Directors regarding new issue of up to 10 percent of the current number of shares in the company and authorization regarding repurchase and transfer of a maximum of 10 percent of the outstanding B-shares in the company. The Board has also proposed to implement an employee stock option program and a share program for Truecaller's staff. Upon full exercise of the two programs the total potential dilution is 0.86% of the outstanding shares in the company.

The nomination Committee, among other things, propose a re-election of the current board which consists of Bing Gordon, Alan Mamedi, Annika Poutianen, Helena Svancar, Nami Zarringhalam och Shailesh Lakhani. Nami Zarringhalam is proposed as new chairman. The Nomination Committee also proposes unchanged remuneration for board duties as well as a re-election of the company's audit Ernst & Young with responsible Auditor in charge Jennifer Rock-Bailey.

All information about registration, documents and the full notice is available at <https://corporate.truecaller.com/governance/general-meetings>.

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 2022 annual report.

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 who have family and friends in Ukraine.

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

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

Future reporting dates

Annual General Meeting: 26 May 2023

Interim report, January-June 2023: 21 July 2023

Interim report, January-September 2023: 9 November 2023

Contact details

Alan Mamedi, CEO
alan.mamedi@truecaller.com

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

Andreas Frid, Head of IR & Communication
+46 705 29 08 00
andreas.frid@truecaller.com

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 11 May 2023 at 07.30 CET.

Condensed consolidated statement of profit or loss

Amounts in SEK 000s	Note	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Operating revenue	3	387,064	398,300	1,772,926
Other income		21	9	7,506
Work performed by the entity and capitalized		1,018	2,245	5,204
Third party fees		-96,108	-87,050	-417,689
Other external costs		-57,118	-73,430	-349,750
Employee costs		-84,830	-58,701	-301,031
Depreciation, amortization and impairments		-10,220	-5,927	-28,664
EBIT (operating profit)		139,827	175,447	688,502
Net financial income or expense		7,199	-5,380	-381
Profit or loss after net financial income or expense		147,026	170,067	688,121
Tax		-37,906	-36,372	-152,891
Profit for the period ¹⁾		109,120	133,695	535,230
Earnings per share				
Basic earnings per share (SEK)		0.30	0.36	1.43
Diluted earnings per share (SEK)		0.30	0.35	1.43
Average number of shares before dilution		367,572,311	373,696,919	373,273,365
Average number of shares after dilution		367,572,311	375,343,332	373,300,072

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

Consolidated statement of comprehensive income

Amounts in SEK 000s	Note	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Profit or loss for the period		109,120	133,695	535,230
Other comprehensive income for the period				
<i>Items that will be reclassified to profit and loss in subsequent periods</i>				
Foreign exchange translation differences		-952	-302	-753
<i>Items that will not be reclassified to profit and loss in subsequent periods</i>				
Remeasurement of defined-benefit pension plans		-	-	-1,891
Other comprehensive income for the period		-952	-302	-2,645
Comprehensive income for the period ¹⁾		108,168	133,393	532,586

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	2023 31 Mar	2022 31 Mar	2022 31 Dec
ASSETS				
Non-current assets				
Goodwill		33,653	34,209	34,530
Other intangible assets		14,567	13,955	15,200
Property, plant and equipment		17,642	1,314	8,118
Right-of-use assets		136,932	88,225	139,777
Deferred tax assets		38,022	40,132	39,584
Other non-current receivables	4	14,777	18,819	16,697
Total non-current assets		255,592	196,654	253,906
Current assets				
Current receivables	4	260,415	208,838	362,175
Short-term placements	4	907,941	149,604	400,490
Cash and cash equivalents	4	699,510	1,302,180	1,327,801
Total current assets		1,867,865	1,660,623	2,090,466
TOTAL ASSETS		2,123,457	1,857,277	2,344,372
EQUITY AND LIABILITIES				
Equity				
Equity attributable to owners of the parent		1,738,400	1,565,957	1,804,093
Total equity		1,738,400	1,565,957	1,804,093
Non-current liabilities				
Liability arising from defined-benefit pension plans		6,345	4,445	7,653
Lease liabilities		115,559	70,723	118,208
Deferred tax liability		33,532	20,800	34,563
Other non-current liabilities	4	8,568	12,097	8,395
Total non-current liabilities		164,003	108,065	168,819
Current liabilities				
Lease liability		21,820	16,233	23,307
Other current liabilities	4	199,234	167,022	348,153
Total current liabilities		221,055	183,255	371,460
TOTAL EQUITY AND LIABILITIES		2,123,457	1,857,277	2,344,372

Condensed consolidated statement of cash flows

Amounts in SEK 000s	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Operating activities			
Profit or loss after net financial income or expense	147,026	170,067	688,121
Adjustments for non-cash items	10,935	8,692	47,094
Income tax paid	-46,586	-10,123	-154,078
Cash flow from operating activities before changes in working capital	111,374	168,636	581,137
Net cash from changes in working capital			
Change in operating receivables	-6,616	-34,599	-50,434
Change in operating liabilities	-24,623	-12,523	79,707
Net cash from operating activities	80,136	121,514	610,410
Investing activities			
Acquisitions of Group companies, net effect on cash and cash equivalents	-	-26,824	-32,158
Purchases of property, plant and equipment	-10,551	-	-7,594
Disposals of property, plant and equipment	-	-	-
Purchases of intangible assets	-1,141	-2,760	-7,146
Purchases of short-term investments	-500,000	-	-250,000
Change in financial receivables	-7,450	461	-425
Net cash used in investing activities	-519,143	-29,123	-297,323
Financing activities			
Funds received for warrants	-	-	3,146
Repurchase of warrants	-	-374	-872
Amortization of lease liability	-6,926	-5,148	-19,869
Payout synthetic options	-	-23,140	-23,140
Buyback of treasury shares	-182,164	-	-182,389
Net cash from (-used in) financing activities	-189,090	-28,662	-223,124
Net cash flow for the period	-628,098	63,729	89,963
Cash and cash equivalents at the beginning of the period	1,327,801	1,238,443	1,238,443
Foreign exchange differences in cash and cash equivalents	-194	9	-605
Cash and cash equivalents at the end of the period	699,510	1,302,180	1,327,801

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 profits including profit for the period	Total equity attributable to owners of the parent
Opening balance at 1 January 2022	747	1,707,864	3,153	-300,354	1,411,410
Profit 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 after transaction costs	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 March 2022	748	1707,490	2,851	-145,132	1,565,957
Opening balance at 1 January 2023	758	1,710,139	2,400	90,797	1,804,093
Profit for the period	-	-	-	109,120	109,120
Other comprehensive income for the period	-	-	-952	0	-952
Comprehensive income for the period	-	-	-952	109,120	108,168
<i>Transactions with owners of the Group</i>					
Treasury shares after transaction costs	-	-	-	-184,470	-184,470
Share-based payment	-	-	-	10,610	10,610
Total	-	-	-	-173,861	-173,861
Closing balance at 31 March 2023	758	1,710,139	1,448	26,056	1,738,400

Condensed parent company income statement

Amounts in SEK 000s	Note	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Operating revenue		1,566	1,034	6,734
Other external costs		-2,541	-3,006	-13,003
Employee costs		-2,763	-1,697	-12,846
EBIT (operating profit)		-3,738	-3,670	-19,116
Net financial income or expense		5,181	-1,746	-2,978
Profit or loss after financial items		1,443	-5,416	-22,094
Appropriations		-	-	102,600
Profit or loss before tax		1,443	-5,416	80,506
Tax		-295	1,116	-16,598
Profit or loss for the period		1,148	-4,300	63,908

Condensed parent company balance sheet

Amounts in SEK 000s	Note	2023 31 Mar	2022 31 Mar	2022 31 Dec
ASSETS				
Non-current assets				
Investments in Group companies		10,297,177	10,217,177	10,247,177
Deferred tax assets		-	17,698	-
Total non-current assets		10,297,177	10,234,875	10,247,177
Current assets				
Current receivables		12,739	27,291	12,357
Receivables from Group companies		12,471	26,370	106,248
Short-term placements		405,193	149,604	400,490
Cash and cash equivalents		173,472	718,691	305,935
Total current assets		603,875	921,957	825,030
TOTAL ASSETS		10,901,053	11,156,832	11,072,207
EQUITY AND LIABILITIES				
Equity and liabilities				
Equity		10,886,786	11,152,347	11,059,499
Liabilities to Group companies		-	74	-
Current liabilities		14,226	4,410	12,708
TOTAL EQUITY AND LIABILITIES		10,901,053	11,156,832	11,072,207

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 on 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.

Equity

Shares issued by the company are classified as equity. Additional costs arising directly from the issue of common shares and stock options are recognized as a debit item in equity after deducting tax effects, if any. When Truecaller's shares classified as equity are repurchased, the amount of consideration paid is recognized as a reduction in equity, after deducting tax effects, if any. Repurchased shares are classified as treasury shares and recognized as a debit item under equity. When treasury shares are subsequently sold or reissued, the amount received is recognized as an increase in equity and the surplus or deficit resulting from the transaction is transferred to or from other capital contributions

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 recognized 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

Amounts in SEK 000s	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Geographical region			
India	292,158	296,568	1,324,080
Middle East and Africa	49,159	56,427	237,096

Rest of the world	45,747	45,305	211,750
Revenue from contracts with customers	387,064	398,300	1,772,926

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

Amounts in SEK 000s	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Type of service			
Advertising revenues	303,924	338,955	1,488,558
User revenues	46,546	38,883	170,507
Truecaller for Business	34,375	18,417	105,473
Other revenues	2,219	2,044	8,388
Revenue from contracts with customers	387,064	398,300	1,772,926

Note 4. Financial instruments

Measurement of financial assets and liabilities at 31 March 2023

FINANCIAL ASSETS	Financial assets measured at fair value through profit and loss	Financial assets measured at amortized cost	Total carrying amount
Other non-current receivables	-	14,777	14,777
Claims on advertising networks and platform owners	-	93,826	93,826
Trade receivables	-	59,984	59,984
Short-term placements	907,941	-	907,941
Cash and cash equivalents	-	699,510	699,510
Total	907,941	868,096	1,776,037
FINANCIAL LIABILITIES			
Trade payables	-	58,872	58,872
Conditional consideration (earnout)	13,520	-	13,520
Total	13,520	58,872	72,392

Measurement of financial assets and liabilities at 31 March 2022

FINANCIAL ASSETS	Financial assets measured at fair value through profit and loss	Financial assets measured at amortized 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 December 2022

FINANCIAL ASSETS	Financial assets measured at fair value through profit and loss	Financial assets measured at amortized cost	Total carrying amount
Other non-current receivables	-	16,697	16,697
Claims on advertising networks and platform owners	-	91,158	91,158
Trade receivables	-	60,704	60,704
Short-term placements	400,490	-	400,490
Cash and cash equivalents	-	1,327,801	1,327,801
Total	400,490	1,496,360	1,896,851
FINANCIAL LIABILITIES			
Trade payables	-	69,835	69,835
Conditional consideration (earnout)	13,301	-	13,301
Total	13,301	69,835	83,136

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 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 900 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 recognized 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, SEK 000s	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Balance at 1 January	400,490	150,066	150,066
Investment in short-term placements	500,000	-	250,000
Change in value recognized in profit and loss	7,451	-462	424
Closing balance	907,941	149,604	400,490

Conditional consideration (earnout)

Conditional consideration is categorized 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), SEK 000s	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Balance at 1 January	13,301	-	-
Acquisition value	-	16,785	16,785
Payout	-	-	-5,228

Change in value recognized in profit and loss	219	-	1,744
Closing balance	13,520	16,785	13,301

Class A	46,783,800
Class B	327,175,910
Class C	5,100,000
Total number of shares outstanding	379,059,710
- of which Class B shares held by Truecaller	10,997,407
- of which Class C shares held by Truecaller	5,100,000
Total number of shares outstanding, net after shares held by Truecaller	362,962,303

Note 5. Incentive programs

Shareholders at the annual general meeting held 24 May 2022 endorsed the board's proposal regarding incentive programs directed at key management personnel. Key individuals and employees of the Truecaller Group. The incentive program comprises at maximum of 500.000 warrants and a maximum of 5.100.000 performance-based share rights.

Participants buy the warrants at market value and the price for one warrant (the warrant premium) is calculated using the Black & Scholes valuation model.

Performance-based share rights give participants the right to receive Class B shares in the company against no monetary consideration after the fixed vesting period has ended. Provided that participants remained employed by the company during the vesting period and that certain specific performance targets were reached by Truecaller regarding revenue growth and adjusted EBITDA. The Group applies IFRS 2 Share-based Payment to performance-based share rights. Where the cost is measured at fair value and allocated over the term of the program and recognized in equity. The Group recognizes a reserve for accrued social insurance costs for the program based on the estimated benefit value for participants.

The Group has a previously implemented incentive program. LTIP 2021. Refer to the 2021 annual report for detailed information about the program.

Costs of LTIP 2021 and LTIP 2022, SEKm	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Cost of vested warrants per IFRS 2	-10.6	-3.4	-28.4
Social insurance contributions	-0.4	-	-1.8
Costs of LTIP 2021 and LTIP 2022	-11.1	-3.4	-30.2

Note 6. Treasury shares

The annual general meeting held 24 May 2022 authorized the board of directors to decide a treasury share buyback program. The buyback program is limited to 5 percent of shares outstanding as of the date of the AGM equivalent to 18,697,985 shares. Share buybacks may be executed on one or more occasions prior to the next AGM. The buyback program began on 23 September and until the end of the reporting period a total of 10,997,407 Class B shares were repurchased for SEK 373.3 million including transaction costs.

Distribution of shares at the end of the reporting period:

Share class	Shares
--------------------	---------------

Note 7. Contingent liabilities

The Group's contingent liabilities consist of a tax matter in the previously acquired subsidiary Backwater Technologies related to determination of income for FY 2016-17. The ongoing matter refers to a period prior to the acquisition date. The Group has determined that it is likely that the outcome will be in its favor and has therefore not recognized a provision in relation to this matter. The total undiscounted amount that the Group could be obligated to pay if the decision in the proceedings is not in the Group's favor is estimated at between SEK 3 million and SEK 12 million.

Note 8. Related party transactions

No related party transactions occurred during the reporting period.

Note 9. Events after the reporting date

After the end of the reporting period, in line with the share repurchase program initiated on September 23, 2022, Truecaller has repurchased an additional 569,397 Class B shares for SEK 17.0 million including transaction costs. Truecaller's total holding of treasury Class B shares amounts to 11,566,804, which were repurchased for a total of SEK 390.3 million including transaction costs.

On April 10, 2023, Truecaller acquired 4+ percent of the shares in the Singapore-based game development company Mayhem Studios Private Ltd. for SEK 32.6 million. The investment was financed through existing cash. Other investors include Sequoia and Mobile Premier League. Mayhem Studios Private Ltd. focuses on developing mobile games for the Indian market. The Indian mobile gaming market is expected to grow strongly from USD 2.8 billion in 2022 to USD 5 billion in 2025 and the number of players is expected to grow from 400 million in 2022 to 500 million in 2025. The availability of affordable mobile data coupled with increased smartphone penetration are two of the factors which is expected to contribute to the strong market growth.

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, 11 May 2023

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	Net sales minus brokerage costs.	Gross profit is used to analyze profit minus direct costs (costs related directly to brokerage of ad space and the costs to onboard new premium users).
Gross margin	Gross profit as a percentage of net sales.	Gross margin is a measure of profitability minus direct costs.
Adjusted EBITDA	EBIT before interest, taxes, depreciation and amortization (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 amortization.
EBIT (operating profit)	Operating profit (earnings) before interest and taxes	EBIT is used to analyze 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 analyze 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.
Equity to assets 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. Calculated as an average of 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	Used to illustrate the volume of active users of Truecaller's services.

platform on a daily basis. Calculated as an average of all days in the period.

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 one recurring paying user (Truecaller Premium)	Used to illustrate how revenues per user develop over time.

RECONCILIATION OF SELECTED KEY FIGURES THAT ARE NOT DEFINED UNDER IFRS

Group, SEKm	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Gross profit and gross margin			
Net sales	387.1	398.3	1,772.9
Minus brokerage costs	-96.1	-87.0	-417.7
Gross profit	291.0	311.3	1,355.2
Divided by Net sales	387.1	398.3	1,772.9
Gross margin	75.2%	78.1%	76.4%
Adjusted EBITDA and Adjusted EBITDA margin			
Profit before tax	147.0	170.1	688.1
Excluding net financial income or expense	-7.2	5.4	0.4
Excluding depreciation, amortization and impairments	10.2	5.9	28.7
EBITDA	150.0	181.4	717.2
Excluding items affecting comparability	-	-	-
Adjusted EBITDA	150.0	181.4	717.2
Divided by Net sales	387.1	398.3	1,772.9
Adjusted EBITDA margin	38.8%	45.5%	40.5%
EBIT (operating profit) and EBIT margin			
Profit before tax	147.0	170.1	688.1
Excluding net financial income or expense	-7.2	5.4	0.4
EBIT (operating profit)	139.8	175.5	688.5
Divided by Net sales	387.1	398.3	1,772.9
EBIT margin	36.1%	44.0%	38.8%
Adjusted EBIT and Adjusted EBIT margin			
EBIT (operating profit)	139.8	175.5	688.5
Excluding items affecting comparability	-	-	-
Adjusted EBIT	139.8	175.5	688.5
Divided by Net sales	387.1	398.3	1,772.9
Adjusted EBIT margin	36.1%	44.0%	38.8%
Equity to assets ratio			
Total equity	1,738.4	1,566.0	1,804.1

Divided by Total assets	2,123.5	1,857.3	2,344.4
Equity to assets ratio	81.9%	84.3%	77.0%