

TRUECALLER

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EQUITY BRIEF

Equity Brief: Truecaller

13/11/2026

1. The company in brief

Truecaller develops an app for call identification, spam and fraud blocking, and verified business communication. Users are primarily private individuals (B2C), but the business segment is growing (B2B). The company was founded in 2009 in Sweden by Alan Mamedi and Nami Zarringhalam, brought in Sequoia Capital as an investor in 2013, and has had its Class B share listed on Nasdaq Stockholm under the ticker TRUE B since October 8, 2021. The founders announced in 2024 that they would step down from their operational roles but remain the largest shareholders and members of the Board of Directors, where Nami Zarringhalam serves as Chairman. Rishit Jhunjhunwala, formerly Chief Product Officer and Head of India, has served as CEO since 2025.

HEADQUARTERS	FOUNDED	MARKET CAP	HEADCOUNT
Stockholm	**2009**	**6.1 BSEK**	**366**
		AS OF NOV 11, 2026	Q3'26

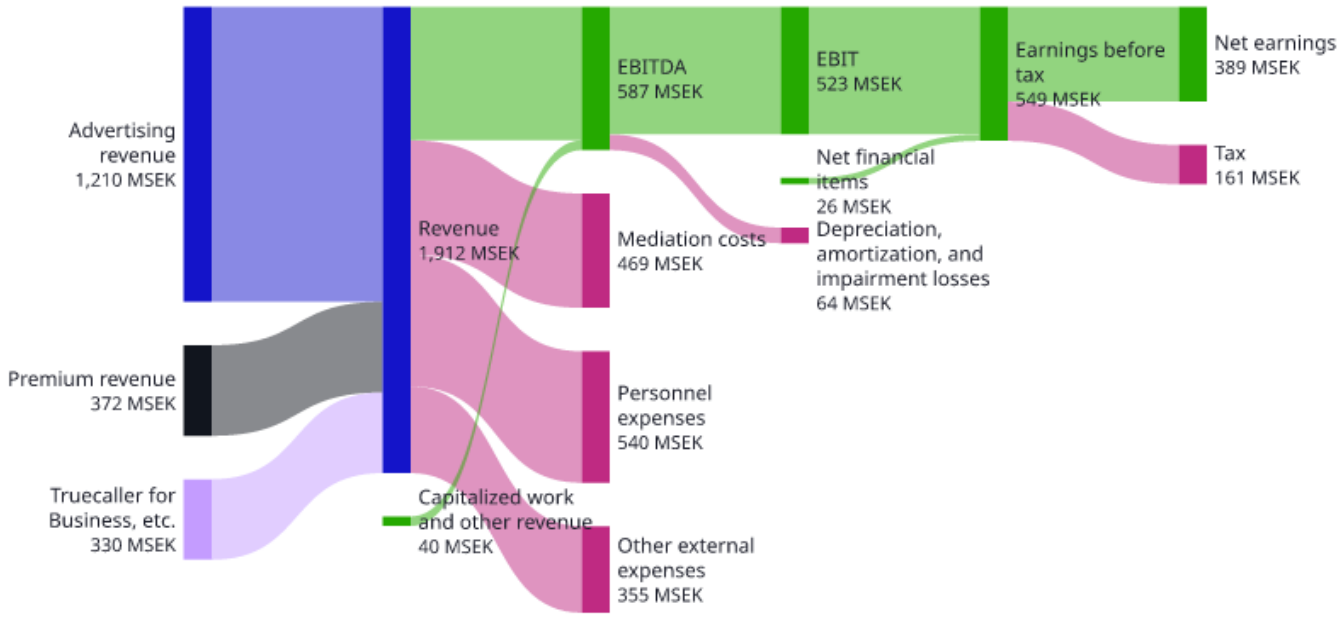
2. Business model – how the company makes money

Truecaller has three revenue streams. Advertising to free users accounted for 63% of net revenue in 2025 and are sold primarily programmatically through more than 60 demand partners such as Google, Meta, and Amazon, supplemented by direct sales. Premium subscriptions (19%) are sold monthly or annually via the app stores. A premium user generated an average of ~40 times more revenue than a free user, and iPhone users, accounting for ~7% of the user base, generated 48% of premium revenue. Truecaller for Business (TfB, 17%) comprises verified business calls, business messages, and risk products for customers such as lenders.

The business model is capital-light. Truecaller expenses the majority of development costs immediately, which reduces the risk of any significant write-downs. User growth is predominantly organic, which the company describes as having no customer acquisition costs. The largest cost items are personnel and intermediary costs – meaning servers, new user verification, and partner commissions. Revenue is largely invoiced in SEK via Google and Apple, which in turn charge users in local currency. Premium and TfB represent recurring revenue, whereas ad revenue follows the advertising market and the terms of individual partners.

The seasonal pattern is driven by advertising, with Q4 historically the largest quarter, as the festive season in India drives ad demand, whereas Q1 is normally lower.

From revenue to earnings, full-year 2025



3. Latest report – financial and operational overview

NET REVENUE	EBITDA EXCL. ITEMS AFFECTING COMPARABILITY	NET INCOME
464.0 MSEK	**148.5 MSEK**	**-22.6 MSEK**
-1% Y/Y	-9% Y/Y	108.5 MSEK IN Q3'25

In Q3'26, net revenue decreased by 1% vs. Q3'25 to 464.0 MSEK, while increasing by ~3% in constant currencies. The currency impact was ~-17 MSEK, stemming primarily from a stronger krona vs. the rupee. Compared to Q2'26, revenue increased by 18%. Ad revenue, the largest revenue stream, decreased by 15% vs. Q3'25 to 245.6 MSEK, but increased by 23% vs. Q2'26. According to the company, ad revenue in September was higher than in the same month of the previous year. Premium revenue grew by 32% vs. Q3'25 to 127.1 MSEK, and the number of paying subscribers increased by 23% to 4.06 million. TfB grew by 6% to 85.1 MSEK as business messaging volumes recovered. Revenue from India decreased by 8% in reported currency, partly due to the weaker rupee, while revenue from the rest of the world grew by 27% vs. Q3'25. MAU (Monthly Active Users) excluding iOS increased by 8% to 476.2 million. The CEO links the slower user growth to lower smartphone sales and expects it to persist in the near term.

The gross margin decreased to 71.3% from 75.7% in Q3'25, primarily as a result of higher server costs for the proprietary ad platform and higher verification costs. Personnel costs excl. incentive programs decreased by 18% vs. Q3'25 to 72.3 MSEK, following the restructuring in Q2'26 in which just over 70 positions were cut. EBITDA excl. non-recurring items decreased by 9% to 148.5 MSEK, representing a margin of 32.0% compared to 34.7% in Q3'25. Including 18.3 MSEK in advisory costs for text+, EBIT was 113.6 MSEK compared to 145.9 MSEK in Q3'25, a margin of 24.5%. Net income was negative because the tax expense included a provision of 92 MSEK for the tax dispute in India.

Operating cash flow amounted to 54.1 MSEK (Q3'25: 26.0 MSEK), after a change in working capital of -67.0 MSEK. Investing cash flow of -384.4 MSEK consisted primarily of net investments in fixed-income funds and 128.8 MSEK for the acquisition of text+, a US second-number app with ~1.5 million monthly users, which was completed on September 10. During the quarter, a bank loan of 850 MSEK was drawn down, and 364.6 MSEK was used for share buybacks. As of September 30, 2026, cash and cash equivalents and short-term fixed-income funds totaled 1,273 MSEK, yielding a net cash position of just over 400 MSEK after the loan and before lease liabilities. The equity ratio was 32.6% (Q3'25: 72.7%). The decline is explained by the bank loan increasing total assets while share buybacks reduced equity. An undrawn credit facility of 500 MSEK runs until 2028.

After the period, the company received the first formal transfer pricing decision in the ongoing tax dispute in India, which concerns how revenue was allocated between group companies in Sweden and India. The gross claim for all audited years is estimated at ~900 MSEK and the net effect after Swedish tax relief for double taxation at ~550 MSEK. The company is contesting the claims and has initiated a MAP (Mutual Agreement Procedure) between the Swedish and Indian tax authorities, which is expected to take 2–3 years. In the meantime, bank guarantees of up to 900 MSEK are expected to be required. According to the company, the 92 MSEK provision in Q3'26 pertains to all audited years.

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> **This year has been tough for all of us, but I believe we have come out of it stronger than we were in 2025.**
>
> Rishit Jhunjhunwala
> – CEO, Truecaller AB · Q3'26 report

4. Market and trends

Truecaller operates in the caller ID and spam blocking market, which the company describes as fragmented. Competition comes from four directions: smartphone manufacturers, telecom operators (e.g., Jio Security), operating system providers (Phone by Google), and third-party apps such as Hiya, CallApp, and Eyecon. In India, the enterprise business also faces operator-based name presentation, Business CNAP (Calling Name Presentation). The user base is concentrated in emerging markets, with India accounting for 63% of net revenue in Q3'26. Revenue per user, however, is highest in the rest of the world.

The dominant driver is the volume of spam and scam calls in rapidly digitizing economies, combined with the fact that Truecaller's number database improves with every user. The company identified 68 billion spam and scam calls in 2025, and according to the company, privacy regulations in mobile operating systems make it harder for new entrants to build a comparable database.

- **AI-driven fraud:** According to the CEO, fraud has never been cheaper or more sophisticated, increasing the need for protection for both consumers and businesses.
- **Smartphone adoption:** First-time buyers in India, Nigeria, and Egypt are driving user growth, but global shipments fell by 20–22% in Q3'26 as memory components became more expensive.
- **Willingness to pay for digital services:** Conversion to paying users is also rising in India, with growth strongest in Latin America, Africa, and Southeast Asia.
- **Verified business channels:** Businesses demand trusted channels for authentication and customer contact, while regulatory alternatives such as CNAP compete.

5. Growth drivers and risks

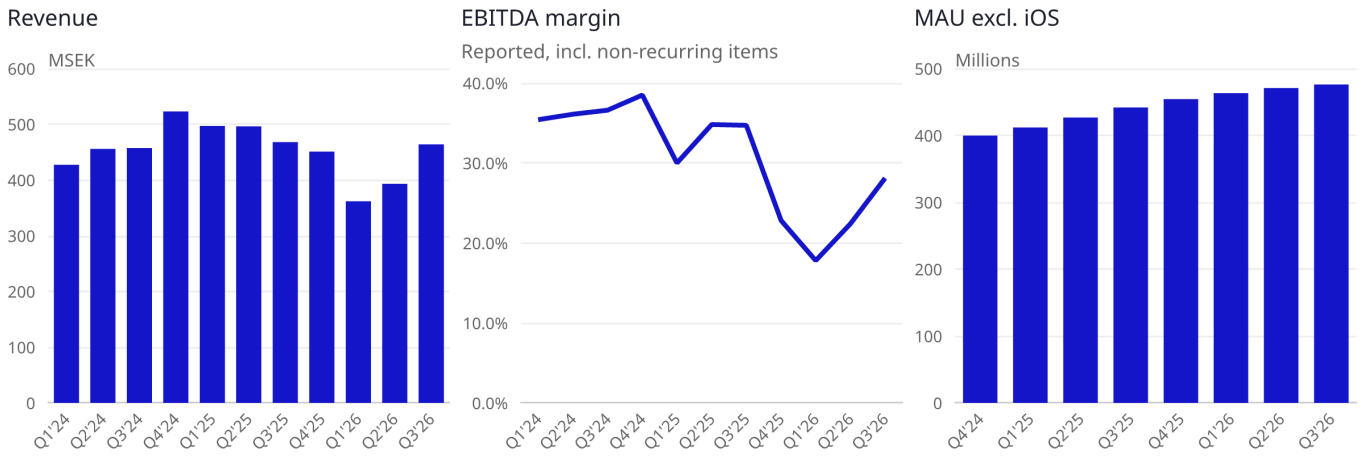
Growth drivers

- **Premium:** The conversion rate rose to 0.80% (Q3'25: 0.69%) and ARPU (Average Revenue Per User) to SEK 10.41 per month, supported by partner bundles via operators and services such as Tigo, Ooredoo, and CRED.
- **Proprietary ad platform:** The new auction model covered ~10% of users in Q3'26 and is set to be scaled up in Q4'26.
- **Business messaging:** The multi-partner model generated 4.6 billion messages in Q3'26, up 18% from Q3'25.
- **text+ and mobile services:** Secondary numbers, VoIP (Voice over Internet Protocol), and eSIM broaden the offering and increase presence in the US.
- **Geographic diversification:** Revenue from the rest of the world grew 27% in Q3'26 and accounts for an increasing share of revenue.

Risks

- **Partner dependence:** A significant share of advertising revenue comes via third-party exchanges. A flag from the largest demand partner reduced advertising revenue during H1'26.
- **Tax risk:** The transfer pricing dispute in India has an estimated net exposure of ~550 MSEK and requires bank guarantees of up to 900 MSEK.
- **Currency risk:** Google and Apple bill users in local currency, so a stronger SEK vs. INR and USD reduces revenue in SEK. The impact was ~-17 MSEK on revenue in Q3'26.
- **Platform dependence:** The service relies on Android and iOS, and changes to operating system rules can affect functionality and revenue.
- **Regulations and data protection:** Changed data protection laws or local rules in key markets can limit operations and impact reputation.

6. Financial performance – KPIs



7. Financial targets

- **Profitability (formal target):** EBITDA margin above 35%. Not met. The margin was 23.2% for January–September 2026 and 30.7% for full-year 2025.
- **Dividend (formal policy):** 25% of net profit. In line with the policy. For 2025, a dividend of SEK 0.28 per share was paid, representing ~24% of the year's profit. For 2024, an ordinary dividend of SEK 0.37 was paid alongside an additional special dividend of SEK 1.33.
- **Share buybacks (mandate):** Up to 10% of outstanding shares. In Q3'26, shares were bought back for 364.6 MSEK.
- **Users (long-term ambition):** 1 billion users. MAU excl. iOS was 476.2 million in Q3'26.

8. Potential triggers (next 6–12 months)

- **Q4'26 report February 17, 2027** – The report will show whether the year-on-year growth in advertising from September holds up in the seasonally largest quarter. It is also the first full quarter with text+, and the EBITDA margin can be compared to 32.0% excl. non-recurring items in Q3'26.
- **Tax dispute in India** – Remaining decisions are expected through Q1–Q2'27. Bank guarantees of ~270 MSEK are expected in Q4'26 and up to 900 MSEK in total.
- **Scaling of the auction model** – The model covered ~10% of users in Q3'26 and is set to be scaled up. The outcome is visible in advertising revenue per DAU (Daily Active Users), which was SEK 0.60 in Q3'26 (Q3'25: SEK 0.77).
- **text+ in the US** – Integration with Truecaller's caller ID and marketing within the Truecaller app are ongoing.
- **Business messaging** – Coming quarters will show whether the record level of ~1.7 billion messages in September 2026 can be maintained with multiple partners.
- **New Chief Business Officer** – The recruitment of a successor to Ben Zhang is ongoing.
- **Capital allocation** – The company has stated that the loan will provide room for continued share buybacks and acquisitions.

9. Frequently asked questions from investors

Why was the net result negative in Q3'26 despite an EBIT of 113.6 MSEK?

The tax expense amounted to 131.9 MSEK and included a provision of 92 MSEK for the transfer pricing dispute in India, which covers all audited years and, according to the company, will not recur on a quarterly basis.
In addition, the advisory costs of 18.3 MSEK for text+ are not tax-deductible. Excluding the provision, the tax expense was 39.9 MSEK, an effective tax rate of 36.5%.

Why has the gross margin dropped from 75–77% to ~71%?

The company cites three reasons: server costs for its own advertising platform, temporarily higher costs to verify new users, and the fact that certain partner revenues are now recognized on a gross basis, with the commission as a distribution cost. The final effect increases both revenue and costs but does not affect operating profit. (EBIT)

What is the company's competitive advantage?

According to the company, it is the database, which has been built by users' own reports and flags since 2009 and which identified more than 95% of all calls globally in 2025. The service operates independently of country, operator, and phone, unlike operator and manufacturer solutions. User growth is primarily organic, although pre-installations by mobile manufacturers (OEMs) contribute.

How dependent is the company on India and on individual partners?

India accounted for 290.5 MSEK of the 464.0 MSEK in net revenue in Q3'26 (63%), down from 73% in Q1'25. Advertising, which made up 53% of revenue in Q3'26, is sold largely via third-party exchanges, and receivables from ad networks primarily relate to Google. During H1'26, a flag by the largest ad partner decreased revenue, and within enterprise messaging, the company abandoned an exclusive partner model to decrease concentration.

10. What does the optimist say? / What does the pessimist say?

What does the optimist say?

Call and messaging fraud is increasing structurally, and AI makes them cheaper to execute. Truecaller's database of half a billion users is an asset that is difficult to replicate.

The revenue mix is shifting toward recurring revenue: Premium and enterprise services are growing and now account for almost half of revenue, making the business less dependent on the advertising market.

The transition of the advertising business and enterprise messaging appears to be completed, with sequential growth across all revenue streams and a lower cost base following the restructuring.

text+, eSIM, and more paying markets outside India provide optionality and geographic diversification.

What does the pessimist say?

Advertising still accounts for over half of revenue and has proven vulnerable to decisions made by an individual partner, making revenue difficult to forecast.

The tax dispute in India ties up up to 900 MSEK in guarantees for several years, and the outcome is beyond the company's control.

The profitability target of over 35% EBITDA margin has not been reached, and the gross margin has fallen as the company builds its own ad technology.

User growth is slowing as smartphone sales decline, and operator and OS solutions such as CNAP are competing with the core offering.

Glossary – abbreviations and terms

- **ARPU** – Average Revenue Per User. Average monthly revenue per paying premium user. Shows whether the company is generating more revenue per subscriber.
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Business CNAP – Calling Name Presentation. Operator-based display of company names during calls in India, which competes with Truecaller's Verified Business.

- **Conversion rate** – the share of active users who pay for Premium. A key lever for recurring revenue.
- **DAU** – Daily Active Users. Average number of daily users (excl. iOS). Ad revenue per DAU shows how well the ad space is monetized.
- **eSIM** – embedded digital SIM card. Truecaller sells Travel eSIM for mobile data, a new product category alongside caller identification.
- **Intermediary costs** – costs for servers, user verification, and partner commissions. Determine the gross margin.
- **MAP** – Mutual Agreement Procedure. Negotiation between Swedish and Indian tax authorities to avoid double taxation. Expected to resolve the tax dispute.
- **MAU** – Monthly Active Users. Average number of monthly users (excl. iOS). The base for both advertising and premium revenue.
- **OEM** – Original Equipment Manufacturer. Mobile manufacturers that pre-install Truecaller. Fewer phones sold means fewer new users.
- **Programmatic advertising** – automated sale of ad impressions via auctions with external partners. Accounts for the majority of Truecaller's advertising revenue.
- **TfB** – Truecaller for Business. The enterprise business with verified calls, business messaging, and risk products.
- **Transfer pricing** – how revenue and profits are allocated between group companies in different countries. The basis for the tax dispute in India.
- **VoIP** – Voice over Internet Protocol. Voice calls over the internet, part of the text+ offering.

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13/11/2026

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