

Q-REPORT 2021

January-September

truecaller

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

Truecaller Interim Report

July-September 2021 (Q3)

Comparative figures refer to July-September 2020.

- **Revenues** increased by 129 percent to SEK 312.8m (136.5) compared to the same quarter last year.
- **Adjusted EBITDA¹⁾** amounted to SEK 117.7m (40.9), corresponding to an adjusted EBITDA margin of 37.6 (30.0) percent.
- **Profit after tax** was SEK 2.3m (29.6).
- **Basic earnings per share** were SEK 0.01 (0.14) and diluted earnings per share were SEK 0.01 (0.08).
- **Results are impacted** by items affecting comparability of SEK 77.2 million (1.6), related to preparations for the IPO, SEK 15.2 (-) million, and synthetic options, SEK 62.0 (1.6) million.
- **The number of monthly active users** (MAU) rose by 20 percent to around 292 (243) million.
- **Revenue growth** was 111 percent in India, 219 percent in the Middle East and Africa and 139 percent in the rest of the world.

1) EBITDA adjusted for costs related to stock exchange listing and synthetic options from the acquisition of Backwater Technologies. Costs for synthetic options were included in the adjusted EBITDA in the prospectus as of September 29, 2021.

January-September 2021

Comparative figures refer to January-September 2020.

- **Revenues** increased by 141 percent to SEK 737.6m (306.0) compared to the same period last year.
- **Adjusted EBITDA¹⁾** amounted to SEK 276.3m (28.7), corresponding to an adjusted EBITDA margin of 37.5 (9.4) percent.
- **Profit after tax** was SEK 120.0 million (-6.8).
- **Basic earnings per share** were SEK 0.55 (-0.03) and diluted earnings per share were SEK 0.34 (-0.03).
- **Results are impacted** by items affecting comparability of SEK 106.6 million (7.6), related to preparations for the IPO, SEK 30.0 (-) million, and synthetic options, SEK 76.6 (7.6) million.
- **The number of monthly active users** (MAU) rose by 22 percent to around 280 (230) million on average during the period January-September.
- **Revenue growth** was 142 percent in India, 165 percent in the Middle East and Africa and 113 percent in the rest of the world.

Significant events during the third quarter

Product, Premium subscription & Ad-tech

Truecaller has continued to develop the product by launching new features and enhancing the user experience.

- **The AI identification feature** is one machine learning-driven initiative that was launched in the market in the third quarter. It translates call signals and patterns to AI-generated tags. This gives our customers relevant details, such as “shared connections” and other contextually relevant information about the conversation. When our users see these tags, they can make better decisions about which calls and texts that should be answered.
- **Truecaller introduced new technology for the iPhone platform in the third quarter.** With the “Advanced Caller ID” feature, Truecaller can offer an improved Caller ID service to the iPhone community, similar to what is available on Android. The technology is being rolled out gradually to our Premium customers, with the US as the first market.

- **Truecaller has continued to invest in the adtech platform.** In-app bidding was upgraded in the third quarter, making it possible for partners to optimise their access to advertising options with Truecaller, which increases competition, price and inventory.

Unlocking growth opportunities

- **Truecaller is continuing the development of Truecaller for Business**, with very strong results. Modules for fully automated billing, service and subscription management have been implemented to efficiently handle a growing volume of business customers, changes that are key to continued growth.
- **Truecaller announced a strategic partnership with Tanla Platforms Ltd**, a supplier of cloud communications solutions, that makes it possible for Tanla's customers to be verified via Truecaller and denoted with a special icon to help businesses display their identity when they communicate with their customers.

Other significant events

- **Brand campaigns were launched in the third quarter in** India, Malaysia, Indonesia and Sweden to build the brand and raise awareness of the Truecaller product and the problems it solves. The Indian campaign "*Desh Ka Truecaller*" ("This Country's Truecaller") has reached more than 200 million people via TV, outdoor advertising and social media. The "Who is True?" campaign was launched in Sweden in late September and reaches consumers via social media, outdoor advertising and public transit advertising. In Indonesia, TikTok was selected as the exclusive channel as Indonesia is the app's second-largest TikTok market with 22 million daily active users. In Malaysia, sound media proved to be an effective way to reach consumers. Continuously adapting and optimising marketing and brand-building actions to local needs is a priority. Truecaller will continue to invest in growth in large markets like Malaysia and Indonesia where we see strong growth opportunities, product-market-fit, as well as a high average revenue per user.
- **Bing Gordon was appointed Chairman of the Board of Truecaller in August.** Bing Gordon, a partner of Kleiner Perkins Caufield & Byers, has been a director of Truecaller since 2020. He succeeds Nami Zarringhalam, co-founder of Truecaller and chair since 2018, who remains active in the company as a director and chief strategy officer (CSO). Among other roles, Bing Gordon has been a Director of the board of Amazon for 14 years and is currently a board advisor.
- **Truecaller completed a restructuring of the Group in the quarter** with a new parent company, Truecaller AB, which had no operating activities. The former parent company, True Software Scandinavia AB, has become a wholly owned subsidiary of Truecaller AB. The restructuring was accomplished through a non-cash issue directed at shareholders in True Software Scandinavia AB, who retained their relative stakes in Truecaller AB. The newly formed Truecaller Group is a continuation of the True Software Scandinavia Group and the Truecaller Group has thus taken over the financial history of the True Software Scandinavia Group unencumbered.
- **Truecaller AB implemented an employee warrants plan** (LTIP 2021, long-term incentive programme). The aim is to increase the ability to retain and incentivise employees and thereby ensure contribution to the long-term success of the company and create the conditions for recruiting and retaining the most outstanding employees in a fiercely competitive and global skills market. The programme gives Swedish employees the opportunity to acquire warrants in Truecaller AB at a market valuation. Employees outside Sweden are issued employee options with performance conditions. Otherwise, the conditions are identical for all employees in all material respects. The vesting periods for the warrants are two, three and four years, respectively. For all vesting periods, the exercise price has been set at 200 percent (for Swedish employees) and 100 percent (for employees outside of Sweden) of the value of the Truecaller AB share when the programme begins, based on an external valuation report. The maximum possible dilutive effect of the warrants programme is about 5.5 percent. The warrants programme also covers certain non-executive directors.

Events after the end of the period

- **Truecaller reached a historic milestone on the 8th of October** when trading in the Truecaller share opened on Nasdaq Stockholm under the stock ticker TRUE B. The IPO was successful and the offer was oversubscribed multiple times.
- **At the IPO, the company was provided with new capital totalling SEK 969.1 million** (after transaction costs), through a new issue of 19,230,770 new Class B shares at a price of SEK 52 per share. At the time of listing, all existing preference shares were also converted into ordinary shares, a total of 133,630,800 shares.
- **The synthetic employee stock options attributable to the acquisition of ChillR** expired at the time of listing, which gives rise to a personnel cost of SEK 14.9 million and a financial cost of SEK 7.0 million. No additional future costs for these options will arise.
- **The revolving credit facility (RCF) agreement with SEB** was increased to a total of SEK 500 million in connection with the listing on Nasdaq Stockholm. The term of the agreement is three years, with an option to extend for one plus one year. The RCF provides the company with further strategic flexibility, including with regards to user acquisition and M&A. The RCF agreement is on market terms.
- **Truecaller has entered into a cooperation agreement** with the Commercial International Bank of Egypt (CIB). The partnership aims to establish security and trust in CIB's customers through Truecaller's verification technology and is in line with CIB's commitment to provide high quality secure services to its customers and protect their data.



THIRD QUARTER 2021:

Truecaller is reporting strong growth in revenues and number of users combined with good profitability

Truecaller is the leading global platform for verification of contacts and blocking unwanted communication. We enable safe and relevant person-to-person conversations and efficient business-to-consumer calls. In Q3 2021, Truecaller achieved sales growth of 129 percent and increased the number of monthly active users (MAU) to 292 million, up by 20 percent compared to last year. In parallel, our adjusted EBITDA margin amounted to 37.6 percent, which clarifies the potential of our business model. Our efforts to further develop the platform and our user offering are setting the stage for persistent strong growth.

We continue to see a strong growth trend for both users and revenues in the third quarter and we are very proud of the momentum that we have achieved. Revenues amounted to SEK 312.8 million (136.5). Truecaller is the leading service for verification of calls and messages including B2C calls and is the fastest-growing platform in emerging markets in Asia, the Middle East and Africa.

The net sales trend was strong in India with growth of 111 percent compared to Q3 2020. Growth was 219 percent in Africa and the Middle East during the quarter and 139 percent in the rest of the world. This is a show of strength and in line with our ambitions to continue developing our services and our presence in growth markets. The trend is the product of positive outcomes of the further development of our ad offering, keener interest in our Premium service and the very promising development of our new business offering: Truecaller for Business.

Driven by continuous development of our platform and the persistent and significant increase in the number of global smartphone users in the next few years, we see very good potential for continued growth in existing and new markets.

“We continue to see a strong growth trend for both users and revenues in the third quarter and we are very proud of the momentum that we have achieved. Revenues amounted to SEK 312.8 million (136.5).”

Adjusted EBITDA in the quarter amounted to SEK 117.7 million (40.9) and the adjusted EBITDA margin to 37.6 percent (30.0). We are very focused on further developing and improving the delivery of ad space and make our Premium services more valuable and attractive to a broader userbase. In addition, we have seen persistent and very positive development of our new Truecaller for Business offering. All factors combined are contributing to the continued positive profit trend.

Truecaller generates revenues via advertising, subscriptions and offering business services. We are working continuously to further develop our revenue models in these areas. We strengthened our potential to grow our advertising business in the third quarter by successfully including our adtech platform in in-app bidding, meaning we can further scale up our advertising business.

Further development of Truecaller for Business is a key aspect of our growth strategy. Launched in late 2020, the product targets companies seeking to improve their interactions with end customers for purposes including verification of their companies. Thus far, the product has been enthusiastically received and we are growing according to plan. Examples of new

partners include Axis Bank, Unacademy, Mercedes Benz, Grofers and Aramex. Efforts during the quarter were focused on further developing and upgrading our Business Account Management system with integrated and automated billing, service and subscription management modules, which enhance the conditions for further scaling up the business.

We are working actively to grow our sales capacity for Truecaller for Business by further developing and widening our reseller network amongst CPaaS companies, which we succeeded well with during the quarter. The CPaaS companies are very positive towards collaborating with us as we complete the communication experience for their enterprise customers since they lack the “last mile experience” when not having an app on the consumer smartphones.



We will continue to develop solutions that attract businesses to our platform in 2021 as a key component of our growth strategy. Business Call Reason, for which we have observed very strong traction since the launch earlier this year, is one example. This service makes it possible for businesses to integrate their communication with Truecaller using special programming interfaces (APIs) to show the consumer why they are calling. When businesses state the reason for the call, it becomes more likely that the recipient will choose to answer, which benefits both consumers and businesses.

We launched brand-building campaigns in India and Sweden during the quarter, where the aim was to further strengthen our brand and raise awareness of how consumers and businesses

can communicate safely and effectively by phone. We also launched local campaigns with good reach in Indonesia and Malaysia.

We reached a milestone in the history of our company on 8 October, when trading in our Class B share opened on Nasdaq Stockholm. The listing on Nasdaq confirms that our journey has been successful thus far, but it is also the opening of a new chapter in our push to create safe and secure communication. I am delighted by the huge interest in Truecaller generated by the listing process and for having been able to welcome a large number of new shareholders.

Alan Mamedi

Chief Executive Officer

We founded Truecaller to offer a service that makes it easy to identify incoming calls from unknown numbers. As fraud, scams and unwanted communications only continue to grow in scale, we believe the need for Truecaller is has never been stronger. Today, we are one of the world's leading providers of Call Verification services and the platform for a safer, more secure communication experience. All told, we are more than 280 employees who are working every day to give people and businesses what they need to get important messages across and focus on who and what are important to them.

Truecaller at a glance

Quarterly review, financial data

FINANCIAL KEY FIGURES

SEK 000s (unless otherwise stated)	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Net sales	312,581	136,444	736,659	305,490	491,154
Gross profit	239,263	90,859	551,334	190,479	322,378
Gross margin (%)	76.5%	66.6%	74.8%	62.4%	65.6%
Adjusted EBITDA ¹⁾	117,670	40,866	276,299	28,663	104,802
Adjusted EBITDA margin (%)	37.6%	30.0%	37.5%	9.4%	21.3%
EBIT (operating profit)	36,242	34,184	157,306	5,090	-30,591
EBIT margin (%)	11.6%	25.1%	21.4%	1.7%	-6.2%
Adjusted EBIT	113,454	35,737	263,922	12,662	-13,743
Adjusted EBIT margin (%)	36.3%	26.2%	35.8%	4.1%	-2.8%
Profit or loss after net financial income or expense	10,949	29,370	128,466	-6,245	-53,965
Equity	289,940	149,901	289,940	149,901	145,933
Total assets	552,626	430,688	552,626	430,688	435,834
Debt to equity ratio (%)	52.5%	34.8%	52.5%	34.8%	33.5%
Employees at the end of the period	297	233	297	233	241

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

OPERATIONAL KEY FIGURES

July-September 2021	Total	India	Middle East & Africa	Rest of the world
Monthly Active Users (MAU), quarterly average (millions)	292.1	215.6	56.7	19.8
Daily Active Users (DAU), quarterly average (millions)	228.6	175.2	40.8	12.6
Cost per mille impressions (CPM) for ad sales (SEK)	1.13	0.97	1.63	3.34
Average revenue per user (ARPU) for premium subscriptions (SEK)	8.82	6.05	10.02	11.89

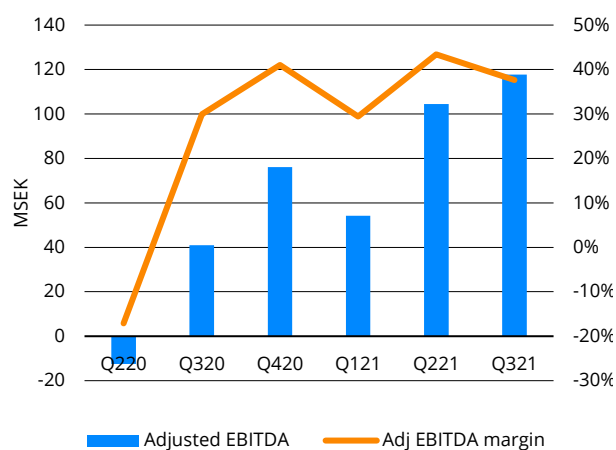
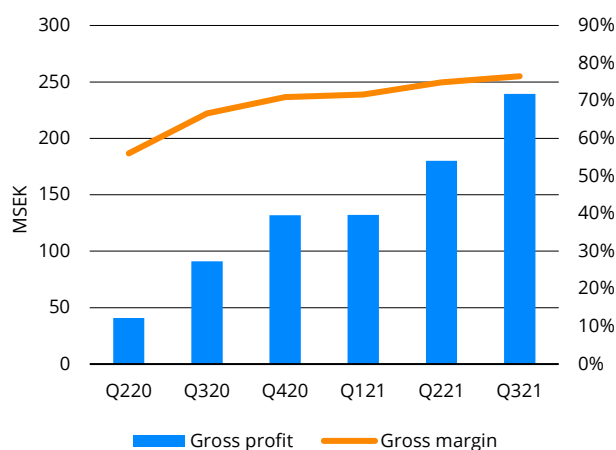
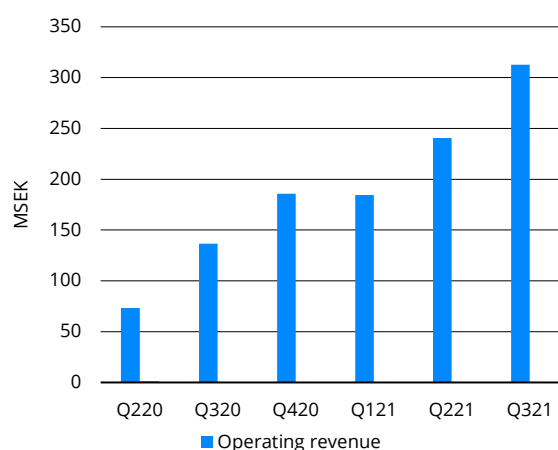
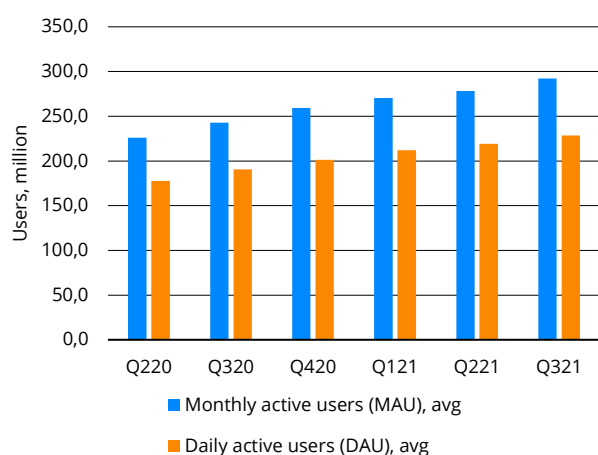
July-September 2020	Total	India	Middle East & Africa	Rest of the world
Monthly Active Users (MAU), quarterly average (millions)	242.9	178.1	48.3	16.5
Daily Active Users (DAU), quarterly average (millions)	190.4	145.1	34.6	10.7
Cost per mille impressions (CPM) for ad sales (SEK)	1.28	1.33	0.80	1.93
Average revenue per user (ARPU) for premium subscriptions (SEK)	8.10	4.97	10.65	13.87

January-September 2021

	Total	India	Middle East & Africa	Rest of the world
Monthly Active Users (MAU), period average (millions)	280.2	207.1	54.4	18.7
Daily Active Users (DAU), period average (millions)	219.8	168.7	39.1	12.0
Cost per mille impressions (CPM) for ad sales, (SEK)	1.01	0.88	1.38	3.03
Average revenue per user (ARPU) for premium subscriptions (SEK)	8.24	5.20	10.18	12.27

January-September 2020

	Total	India	Middle East & Africa	Rest of the world
Monthly Active Users (MAU), period average (millions)	230.3	168.2	46.9	15.2
Daily Active Users (DAU), period average (millions)	180.7	137.4	33.4	9.9
Cost per mille impressions (CPM) for ad sales (SEK)	1.23	1.24	0.94	2.09
Average revenue per user (ARPU) for premium subscriptions (SEK)	7.96	4.83	10.59	13.86



Financial performance

Third quarter (July-September 2021)

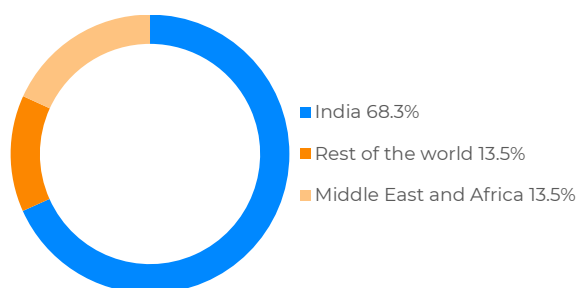
Revenues

Operating revenue in the third quarter increased by 129% and amounted to SEK 312.8 million (136.5). The revenue increase is primarily due to a strong growth in advertising revenue, which in turn primarily is an effect of sustained rapid growth in the number of users in many different countries, combined with a continued increase in the total number of revenue-generating ad impressions per user.

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

Revenues distributed by region

Net sales in India grew 111 percent to SEK 214 million (101), in the Middle East & Africa by 219 percent to SEK 57 million (18), and in the rest of the world by 139 percent to SEK 42 million (18).



Revenues distributed by service

Ad revenues increased by 157 percent to SEK 266 million (103). Our overall ad monetization depends on continuously optimizing the balance between rates (CPM) and fill rates while mining and scaling ad opportunities - with the eventual goal of overall revenue growth. During the quarter the number of ad impressions increased substantially, while the CPM have decreased by around 11 percent compared to the previous year. CPM also varies between quarters, both due to the mix between different types of ads, and due to the mix between direct sales and sales via partners such as Google and Facebook. Our CPM figure includes both ads that are being paid for when showed to a user, and early trials of performance based ads (CPL, CPA, etc). In the second quarter 2021 Truecaller temporarily increased the number of ads of the latter type to test the waters for future ad monetization models for the medium term. This change also temporarily decreased overall CPM, although CPM calculated based only on programmatic ads (excluding

performance based ads) actually increased. During the third quarter, a larger share of sales also went through partners rather than as direct sales.

On the supply side we continue to see strong user growth and engagement which adds to our overall ad opportunities available. Additionally, we have been mining and optimizing opportunities on the inventory side around ad requests/caching/serving etc. On the demand side, we continue to increase the liquidity with respect to our advertiser base helping us drive fill rates while protecting yields.

Revenues from premium subscriptions increased by 12 percent to SEK 35 million (31), primarily an effect of an increase in the number of premium subscribers.

Revenues from Truecaller for Business amounted to SEK 10.0 million (0.5). Truecaller for Business was launched in the corresponding period in 2020 and has developed very well since then.

Gross profit

Gross profit rose by 163 percent to SEK 239.3 million (90.9), increasing the gross margin by 9.9 percentage points to 76.5 percent (66.6). The gross margin is determined by fees to partners such as Google and Apple and the costs of verifying new users

and hosting servers 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 any partner. Different advertising partners have different fee levels, and the gross margin is therefore affected by how advertising traffic is distributed between direct sales and different partners in different periods.

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

Operating profit

The adjusted operating profit before amortisation and depreciation (adjusted EBITDA) increased to SEK 117.7 (40.9) million corresponding to an adjusted EBITDA margin of 37.6 percent.

EBIT increased to SEK 36.2 million (34.2), corresponding to an EBIT margin of 11.6 percent (25.1). Adjusted for costs related to the IPO and the synthetic options from the acquisition of Backwater Technologies, EBIT amounted to SEK 113.5 million (35.7)

with an adjusted EBIT margin of 36.3 percent (26.2). The EBIT improvement is attributable to a persistently high revenue growth rate combined with a significantly lower growth rate for operating costs. The company's business model accommodates significant revenue increases without corresponding increases in the costs of employees, premises, etc.

Employee costs in Q3 amounted to SEK 110.4 million (40.6). Pay-roll costs rose as an effect of increases in the workforce combined with certain pay rises. We implemented a new long-term incentive programme (LTIP21) during the quarter, which entailed a cost of SEK 0.7 million (-).

Employee costs include the costs of synthetic options that arose in connection with the acquisition of Backwater Technologies Private Limited in 2019. These synthetic employee stock options are to be regarded as an additional purchase consideration linked to the value of Truecaller's share. The options are re-measured on a quarterly basis based on the valuation of Truecaller, which has an impact on the 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. During the quarter, operating profit was charged with a total of SEK 62.0 (1.6) million, of which SEK 14.9 million is attributable to a provision for the last component of this additional purchase consideration, which is due on an IPO.

In connection with the acquisition, options were also distributed to the former owners of Backwater Technologies that are no longer employed by Truecaller. The remeasurement of these options is recognised in net financial items. The financial cost for the quarter amounts to SEK 21.9 (-) million, of which SEK 7.0 million is attributable to a provision for the last component of this additional purchase consideration, which is due on an IPO.

Other external costs increased to SEK 88.5 million (11.0). This is primarily an effect of increasing investments in user acquisition and marketing. Consultancy costs also increased during the quarter as an effect of preparations for the IPO.

Profit and earnings per share for the period

Profit before tax amounted to SEK 11.0 million (29.4). Profit for the period was SEK 2.3 million (29.6). Net financial income/expense comprises positive exchange rate differences of SEK 1.7 million (-3.3) and remeasurement of options in the amount of SEK -21.9 million (-). As the Group reports a positive result, parts of deferred tax have been reversed. The tax during the third quarter was affected by non-deductible expenses from the synthetic options that arose from the acquisition of Backwater Technologies, which is the reason why the tax is high in the quarter. Basic earnings per share was SEK 0.01 (0.14) and diluted earnings per share was SEK 0.01 (0.08).

Cash flow and financial position

Net cash from operating activities amounted to SEK 75.0 million (33.3). As a result of the company's business model, where the majority of revenues and the cost of goods sold are channelled via partners, working capital rises relatively slowly. Consequently, the change in net cash from operating activities is attributable primarily to the change in working capital. Net cash used in investing activities amounted to SEK -1.1 million (0). Net cash used in financing activities amounted to SEK -157.8 million (-1.5), where cash flow is affected by funds received from warrants of SEK 18.0 million (0) and payouts of synthetic options of

SEK -172.0 million (0). Net cash used for the period was SEK -84.0 million (31.7). The company had cash and cash equivalents of SEK 259.6 million (132.4) at the end of the quarter. The debt to equity ratio was 52.5 percent (34.8).

Investments

The Group began capitalising development costs in 2021 when certain initiated projects were assessed as meeting the criteria under IAS 38. Development costs for these projects have therefore been capitalised. SEK 0.3 million (-) was capitalised as internally generated intangible assets in the third quarter, with a corresponding provision to the development expenditure reserve under restricted equity.

Currency exposure

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

Items affecting comparability

Items affecting comparability totalled SEK 77.2 million (1.6) for Q3 2021. The items are related to preparations for the IPO, SEK 15.2 (-) million, and synthetic options, SEK 62.0 (1.6) million, and are included in "Other external costs" on the statement of profit and loss.

Impairment of goodwill

Goodwill of SEK 98 million is included in the statement of financial position for the comparison period of 2020, arising from the acquisition of Backwater Technologies Private Limited ("Chillr") in 2019. This goodwill was impaired in 2020. Refer to the 2020 annual report for detailed information about the impairment.

Parent company

Truecaller restructured the Group during the quarter and Truecaller AB is now the parent company. The former parent, True Software Scandinavia AB, has become a wholly owned subsidiary of Truecaller AB. At an Extraordinary General Meeting on July 22, 2021, it was decided to carry out a non-cash issue in which one share in True Software Scandinavia AB was entitled to subscribe for 100 shares in Truecaller AB. Payment was made in kind for shares in True Software Scandinavia AB, whereby Truecaller AB also acquired True Software Scandinavia AB.

Truecaller AB is reporting a loss of SEK -1.6 million (-) for the third quarter. As Truecaller AB was started in October 2020, there is no comparison period from the previous year. The company had a shortened financial year last year but has now moved to a calendar year.

Development costs are not capitalised in the parent company because development projects are initiated, managed and owned by subsidiaries.

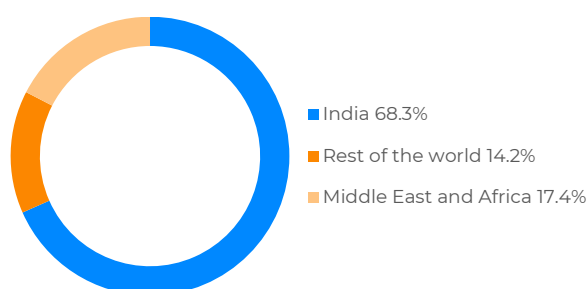
January-September 2021

Revenues

Operating revenues for the period of January-September increased by 141 percent to SEK 737.6 million (306.0). The increase in revenues for the reporting period is attributable to the same factors described above regarding the quarter.

Revenues distributed by region

Net sales in India grew by 142 percent during the period to SEK 503 million (208), in the Middle East & Africa by 165 percent to SEK 129 million (48), and in the rest of the world by 113 percent to SEK 105 million (49).



Revenues distributed by service

Ad revenues increased by 185 percent to SEK 610 million (214). Revenues from premium subscriptions increased by 18 percent to SEK 103 million (88). Revenues from Truecaller for Business amounted to SEK 18 million (0.6). Truecaller for Business was launched in the corresponding period in 2020.

Gross profit

Gross profit rose by 189 percent to SEK 551.3 million (190.5), increasing the gross margin by 12.4 percentage points to 74.7 percent (62.3). The development of the gross margin is described above.

Operating profit

The adjusted operating profit before amortisation and depreciation (adjusted EBITDA) increased to SEK 276.3 (28.7) million corresponding to an adjusted EBITDA margin of 37.5 percent.

EBIT rose to SEK 157.3 million (5.1), corresponding to an EBIT margin of 21.4 percent (1.7). Adjusted for costs related to the IPO and the synthetic options from the acquisition of Backwater Technologies, EBIT amounted to SEK 263.9 million (12.7) with an adjusted EBIT margin of 35.8 percent (4.1).

Employee costs amounted to SEK 213.9 million (129.3). Payroll costs rose as an effect of increases in the workforce combined with certain pay rises. We implemented a new long-term incentive programme (LTIP21) during the quarter, which entailed a cost of SEK 0.7 (-) million.

Employee costs also include the costs of 76.6 MSEK (7.6) to re-measure synthetic options issued to employees. See the detailed report of the outcome on page 11.

Other external costs amounted to SEK 167.7 million (40.1). This is primarily an effect of increasing investments in user acquisition and marketing. Consultancy costs also increased during the quarter as an effect of preparations for the IPO.

Profit and earnings per share for the period

Profit before tax amounted to SEK 128.5 million (-6.3). Profit for the period was SEK 120.0 million (-6.8). Net financial income/expense comprises positive exchange rate differences of SEK 4.0 million (-8.3) and remeasurement of options in the amount of SEK -26.3 million (-). As the Group reports a positive result, parts of deferred tax have been reversed. Basic earnings per share were SEK 0.55 (-0.03) and diluted earnings per share were SEK 0.34 (-0.03).

Cash flow and financial position

Net cash from operating activities rose to SEK 221.8 million (37.6). Net cash used in investing activities was SEK -1.1 million (-1.9). Net cash used in financing activities was SEK -157.5 million (-11.4) after a new issue raised SEK 7.8 million (2.4) for the Group. The rights issue was attributable to the exercise of employee stock options issued in connection with the acquisition of MessAI during 2019. Funds received from warrants accounted for SEK 18.0 million (-) and payouts of synthetic options for SEK -172.0 million (0). Net cash for the period was SEK 63.2 million (24.3). The company had cash and cash equivalents of SEK 259.6 million (132.4) at the end of the quarter. The debt to equity ratio was 52.5 percent (34.8).

Consolidated total assets amounted to SEK 552.6 million (430.7) at 30 September 2021. Cash and cash equivalents including short-term placements totalled SEK 259.6 million (132.4) at 30 September 2021. The carrying amounts of financial assets and financial liabilities are estimated to coincide with fair value in all material respects.

Investments

Cash investments amounted to SEK -1.1 million (-1.9) during the period. Investments in intangible assets amounted to SEK -1.1 million (-) and investments in property, plant and equipment amounted to SEK - million (-1.9).

The Group began capitalising development costs in 2021 when certain initiated projects were assessed as meeting the criteria under IAS 38. Development costs for these projects have therefore been capitalised. A total of SEK 1.1 thousand (-) has been capitalised during the year as internally generated intangible assets, with a corresponding provision to the development expenditure reserve under restricted equity.

Items affecting comparability

Items affecting comparability for the period of January-September amount to SEK 106.6 million (7.6). The items are related to preparations for the IPO, SEK 30,0 (-) million, and synthetic options, SEK 76.6 (-) million and are included in "Other external costs" and "Employee costs" on the statement of profit and loss.

Employees

There were 297 (233) employees at the end of the period. The average number of employees during the period was 265 (223). Truecaller is in a phase of strong growth and the company has identified a need to continue adding skills to the organisation.

Impairment of goodwill

Goodwill of SEK 98 million is included in the statement of financial position for the comparison period of 2020, arising from the acquisition of Backwater Technologies Private Limited ("Chillr") in 2019. This goodwill was impaired in 2020. Refer to the 2020

annual report for True Software Scandinavia AB for detailed information about the impairment.

Parent company

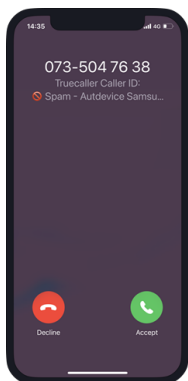
Truecaller restructured the Group during the quarter and Truecaller AB is now the parent company. The former parent, True Software Scandinavia AB, has become a wholly owned subsidiary of Truecaller AB. At an Extraordinary General Meeting on July 22, 2021, it was decided to carry out a non-cash issue in which one share in True Software Scandinavia AB was entitled to subscribe for 100 shares in Truecaller AB. Payment was made in

kind for shares in True Software Scandinavia AB, whereby Truecaller AB also acquired True Software Scandinavia AB.

Truecaller AB is reporting a loss of SEK -1.6 million (-) for the period of January-September. As Truecaller AB was started in October 2020, there is no comparison period from the previous year. The company had a shortened financial year last year but has now moved to a calendar year.

Development costs are not capitalised in the parent company because development projects are initiated, managed and owned by subsidiaries.

Product updates

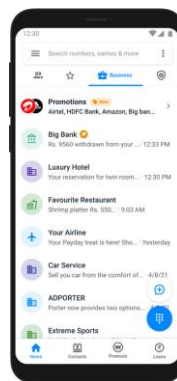


Enhancements of Truecaller's core offering

Truecaller achieved important advances in the development of the core offering in Q3 by introducing an entirely new technology for Truecaller on iPhone. With the Advanced Caller ID feature, Truecaller can now offer an enhanced real-time number identification service on the iPhone, in the same way as with Android, using our own phone technology.

The technology, which is still in the early development phase, is being rolled out gradually to our Premium customers, with the US as the first market.

Truecaller is continuing to further develop its offering to deliver a better communications platform to its users. Upgrades of the messaging feature were implemented in Q3 that enhance the user experience. The improvements include the introduction of support for text formatting and in-conversation searches. This will improve the communication experience when Truecaller for Business also begins using our platform for communication by text message.



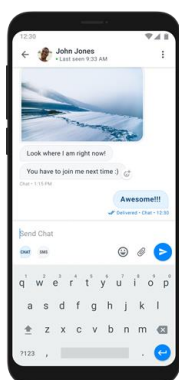
Further development of machine learning

Truecaller's investments in machine learning and AI-driven technology are critical to driving long-term value for users and their daily communication experience with Truecaller. Through further development of Truecaller's machine learning features, we can drive significant improvements in the precision of our data analysis, number ID and spam detection. Several machine learning-

driven initiatives were launched on the market in Q3.

AI Identity: Our AI-based identification feature translates call signals and patterns to AI-generated tags. This gives our customers relevant details, such as "shared connections" and other contextually relevant information about the conversation. When our users see these tags, they can make better decisions about which calls and texts should be answered.

Better messaging experience: Truecaller's messaging platform has also been further improved with the introduction of algorithms that help users better identify the most important texts. Improved filtering has made it possible to differentiate relevant ad texts from other spam texts. The smart SMS feature has also been refined to provide more contextual information based on the most relevant needs (e.g., vaccination appointments, order deliveries). This will be particularly useful when businesses send transaction texts so that users do not miss bills and other important text messages.



Ads and Truecaller for Business

Truecaller has continued to invest in the platform's adtech features. In-app bidding was upgraded in Q3, making it possible for partners to optimise their access to advertising options with Truecaller, which enhances growth potential.

Modules for fully automated billing, service and subscription management have been implemented to maintain momentum in Truecaller for Business and efficiently handle a growing volume of business customers, changes that are key to continued growth.

Call Reason, a feature originally developed for consumers, allows users to compose a text that gives the reason for a call so that recipients are notified before they choose to answer. Based on the feature's user popularity, Truecaller has introduced Call Reason for Business, which benefits business customers and consumers alike. Call Reason for Business has grown at an impressive rate and has been distributed to

more than 100 customers since the feature was introduced in Q2 2021.

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 2020 annual report.

Impact of Covid-19

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

Forward-looking statements

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

Outlook

Truecaller does not publish forecasts.

Parent company

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

Future reporting dates

Year-end report 2021: 23 February 2022

Interim report, January-March 2022: 6 May 2022

Interim report, January-June 2022: 22 July 2022

Interim report, January-September 2022: 11 November 2022

Annual report

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

Annual general meeting

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

Nomination Committee

At the Extraordinary General Meeting of Truecaller AB (publ) on 12 August 2021, it was resolved that the Nomination Committee of the company ahead of the Annual General Meeting 2022 shall consist of four members, of which three members shall be appointed by the Company's three largest shareholders in terms of voting rights as of 30 September 2021, and the fourth member shall be the Chairman of the Board.

Proposals or comments to the Nomination Committee are sent to nominationcommittee@truecaller.com.

The composition of the Nomination Committee will be announced during the fourth quarter of 2021.

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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 27 October 2021 at 07.30 CEST.

Condensed consolidated statement of profit or loss

Amounts in SEK 000s	Note	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Net sales	3	312,581	136,444	736,659	305,490	491,154
Other income		243	53	915	545	547
Ad brokerage costs		-73,561	-45,639	-186,239	-115,557	-169,322
Gross profit		239,263	90,859	551,334	190,479	322,378
Operating costs						
Other external costs		-88,449	-10,953	-167,716	-40,071	-55,975
Employee costs		-110,357	-40,593	-213,936	-129,316	-178,449
Depreciation, amortisation and impairments		-4,215	-5,129	-12,376	-16,002	-118,545
EBIT (operating profit)		36,242	34,184	157,306	5,090	-30,591
Net financial income or expense		-25,293	-4,814	-28,840	-11,335	-23,374
Profit or loss after net financial income or expense		10,949	29,370	128,466	-6,245	-53,965
Tax		-8,610	246	-8,504	-551	38,443
Profit for the period ¹⁾		2,339	29,617	119,962	-6,796	-15,522
Earnings per share ^{2) 3)}						
Basic earnings per share (SEK)		0.01	0.14	0.55	-0.03	-0.07
Diluted earnings per share (SEK)		0.01	0.08	0.34	-0.03	-0.07
Average number of shares before dilution		219,535,665	211,691,998	218,765,742	211,635,141	213,097,334
Average number of shares after dilution		355,438,862	349,123,898	355,682,475	211,635,141	213,097,334

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

²⁾ There is dilution in connection with profit for the period. ²⁾ Refer to Note 18 of the 2020 Annual Report for further information about consolidated share capital.

³⁾ At an Extraordinary General Meeting on 22 July, 2021, it was decided to carry out a non-cash issue in which one share in True Software Scandinavia AB was entitled to subscribe for 100 shares in Truecaller AB. Payment was made in kind for 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 previous periods have been adjusted downwards, by adjusting the historical number of shares upwards, to make earnings per share comparable over time.

Consolidated statement of comprehensive income

Amounts in SEK 000s	Note	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Profit or loss for the period		2,339	29,617	119,962	-6,796	-15,522
Other comprehensive income for the period						
<i>Items that will be reclassified to profit and loss in subsequent periods</i>						
Foreign exchange translation differences		-1,155	-1,195	-2,144	-4,032	1,183
<i>Items that will not be reclassified to profit and loss in subsequent periods</i>						
Remeasurement of defined-benefit pension plans		-	-	-	-	-1,065
Other comprehensive income for the period		-1,155	-1,195	-2,144	-4,032	118
Comprehensive income for the period ¹⁾		1,184	28,422	117,818	-10,828	-15,404

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

Condensed consolidated statement of financial position

Amounts in SEK 000s	Note	2021 30 Sep	2020 30 Sep	2020 31 Dec
ASSETS				
Non-current assets				
Goodwill		-	96,364	-
Internally generated intangible assets		1,029	-	-
Property, plant and equipment		1,200	1,695	1,564
Right-of-use assets		88,488	104,199	99,830
Deferred tax assets		48,327	22,969	59,271
Other non-current receivables	4	744	1,515	1,349
Total non-current assets		139,788	226,742	162,014
Current assets				
Current receivables	4	153,222	71,598	78,597
Cash and cash equivalents	4	259,616	132,348	195,224
Total current assets		412,838	203,946	273,821
TOTAL ASSETS		552,626	430,688	435,834
EQUITY AND LIABILITIES				
Equity				
Equity attributable to owners of the parent		289,940	149,901	145,933
Total equity		289,940	149,901	145,933
Non-current liabilities				
Liability arising from defined-benefit pension plans		3,769	2,587	2,966
Lease liabilities		75,744	90,711	86,122
Deferred tax liability		18,380	22,617	20,828
Total non-current liabilities		97,893	115,915	109,916
Current liabilities				
Liability arising from synthetic options	4	21,893	76,792	91,019
Lease liabilities		14,641	15,122	14,922
Other current liabilities	4	128,259	72,960	74,044
Total current liabilities		164,793	164,874	179,985
TOTAL EQUITY AND LIABILITIES		552,626	430,688	435,834

Condensed consolidated statement of cash flows

Amounts in SEK 000s	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Operating activities					
Profit or loss after net financial income or expense	10,949	29,370	128,466	-6,245	-53,965
Adjustments for non-cash items	87,499	7,993	112,237	40,347	159,884
Income tax paid	-	-	-	-	-
Net cash from operating activities before changes in working capital	98,448	37,363	240,703	34,102	105,919
Net cash from changes in working capital					
Change in operating receivables	-54,124	-17,923	-72,207	-21,197	-27,675
Change in operating liabilities	30,623	13,831	53,302	24,653	27,307
Net cash from operating activities	74,947	33,271	221,798	37,558	105,552
Investing activities					
Purchases of property, plant and equipment	-	-30	-	-1,879	-1,879
Disposals of property, plant and equipment	-	-	-	-	608
	-1,089	-	-1,089	-	-
Net cash used in investing activities	-1,089	-30	-1,089	-1,879	-1,271
Financing activities					
Share issue	-	2,435	7,789	2,435	2,809
Funds received for warrants	18,030	-	18,030	-	-
Repurchase of warrants	-	-	-	-	-503
Amortisation of lease liability	-3,850	-3,970	-11,273	-13,839	-18,735
Payout synthetic options	-172,016	-	-172,016	-	-
Net cash used in financing activities	-157,836	-1,536	-157,470	-11,406	-16,429
Net cash flow for the period	-83,978	31,706	63,239	24,275	87,852
Cash and cash equivalents at the beginning of the period	342,704	101,012	195,224	109,330	109,330
Foreign exchange differences in cash and cash equivalents	890	-370	1,153	-1,257	-1,958
Cash and cash equivalents at the end of the period	259,616	132,348	259,616	132,348	195,224

Condensed consolidated statement of changes in equity

Amounts in SEK 000s	Equity attributable to owners of the parent				
	Share capital	Other capital contributions	Reserves	Retained earnings including profit for the period	Total equity attributable to owners of the parent
Opening balance at 1 Jan 2020	345	699,709	3,499	-552,740	150,814
Profit or loss for the period	-	-	-	-6,796	-6,796
Other comprehensive income for the period	-	-	-4,032	-	-4,032
Comprehensive income for the period	-	-	-4,032	-6,796	-10,828
<i>Transactions with owners of the Group</i>					
Share issue after transaction costs	-	2,435	-	-	2,435
Share-based payment	-	-	-	7,481	7,481
Total	-	2,435	-	7,481	9,916
Closing balance at 30 Sep 2020	345	702,144	-533	-552,055	149,901
Opening balance at 1 Jan 2021	352	702,511	4,682	-561,612	145,933
Profit or loss for the period	-	-	-	119,962	119,962
Other comprehensive income for the period	-	-	-2,144	-	-2,144
Comprehensive income for the period	-	-	-2,144	119,962	117,818
<i>Transactions with owners of the Group</i>					
Share issue after transaction costs	-	7,787	-	-	7,787
Non-cash issue	355	-	-	-328	27
Issued warrants	-	18,030	-	-	18,030
Share-based payment	-	-	-	344	344
Total	355	25,817	-	16	26,188
Closing balance at 30 Sep 2021	708	728,328	2,538	-441,634	289,940

Condensed parent company income statement

Amounts in SEK 000s	2021 Jul-Sep ¹⁾	2021 Jan-Sep ¹⁾	2020 Oct-Dec
Operating revenue	-	-	-
Ad brokerage costs	-	-	-
Gross profit	-	-	-
Operating costs			
Other external costs	-434	-434	-
Employee costs	-1,111	-1,111	-
Depreciation, amortisation and impairments	-	-	-
EBIT (operating profit)	-1,545	-1,545	-
Net financial income or expense	-98	-98	-
Profit before tax	-1,643	-1,643	-
Tax	-	-	-
Profit or loss for the period	-1,643	-1,643	-

¹⁾ There are no comparison figures for the period because Truecaller had a short financial year in 2020 from 22 October 2020 - 31 December 2020.

Condensed parent company balance sheet

Amounts in SEK 000s	2021 30 Sep ¹⁾	2020 31 Dec
ASSETS		
Non-current assets		
Investments in Group companies	10,179,685	-
Total non-current assets	10,179,685	-
Current assets		
Current receivables	1,725	25
Cash and cash equivalents	22,203	-
Total current assets	23,928	25
TOTAL ASSETS	10,203,613	25
EQUITY AND LIABILITIES		
Equity and liabilities		
Equity	10,195,412	25
Liabilities to Group companies	7,079	-
Current liabilities	1,122	-
TOTAL EQUITY AND LIABILITIES	10,203,613	25

¹⁾ There are no comparison figures for the period because Truecaller had a short financial year in 2020 from 22 October 2020 - 31 December 2020.

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 during the quarter, whereby the former parent company, True Software Scandinavia AB, is now a wholly owned subsidiary of the new parent, Truecaller AB. Truecaller AB was previously a warehouse company without operations. The restructuring was accomplished through a non-cash issue directed at shareholders in True Software Scandinavia AB, who retain their relative stakes in Truecaller AB. The newly formed Group is regarded as a direct continuation of the True Software Scandinavia Group and Truecaller thus takes over the financial history of the True Software Scandinavia Group unencumbered.

Truecaller applies International Financial Reporting Standards (IFRS), as adopted by the EU. The interim report for the Group was prepared in compliance with IAS 34 Interim Financial Reporting and applicable sections of the Swedish Annual Accounts Act (1995:1554). The interim report for the parent company was prepared in accordance with the Annual Accounts Act, Chapter 9 Interim Financial Reporting, and recommendation RFR 2 Accounting of Legal Entities issued by the Swedish Financial Accounting Standards Council. This financial report for the parent company is the first that has been prepared with the application of RFR2. The previously prepared annual report for the parent company has been prepared in accordance with BFNAR 2012: 1 Annual Report and Consolidated Financial Statements (Q3). The transition from previous accounting principles has not had any effect on the parent company's balance sheet and income statement from the previous year. The transition has also not had any effect on the parent company's cash flow. Otherwise the Group and the parent company have applied the same accounting policies, bases for measurement and assessments applied in the annual report. Accordingly, refer to True Software Scandinavia's most recent annual report for a complete description of applied accounting policies.

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

The Group's internal development projects are divided into two phases as required under IAS 38: the research phase and the development phase. Costs incurred during the research phase are expensed as they are incurred and are never capitalised subsequently. Costs incurred during the development phase are capitalised as intangible assets when management has assessed that it is probable that the future economic benefits attributable to the asset will flow to the Group, the criteria for capitalisation have been met and the costs can be measured reliably.

Within the Group, internally generated intangible assets refer primarily to development of the Truecaller app. The expenditures that are capitalised include expenditures for direct salaries, consultancy costs and other expenditures directly attributable to the project. All other costs that do not meet the criteria for capitalisation are recognised in profit and loss when they arise. Internally generated assets under development are tested at least annually for any indication of impairment. Intangible assets with finite useful lives are amortised from the date they are available for use over a maximum period of 5 years.

Disclosures as required under IAS 34 are presented in the financial statements and associated notes in the interim information on pages 1-16, which constitute an integrated part of this financial report.

All amounts in this report are stated in thousands of Swedish kronor (SEK 000s) unless otherwise specified. Rounding differences may occur.

Incentive programme

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

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

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

The Group capitalises certain development costs as intangible assets on the statement of financial position, primarily referring to the further development of the Truecaller app. Capitalisation of development costs is based on factors including assessment of whether future economic benefits will be generated by the asset and that it is technologically feasible to complete the asset so that it can be used in operations. The majority of the expenditures refer to further development of the Truecaller app, whereupon the Group must make critical judgements regarding which expenditures are attributable to updates of an existing asset (and thus must be expensed) and which refer to development of a new asset (and which are thus recognised as an intangible asset).

Accounting for the Group's leases as right-of-use assets and corresponding financial liabilities according to IFRS 16 is

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

Note 3. Revenue from contracts with customers

DISTRIBUTION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

SEK 000s	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Geographical region					
India	213,534	100,991	503,365	207,977	340,780
Middle East and Africa	56,784	17,775	128,530	48,413	77,800
Rest of the world	42,263	17,678	104,764	49,100	72,574
Revenue from contracts with customers	312,581	136,444	736,659	305,490	491,154

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

SEK 000s	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Type of service					
Advertising revenues	265,706	103,286	610,045	213,808	362,514
User revenues	34,953	31,269	103,406	87,680	120,984
Other income	11,922	1,889	23,208	4,002	7,656
Revenue from contracts with customers	312,581	136,444	736,659	305,490	491,154

Note 4. Financial instruments

Measurement of financial assets and liabilities at 30 September 2021

FINANCIAL ASSETS	Financial assets measured at amortised cost	Total carrying amounts
Other non-current receivables	744	744
Claims on advertising networks and platform owners	93,647	93,647
Trade receivables	19,111	19,111
Cash and cash equivalents	259,616	259,616
Total	373,199	373,199

FINANCIAL LIABILITIES	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Total carrying amounts
Liability arising from synthetic options	21,893	-	21,893
Trade payables	-	18,786	18,786
Total	21,893	18,786	40,679

Measurement of financial assets and liabilities at 30 September 2020

FINANCIAL ASSETS	Financial assets measured at amortised cost	Total carrying amounts
Other non-current receivables	1,515	1,515
Claims on advertising networks and platform owners	57,101	57,101
Trade receivables	1,196	1,196
Cash and cash equivalents	132,348	132,348
Total	192,160	192,160

FINANCIAL LIABILITIES	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Total carrying amounts
Liability arising from synthetic options	76,792	-	76,792
Trade payables	-	13,449	13,449
Total	76,792	13,449	90,241

Measurement of financial assets and liabilities at 31 December 2020

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

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

Current receivables and liabilities

The carrying amount is considered a good approximation of the fair value of current receivables and liabilities, such as claims on advertising networks and platform owners, trade receivables and trade payables. 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. The maximum credit risk of the assets comprises the net amounts of the carrying amounts shown in the table above. The Group has not received any collateral for the financial net assets.

Fair value measurement

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 table below shows financial instruments measured at fair value based on their classification in the fair value hierarchy. There were no transfers between the different levels during the period. The levels are defined as follows:

Level 1 - Quoted prices (unadjusted) for identical assets and liabilities in an active market.

Level 2 - Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e., quoted prices) or indirectly (i.e. derived from quoted prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

Liability arising from synthetic options

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

The liability arising from future payments is accounted for as a separate item in the statement of financial position and has been measured at fair value through profit or loss. The liability

was reclassified from non-current to current in connection with the close of books on 31 December 2020 for a mainly settlement in August 2021. The costs in the income statement amount to SEK 102.9 million, of which SEK 21.9 million is unrealized as of

the balance sheet date. The amount is included in employee costs and net financial income or expense in the consolidated statement of profit or loss.

Liability arising from synthetic options	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Balance at 1 January	91,019	69,220	69,220
Paid	-172,016	-	-
Change in value recognised in profit and loss	102,890	7,572	21,799
Closing balance	21,893	76,792	91,019

Note 5. Related party transactions

In connection with the non-cash issue executed in connection with the implementation in August of the new parent company, Truecaller AB, the following companies, True Software EC AB, True Software EC II AB, True Software EC III AB and True Software EC IV AB (jointly, the "EC companies"), each subscribed for new shares in Truecaller AB in exchange for all shares in True Software Scandinavia AB owned by the respective companies. The EC companies are owned by employees of Truecaller and the transactions are classified as related party transactions because Alan Mamedi and Nami Zarringhalam are directors of the EC companies.

Assurance

The CEO and the Board of Directors hereby certify that the interim report of the third quarter 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, 27 October 2021

Bing Gordon
Chairman of the Board

Alan Mamedi
Director and CEO

Nami Zarringhalam
Director

Shailesh Lakhani
Director

Annika Poutiainen
Director

Helena Svancar
Director

Alternative performance measurements

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

Key performance measurements	Definition	Purpose
Net sales	Operating revenue less any foreign exchange gains and other revenue.	Net sales is used to illustrate the revenue generated by Truecaller's core business in each region.
Gross profit	Operating revenues 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	Gross profit as a percentage of operating revenue.	Gross margin is a measure of profit minus direct costs.
Adjusted EBITDA	EBIT before interest, taxes, depreciation and amortisation (EBITDA) and adjusted for items affecting comparability. Items affecting comparability consist of costs related to the IPO and synthetic options from the acquisition of Backwater Technologies.	Adjusted EBITDA is a measurement Truecaller uses to show how current operations develop over time.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales.	Adjusted EBIT margin is used to illustrate the profitability of current operations excluding items affecting comparability and before amortisation.
EBIT (operating profit)	Operating profit (earnings) before interest and taxes	EBIT is used to analyse the profit generated by the operating entity.
EBIT margin	EBIT as a percentage of net sales.	The EBIT margin is used to illustrate the profitability of current operations.
Adjusted EBIT	Operating profit (earnings) before interest and taxes (EBIT) and adjusted for items affecting comparability. Items affecting comparability consist of costs related to the IPO and synthetic options from the acquisition of Backwater Technologies.	Adjusted EBIT is used to analyse the profit generated by the operating entity, adjusted for items affecting comparability.
Adjusted EBIT margin	Adjusted EBIT as a percentage of net sales.	The adjusted EBIT margin is used to illustrate the profitability of current operations adjusted for items affecting comparability.

OPEX (operating expense)	OPEX illustrates the other external costs of the business that are not directly attributable to acquisition of revenues, as well as employee costs.	Truecaller uses OPEX to clarify the costs required for the ongoing maintenance of the company's services.
Debt to equity ratio	Equity divided by total assets.	A measure to illustrate financial risk, expressed as the percentage of total assets financed by shareholders' equity.
Monthly Active Users (MAU)	The number of users that have a Truecaller profile and are active on the platform on a monthly basis.	Used to illustrate the volume of active users of Truecaller's services.
Daily Active Users (DAU)	The number of users that have a Truecaller profile and are active on the platform on a daily basis.	Used to illustrate the volume of active users of Truecaller's services.
Cost per mille impressions (CPM)	CPM illustrates the cost of displaying one ad one thousand times.	Used to illustrate the effectiveness of the ad platform.
Average revenue per user (ARPU)	The average revenue for one paying user (Truecaller Premium)	Used to illustrate how revenues per user develop over time.

FINANCIAL KEY FIGURES – NON-IFRS MEASUREMENTS

SEK 000s (unless otherwise stated)	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Net sales	312,581	136,444	736,659	305,490	491,154
Other income	243	53	915	545	547
Operating revenue	312,824	136,497	737,573	306,035	491,701
EBITDA	40,457	39,313	169,682	21,091	87,954
Items affecting comparability (re-entered)	-77,212	-1,553	-106,616	-7,572	-16,847
Adjusted EBITDA	117,670	40,866	276,299	28,663	104,802
Adjusted EBITDA margin, %	37.6%	30.0%	37.5%	9.4%	21.3%
EBIT (operating profit)	36,242	34,184	157,306	5,090	-30,591
Items affecting comparability (re-entered)	-77,212	-1,553	-106,616	-7,572	-16,847
Adjusted EBIT	113,454	35,737	263,922	12,662	-13,743
Adjusted EBIT margin, %	36.3%	26.2%	35.8%	4.1%	-2.8%