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Truecaller

Q1 2026



Speakers



Bharath Nagaraj

Director of Equity Research | Cantor Fitzgerald



John Karidis

Research Analyst | Deutsche Bank



Odd Bolin

CFO | Truecaller



Operator



Predrag Savinovic

Equity Research Analyst | DNB Carnegie



Rishit Jhunjunwala

CEO | Truecaller



Thomas Nilsson

Senior Equity Research Analyst | Nordea

Prepared Remarks

**Rishit Jhunjunwala**

CEO | Truecaller

Hello, everyone, and welcome to our Q1 report webcast. I'm Rishit Jhunjunwala, the CEO of Truecaller, and with me I have Odd Bolin, our CFO, as always. Today, I'll talk about how we performed in the quarter in a few important areas. I'll hand over to Odd to talk about the financial performance, and then we'll open up for Q&A. In Q1, the average MAU was 463 million, which is a growth of 12% year-on-year. Our average DAU was 403 million, which is 13% growth year-on-year, and we continue to have a very healthy engagement with the DAU and MAU ratio of 87%. Net sales decreased with 27% year-on-year in SEK. Our EBITDA decreased by 57%, and we reported a margin of around 18%, including incentive costs.

**Rishit Jhunjunwala**

CEO | Truecaller

As you are aware, our headline numbers during the year have been affected negatively by the strengthening SEK, which is something Odd will cover more in his part of the presentation. In terms of user growth, we added 9 million users this quarter, surpassing an important milestone of half a billion people around the world using Truecaller today. This growth came from all regions, even though we reduced our spending to acquire users, given the current revenue challenges we've been seeing. CNAP in India still remains at a partial rollout, similar to what we said in the Q4 2025 report.

**Rishit Jhunjunwala**

CEO | Truecaller

So far, the impact on our user growth is limited, which is, while this is a good sign for us, as I've said multiple times in the past, we do expect that CNAP might have some impact on user growth in that region, but it remains to be seen as it rolls out. We're also very excited about the growth we're seeing in multiple regions around the world. We believe we can add value to people across the globe, and hence, this has been a big focus area for us. While our top markets continue to grow, there are numerous countries where we grow really well, mostly organically, and we believe that our focus on this is what will get us closer to our 1 billion user mark in the coming future. I'll talk about our three revenue streams. Let's start with the advertising revenues first.

**Rishit Jhunjunwala**

CEO | Truecaller

In Q1, we continued to have challenges on programmatic advertising that has persisted for two quarters earlier as well. The year-on-year comparison looks especially weak given that Q1 and Q2 last year included a large contribution coming from the real money gaming sector in India in connection to the IPL season that takes place around this time. The situation in the Middle East also reduced our revenues from that region. Our direct sales, however, excluding RMG, started to show promising signs with some growth sequentially as well as year-on-year. As mentioned earlier, we have a robust plan to reverse our revenue trend on ads and have been working hard on it. The progress in Q1 met our expectations, and we're looking forward to seeing results of this in the coming quarters.

**Rishit Jhunjunwala**

CEO | Truecaller

On the programmatic side, we've made good progress transitioning to a more competitive auction-based bidding model. Around 30% of our user base are now on this new architecture. The next step on this is to roll this out to a wider user base within this quarter itself. Post the wider rollout, we will begin growing yield per ad impression by implementing a new programmatic model. On the algorithm change we saw from our largest demand partner last year, we've done several fundamental optimizations on our inventory in Q1, which we believe will increase the value of our inventory and eventually get us back to better revenue levels than we've been seeing recently. On the direct sales side, an important part of our strategy, of course, we recently announced several partnerships in India and other regions which extends our reach with our high-value proprietary ad offerings.

**Rishit Jhunjunwala**

CEO | Truecaller

These too, over time, will yield results for us. Moving on to our premium revenues. Our premium revenue grew exceedingly well, 37% year-on-year, which is 52% in constant currency. Our subscriber base grew 43% year-on-year, the conversion rate as well grew by 27% with steady ARPU development. Let's now go a bit deeper into the premium revenues. You can see that the geo mix of this revenue stream looks different compared to the total mix of Truecaller's revenue. Compared to last year, all regions are continuing to show significant revenue growth. Remember that this is in SEK, which was negatively impacted by the strengthening of the SEK, the underlying growth is actually even higher. The monthly ARPU and the conversion to premium, what you can see right now on your slide, varies a lot between different regions.

**Rishit Jhunjunwala**
CEO | Truecaller

As you can see, conversion in markets outside of India and MEA is five times as high as in India. It is important to note that all regions have been increasing over time. I'd like to now call out a few exciting markets on premium revenue for us. You can see here there are several markets where we have more than 50% year-over-year on premium revenues and higher ARPU than our average on premium revenues. This is a focus area for us. We're very bullish on growing these markets where we actually have a lot more headroom left to grow.

**Rishit Jhunjunwala**
CEO | Truecaller

As you can see in the previous slides, as well as this one, our focus on this area is clearly paying off. Not only do we have sustained revenue growth, but the rate of converting free users to premium subscribers is growing both on iOS as well as Android. Although Android might look like a laggard here compared to iOS, it is important to see the rapid growth in conversion during the last few quarters. Given the huge user base we have on Android, it is of course very promising for us in the long term. On to Truecaller for Business, our third revenue stream. Net sales declined 25%, amounting to SEK 59 million this quarter.

**Rishit Jhunjunwala**
CEO | Truecaller

It is important to understand that this decline is an effect of two primary things: FX movements, which were quite significant during this period, and a deliberate change in the business model for business messaging. Our ARR for verified business declined in SEK, grew 19% in constant currency. The growth rate for verified business is lower, as indicated in the last quarter, due to lower new bookings in Q4, which shows up as lower growth in Q1. Compared to the lower new bookings in Q4, just to talk a little bit about Q1, we did see some recovery in Q1 with more customers being signed on for the core Truecaller for Business offering. Truecaller for Business has grown well for several years now.

**Rishit Jhunjunwala**
CEO | Truecaller

In the last quarter, we pointed out that we're seeing competition from telco offerings in India, which only shows the name of the business calling you. We're still confident we add more value than just showing the name of the business, and that's what our product development has been focused on. Businesses face multiple challenges when communicating with their audience, and we're staying focused on expanding our offering to become the CX platform of choice. We believe this is the right strategy to fight off competition and come back to the higher growth levels we've seen earlier in this part of the business. On business messaging, new partners are ramping up, and we're signing up additional partners as well. This was an expected phase, with our move earlier this year from a single exclusive long-standing partnership to a more diversified partner approach.

**Rishit Jhunjunwala**
CEO | Truecaller

We're currently trending around 10% of last year's volumes, but we are growing each month. Now on to a few product highlights for the quarter, and then Odd will take you through the financial performance. The first part is Truecaller Lite. First time smartphone users and some users in emerging markets often have a limited mobile phone. Truecaller's philosophy has always been to ensure every phone can use Truecaller's core proposition because this seeding leads to sustained user growth over time. In Q1, we launched Truecaller Lite to better serve entry-level phones, which widens the addressable audience and eventually compounds to solid organic growth. You will hear more about progress on this in the future as we expand markets and beef up the product as well. Family Protection, which we launched in select markets earlier, is now fully rolled out globally.

**Rishit Jhunjunwala**
CEO | Truecaller

This is a unique way of tackling the fast-growing fraud problem by empowering what we call the family CTO to protect the entire family. Millions of families have already enabled this capability, and we will continue to make this more powerful in the coming quarters. We also launched Voicemail in India in Q1, mainly to let users send unknown callers to their mailbox if they want to know more about the call. This also creates a whole new use case for Truecaller, something we believe is an important part of our strategy going forward. We're already seeing 5 million voicemails a day on this feature and are excited to see how people use it for different use cases. With that product update, I'll hand over to Odd.

**Odd Bolin**
CFO | Truecaller

Thank you, Rishit. Let me, as usual, walk you through the financials in more detail. This quarter has been characterized by three major factors, namely continuing very good growth for premium, for our premium revenues, as Rishit has pointed out, substantial ads headwinds, the currency effects. Like before, to make it easier to understand the underlying development for our business, we will give you the net sales and EBITDA development in both SEK and in constant currencies this quarter. The constant currencies figures are our best estimates based on the information available to us. Like I've said before, we don't have full information on how partners like Google are managing exchange effects, which limits the precision we can achieve, this is our best estimates. In Swedish krona, our net sales decreased by 27%.

**Odd Bolin**
CFO | Truecaller

Looking at it in constant currencies, the decrease was 16%. EBITDA decreased by 57% in SEK and 44% in constant currencies. The EBITDA margin was 17.8% in SEK, but slightly higher, 20.1%, in constant currencies. Like last quarter, we're obviously not happy with these figures. I'll give you the causes of these pretty mediocre results, while Rishit gave you more insight into how we intend to evolve the business to a position of stronger growth and profitability going forward. Net sales decreased, like I said, by 27% versus 25, Q1, Q1 last year, or 16% in constant currencies.

**Odd Bolin**
CFO | Truecaller

As you can see in the waterfall graph, most of the decrease was due to the weakening demand for our ads inventory that primarily is an effect of the partner algorithm change in the Q3 of last year. Truecaller for Business also contributed to the decrease due to the previous business messaging partnership coming to an end, thereby reducing revenue from that particular partner very sharply. Premium continued to grow and drove a substantial contribution to overall net sales. Currency effects continued to have a material negative impact as the Swedish krona stayed strong versus USD, INR, and other currencies. Looking at ads revenue decreased by 44% versus same quarter last year and 34% in constant currencies. Currency effects obviously continued to have a material negative impact.

**Odd Bolin**
CFO | Truecaller

Again, most of the decrease was, however, due to the weakening demand for our ads inventory. That's, that's an effect of the partner algorithm change last of August. The real money gaming ban that was also introduced last summer in India has decreased overall demand in the market and thereby also the auction pressure, resulting in material negative impact on our ads revenue versus the same quarter last year. This is particularly true for Q1 and also for Q2, when our IPL historically has been a strong market driver, but where the RMG ban has profound negative demand effects. The geopolitical conflict in Q1 has caused some MAU and ad revenue decrease in that region, but nothing substantial on overall numbers, so far I should say.

**Odd Bolin**
CFO | Truecaller

We don't see any signs of that changing, but given the uncertainty of the situation, we're obviously well aware that things can change. Overall, demand has seen a slight decline, which impacts revenue from other programmatic partners too. Within Truecaller for Business, the verified business portion continued to grow year over year in constant currencies, although at a lower rate than earlier. Rishit gave you some of the background on that previously. Business messaging dropped sharply as a previous business messaging partnership ended, like I mentioned. Once again, the strong SEK versus mainly INR continues to negatively impact financials and pretty much counteracted the organic verified business growth this quarter. Looking at recurring revenues, they continued to grow well, 23% in constant currencies. Obviously, this quarter that was entirely driven by premium.

**Odd Bolin**
CFO | Truecaller

Recurring revenues in total now make up 47% of our overall revenues, and their share has been growing constantly for the last few years, even though we've seen a weaker TFB quarter now. Some period last year it was only 32%. We continue to have this as a core focus area to create more resilient revenue distribution going forward. Looking at profits. Gross profit decreased by 33% year-over-year in SEK, while gross margin declined to 70.9% versus 77.3% last year. This margin decrease is due to primarily two factors. Lower revenues impact the margin directly as costs for service and verification, which is part of our cost of goods sold, is not directly linked to revenues.



Odd Bolin
CFO | Truecaller

When revenues decrease, that cost becomes a more important driver of gross margin. Improved transparency on ad partner fees lowered the margin from Q4 2025. Some of the ad partners that we have been working with have finally been able to give us more precise information on the fees that they take out, and we can then book that as cost of goods sold in a way we couldn't do it before, in accordance with our accounting principles. Looking at what at OPEX. Our staff costs has been stable, but will decrease from the announced cost reduction programs that we did in Q1 and the one that we're now doing in Q2, by at least 20% versus a seasonally adjusted monthly figure at the beginning of 2026.



Odd Bolin
CFO | Truecaller

When I say seasonally adjusted, there are certain factors that change month-over-month, like change in vacation pay, and that can have a rather substantial impact on a specific month. Adjusting for that, we will come down with at least 20%. No restructuring cost was taken in Q1. Instead, we let the salary decreases coming from the Q1 cost reduction program take effect gradually as affected employees leave the company. Most of those total employee cost reductions from that cost program in Q1 will materialize in Q3.



Odd Bolin
CFO | Truecaller

For the Q2 cost reduction program that we are doing now, we will, as opposed to the previous program, take a one-off restructuring cost of approximately SEK 23 million that will hit Q2. We will then have no further cost associated with the employees that are forced to leave us this time. Other expenses were lower during the Q1 due to the efficiency initiatives that we took at the beginning of the year, as well as lower investments in user acquisitions. Tax rate was 32%, 28% one year ago.



Odd Bolin
CFO | Truecaller

This is, as we explained after the Q4, due to the fact that a high proportion of group profits are now attributable to India, due to the algorithm change from this large partner that we have that, where we recognize the revenue in Sweden. Now we see a larger share of our profits are being made in India, meaning that the Indian tax rate becomes a more important driver for the group tax rate. Looking a little bit on incentive costs. What I like to call the dilution cost was higher in year-over-year, mainly due to the introduction of the Long-Term Incentive Program in 2025.



Odd Bolin
CFO | Truecaller

They are, however, expected to decrease from Q3 onwards when the LTIP 2022 vests in June. The cost reduction program that we are initializing now will also have some effect on that, decreasing the cost of the program. The vesting event that we will see in June this year will have a cash flow impact similar to what we reported in 2025 Q2 and 2025 Q3. That was due to the vesting of the same program last year. Looking at operating profit including incentive costs, due to lower ad and TFB revenues, EBITDA decreased from SEK 264 million versus SEK 149 million in the corresponding quarter last year. In constant currencies, EBITDA decreased by approximately 39%.



Odd Bolin
CFO | Truecaller

EBITDA margin, including incentive cost, was 17.8%, which is a substantial decrease from 30% last year. Excluding incentive costs, EBITDA decreased to SEK 103 million versus SEK 199 million in 2025. Constant currencies, the decrease was 37%, the EBITDA margin then became 28.6% versus 40% last year. Little bit on cash flow. Net cash flow from operating activities, excluding paid income tax and changes in working capital, was SEK 106 million versus SEK 189 million last year. Accounts receivable were stable. We continued to work hard to ensure that we're paid on for our service in a timely manner, and so far we have been quite successful. You can always do more, we work hard in order to do better.



Odd Bolin
CFO | Truecaller

We are at a position that is well under control. As of today, Truecaller holds 22.3 million B and 5 million C shares, corresponding to approximately 7.8 of the outstanding capital. The board have proposed cancellation of 16.3 million B shares, or approximately 4.6% of the capital. As you may remember, we need a certain amount of B shares in order to cover some previous long-term incentive programs. That's the reason why we're not canceling all of them. We have approximately SEK 900 million in cash and short-term funds available.

**Odd Bolin**

CFO | Truecaller

Our revolving credit facility of 500 million is still not utilized, but continue to be available for interesting M&A opportunities, and we continue to actively evaluate such opportunities, either when we get inbounds coming our way or due to the fact that we see areas where we could further strengthen our product and services portfolio and reduce time to market for important initiatives if and when we can find the right fits. Finally, in accordance with the dividend policy, the board proposes a dividend of SEK 0.28 per share to the annual general meeting later this month. With that, I give the word back to Rishit.

**Rishit Jhunjunwala**

CEO | Truecaller

Thanks, Odd. I want to talk about what we communicated this morning, that we are reorganizing ourselves and creating a more nimble and a focused organization. In early Q1, we undertook initiatives to reduce our cost base. This was primarily due to the revenue downturn we saw in our advertising business. Given the revenue situation, it is very important for us to stay healthy as a business while we work hard on getting the revenue back on track. Like Odd mentioned earlier, we're taking further steps to cut down our costs by reducing our organization by approximately 70 people. We're also using this as an opportunity to simplify our org structure we can be laser-focused on high-priority items, which will give us the long-term growth that we aspire to have.

**Rishit Jhunjunwala**

CEO | Truecaller

The financial implication, like Odd spoke, is that our staff cost, excluding incentive cost, is expected to reduce by at least 20% from Q3 onwards compared to the Q1 levels we see. During Q2, we will also take a one-off restructuring cost of approximately SEK 23 million. Needless to say, this was a very tough decision for all of us to make because Truecaller is a very close-knit group of people, but it was strategically an important one to take. Now I'll summarize the quarter, then we'll open up for questions. In summary, this quarter, we continued to grow our user base and now have more than half a billion people across the world using Truecaller. This growth continues to validate the need for the product and the solution we provide.

**Rishit Jhunjunwala**

CEO | Truecaller

What we have been experiencing in the last couple of quarters are challenges in part of our old monetization structure, something we are now working hard on resolving. Our recurring revenues are growing, driven by continued strong development of our premium offering. Our ads business transformation is underway, and we will continue to drive that change in the coming quarter. While we are experiencing revenue challenges, we are restructuring our organization to simplify our structure, centralize various parts of our business, and because of this, we will see a lower cost base from Q3 as an effect of this initiative, and from a somewhat lower accounting burden on incentive programs as well. The execution in the coming quarters is critical, and the entire team and I won't rest until we are satisfied.

**Rishit Jhunjunwala**

CEO | Truecaller

Once we are past this phase, I'm confident we will start seeing gains on the investments, and in the meantime, we will make sure that the company is lean enough to be agile and laser-focused. Thank you very much.

Q&A

**Operator**

The next question comes from Predrag Savinovic from DNB Carnegie. Please go ahead.

**Predrag Savinovic**

Equity Research Analyst | DNB Carnegie

Hi, guys. Thanks for taking my questions. I'm gonna start by asking a few on business, on the business side. You signed new partners here, and to what extent are they ramped with their engagement with you, and how much is remaining? What is a realistic revenue trajectory here for H2 and onward?

**Rishit Jhunjunwala**

CEO | Truecaller

Yep

**Predrag Savinovic**

Equity Research Analyst | DNB Carnegie

Can you give some kind of timeline perhaps on when you expect the volumes can return to kind of the pre-transition level that you had before this?

**Rishit Jhunjunwala**

CEO | Truecaller

In Q1, we started sending traffic through the other partners, which was not the partner that we had exclusively earlier. We have multiple partners already sending traffic our way. We are at, I would say, about 10% of the traffic that we used to have on average last year. I think that's a healthy growth so far that we've seen. This number does grow month-on-month as well with the existing new partners we have, and we're signing on further new partners as well. In terms of expectations, it's hard to say, Predrag, honestly. We are growing month-on-month, and we are bullish that we will reach over time the same volumes and maybe even more volumes than we did earlier.

**Rishit Jhunjunwala**

CEO | Truecaller

It is a factor of these partners going to enterprises, selling the Truecaller platform, the business messaging platform. The enterprises have to try the Truecaller business messaging platform and then take it from there. We're confident and bullish about it, but it's hard to expect when it would come back to the same volumes.

**Predrag Savinovic**

Equity Research Analyst | DNB Carnegie

Okay. Thank you. Then a similar question, but on the ad side. You've discussed all ads-based or auction-based ad structure. How large percentage of your users are using this? Also here, how quickly do you expect this to ramp?

**Rishit Jhunjunwala**

CEO | Truecaller

Yeah. It's important to understand how we're structured today and where we're moving to. We're right now, I'd like to call it a waterfall model. We have 30 million users, like we spoke about in the presentation, that have moved to this new architecture. This 30 million audience is our test base, and we continue to test on them. This rollout is increasing as we speak. Actually, every day, we do increase this rollout. As we see stable metrics, we expect this rollout to be complete in this quarter. Once that rollout is complete, it gives us the ability to be able to orchestrate our programmatic revenues much better than we used to do earlier. The journey has begun. We've made progress.

**Rishit Jhunjunwala**

CEO | Truecaller

We will complete the rollout exercise in this quarter, and from there onwards, we will start, you know, doing things that will help us extract the right value from our inventory.

**Predrag Savinovic**

Equity Research Analyst | DNB Carnegie

Okay. When you move more on this journey, what does this imply for general ads pricing? Are you able to improve this compared to historically?

**Rishit Jhunjunwala**

CEO | Truecaller

The aim is absolutely to improve the pricing of our ads as well. It's not just about how much we fill on ads, but also the pricing of ads is something that we do aspire to increase over time. Just this move that I'm talking about in Q2 to the new architecture is not something that will grow our revenues. The move is about moving to a new architecture, which we have to do gradually because it's a complex change in our ad stack. Q2, I wouldn't expect dynamics to change dramatically, but from there onwards, we are capable of doing a lot more.

**Predrag Savinovic**

Equity Research Analyst | DNB Carnegie

Okay. On the cost cuts that you made today, they are quite substantial. Are you turning down certain functions because of this, such as sales or R&D, or do you not expect any concessions there?

**Rishit Jhunjunwala**

CEO | Truecaller

We're not. I think what I should clarify is that these cost cuts are important at this stage as we, you know, reset some of the revenue streams that we spoke about. They don't come at a cost of growth. We will not compromise on any aspect of user growth or revenue growth during this time. We believe that doing these cost cuts will actually let us freely take swings at making fundamental changes to our our revenue setup without necessarily worrying about every single percent of profitability at this moment, because we will have healthier profits due to the reduction in cost.

**Predrag Savinovic**

Equity Research Analyst | DNB Carnegie

Okay, very good. Just final quick one. You mentioned Odd. You see some effect from the conflict in the MEA region. Can you quantify that and what do you expect for Q2? What are you seeing so far in the Q2?

**Odd Bolin**

CFO | Truecaller

Well, we have lost a small number of users in the affected areas. We have seen a slight decrease in ads revenue from that region, but we are talking handful of millions of SEK.

**Predrag Savinovic**

Equity Research Analyst | DNB Carnegie

Okay. Thank you.

**Odd Bolin**

CFO | Truecaller

We don't know what will happen going forward, but so does no one else. We'll just have to take it as it comes.

**Predrag Savinovic**

Equity Research Analyst | DNB Carnegie

Sure, sure. Thank you.

**Operator**

The next question comes from Thomas Nilsson from Nordea. Please go ahead.

**Thomas Nilsson**

Senior Equity Research Analyst | Nordea

Thank you very much for taking my question. premium continues to be the strongest growth engine, and conversion has improved to 0.8% of the total user base while iOS conversion is above 4%. How high do you think group level conversion rates can go over the medium term?

**Rishit Jhunjunwala**

CEO | Truecaller

Thanks, Thomas, for your question. You're, you're right. Premium has been a fantastic growth driver for us. We have the conversion rates that you mentioned. Where can this go from here? We believe both on Android and iOS, we have a lot more headroom left. If you look at, you know, industry standard of Premium conversion on many of the other apps, they range much, much higher than where we are today. That's the reason why it's a focus area, and we're very confident and bullish about this area for the future.

**Thomas Nilsson**

Senior Equity Research Analyst | Nordea

Okay. A final question from me. We now see recurring revenue represents 47% of total net sales. Where do you see that ratio going in the, say, next three years?

**Rishit Jhunjunwala**

CEO | Truecaller

Yeah. The ratio of recurring revenue has grown not only because recurring revenue has grown, but also because there is a decline in our ads business. I think that's important to point out. Where do we see it going? Like we've said for several years now that recurring revenues is a more predictable, more resilient revenue type, and we have been focusing on it, and that has got us this far. Having said that, the ads business is a significant part of our business, and we know that with the reach we have of half a billion users, we will have a robust growing ads business someday. It's hard to say how the revenues how this ratio of recurring versus non-recurring will pan out.

**Rishit Jhunjunwala**

CEO | Truecaller

We definitely are bullish about our recurring revenues, and it is a big focus area to create a revenue mix that has a large portion of recurring revenues.

**Thomas Nilsson**

Senior Equity Research Analyst | Nordea

Okay. Thank you very much.

**Rishit Jhunjunwala**

CEO | Truecaller

Thanks, Thomas.

**Operator**

The next question comes from John Karidis from Deutsche Bank. Please go ahead.

**John Karidis**

Research Analyst | Deutsche Bank

Thank you very much. I have a few questions, maybe starting with a big picture question, Rishit, if possible. Would you mind sharing with us what you can regarding thoughts of monetizing your existing user base in more ways than you do today, and how advanced are you in that respect?

**Rishit Jhunjunwala**

CEO | Truecaller

Thanks for the question. That's a good question. We always have believed that we can monetize in multiple different ways on our user base. A simple example of that is even today, we monetize our user base in three different ways. We do have plans of adding other ways of monetizing our massive reach that we have and the high engagement product that we have. You should hear about it over the rest of this quarter and the next quarter. I can't say more than that, but we are definitely working on it.

**John Karidis**

Research Analyst | Deutsche Bank

Great. Thank you. Then, three quick questions, number questions for Odd, if I may. Firstly, to butter you up so that you can answer those questions. I genuinely thank you for giving us greater visibility of all the sort of moving parts within each revenue type. That was very useful. Thank you. Now the questions are, where I'm sitting, I don't really know where the gross profit margin will go. I know the reasoning you give every quarter, but I don't know what that means for the future, if you can sort of help me. Secondly, as far as the tax rate is concerned, I know what the average is in Sweden, and I know what the average is in India.

**John Karidis**

Research Analyst | Deutsche Bank

Realistically, how high could the tax rate go and over what period of time? Lastly, just a point of detail, what was the ARPU for the iPhone premium customers during the period? A year ago, it was SEK 14.04. What was it for the current period, please?

**Odd Bolin**

CFO | Truecaller

Do you remember the ARPU number, Topguard? Let's start with the other ones. The tax rate can hypothetically go to the same number as you have in India, 35% approximately. It all depends on how we distribute our revenue and profits between those two units. Now, we are in the process of updating and modifying a transfer pricing model in such a way that Sweden that takes on a substantial part of the operational cost of the group will also get a larger share of the revenue, irrespective of issues like the one we have right now with this large programmatic partner. I don't expect it to actually end up at 35%, and certainly not over time.

**Odd Bolin**

CFO | Truecaller

We will modify the transfer pricing model in such a way that more revenue will come to Sweden, more profit will be made in Sweden and the Swedish tax rate will have more of an impact. That is an ongoing process and it's also a process that involves tax authorities in India and Sweden, it's not happening overnight. We do expect that to have impact in the not very distant future. Once again, theoretically, it could end up at 35%.

**Odd Bolin**

CFO | Truecaller

Now, looking at the gross margin, one of the two factors that I mentioned, the fact that we have some more visibility from certain partners on the fees that they're charging us, and that we recognize as cost of goods sold is I wouldn't call it a one-time thing, but it's a very small part of our revenue that where we don't know that fee whenever that fee is applicable, precisely enough to recognize it. We managed to squeeze the information out of some partners this last year, and there are not very many partners left where we don't have that information available already. It could be a little bit more coming, but we're talking very small numbers here.

**Odd Bolin**

CFO | Truecaller

The other effect, namely that the cost for verification, et cetera, is irrespective of number or the revenue, obviously means that if revenue were to come down further, we would see higher or lower gross margin. When revenue bounces back up, we'll see a higher gross margin again. It's very much directly associated with the revenue as such. I hope that gives you enough information to do your modeling.

**John Karidis**

Research Analyst | Deutsche Bank

Yeah.

**Odd Bolin**

CFO | Truecaller

The final question that you had on iOS, we were about SEK 13 this year, this quarter, as opposed to SEK 14 same period last year. Thanks.

**John Karidis**

Research Analyst | Deutsche Bank

Okay, lovely. Thank you very much, both. Thank you.

**Odd Bolin**

CFO | Truecaller

Thank you very much, John.

**Rishit Jhunjunwala**

CEO | Truecaller

Thank you.

**Operator**

The next question comes from Bharath Nagaraj from Cantor Fitzgerald. Please go ahead.

**Rishit Jhunjunwala**

CEO | Truecaller

We can't hear you, in case you're speaking.

**Bharath Nagaraj**

Director of Equity Research | Cantor Fitzgerald

Sorry about that.

**Rishit Jhunjunwala**

CEO | Truecaller

Okay.

**Bharath Nagaraj**

Director of Equity Research | Cantor Fitzgerald

Let me restart. Hope you can hear me now.

**Rishit Jhunjunwala**

CEO | Truecaller

Yes.

**Bharath Nagaraj**

Director of Equity Research | Cantor Fitzgerald

The first question is around MAU growth continues to be healthy. But you mentioned that the, you're taking a more disciplined approach to the low ARPU geographies. How should we think about the trade-off between the user growth and monetization going forward? Do we think that the growth rate can be sustained at this level? For the follow-up to that one is like any impact at all you're seeing from CNAP, which you said that there's gonna be a new version in March or something?

**Rishit Jhunjunwala**

CEO | Truecaller

Right. We are taking a more disciplined approach in various markets, including the low ARPU markets. We don't expect it to have a material impact on our user growth as such because a lot of these markets were seeded well with our user acquisition, and once it reaches a critical mass, the organic growth actually takes over. We're also focusing a lot on product improvements and product tweaks in each of these regions, which make it more suited for each of that market and it feels more native to that market, and that too facilitates growth a lot. We've launched Truecaller Lite, which also serves exactly this purpose of creating a more addressable a larger TAM for us, essentially.

**Rishit Jhunjunwala**

CEO | Truecaller

The second part of your question was the impact on CNAP, the impact of CNAP that we are seeing. The rollout was expected in by the 31st of March, as the authorities announced. That date was postponed to 1st week of March, sorry, 1st week of April, if I recall correctly. Since I would say Q4 last year, what we are observing is a similar rollout all the way through, and it hasn't dramatically changed yet. We possibly have some impact of CNAP in India right now with quite an extensive rollout already happened, but it has not rolled out fully. We are waiting and watching when it rolls out, and how it rolls out and what is the impact on us.

**Rishit Jhunjunwala**

CEO | Truecaller

We've of course beefed up our product adequately over time, and we do believe that we provide a lot more value than CNAP, and it should not have an impact on us. We do need to wait for the full rollout for me to be able to give a definitive answer to this.

**Bharath Nagaraj**

Director of Equity Research | Cantor Fitzgerald

Sure. When you say full rollout, do you mean more in terms of what the product itself or in terms of the users that are being targeted by the CNAP program?



Rishit Jhunjunwala
CEO | Truecaller

It's the latter.



Rishit Jhunjunwala
CEO | Truecaller

It's the set of audience, which are targeted by CNAP because CNAP is not 100% consistently available right now in India on, even my phone, for example.



Bharath Nagaraj
Director of Equity Research | Cantor Fitzgerald

Okay. Understood. Last quarter, you mentioned, in Q4 results, you mentioned that the Truecaller for Business might have some impact from this. Was there any impact at all, or is it more driven by what you already described?



Rishit Jhunjunwala
CEO | Truecaller

It's what we described. We said in Q4 that we do expect an impact on Truecaller for Business, the verified business part of it. We said that we do expect to see lower growth rates as compared to what we've seen earlier. This is primarily on the fact that new bookings in Q4 did slow down, and that results in lower growth in ARR in Q1. In Q1, we saw some recovery on new bookings, but it's not at the same levels that we have experienced in the past. That is entirely the business CNAP impact. We continue to believe that business CNAP is a small part of our offering, and it doesn't solve the problem that enterprises have to communicate with their audience.



Rishit Jhunjunwala
CEO | Truecaller

The Truecaller for Business platform solves a lot more problems. We are still a standout platform. We're continuing heads down on product development, continuing to build differentiation against business C-NAP, and I believe we'll come out on top of this.



Bharath Nagaraj
Director of Equity Research | Cantor Fitzgerald

Thank you. Very clear. I just have one more question on the ads, ad side of things.



Rishit Jhunjunwala
CEO | Truecaller

Yeah.



Bharath Nagaraj
Director of Equity Research | Cantor Fitzgerald

In terms of the weakness, is there any quantification on how much of it was driven by RMG, how much by the, you know, Google algo change, and how much by macro kind of weakness? Also, should we expect some kind of stabilization here from Q2? I know you mentioned it's gonna be soft, but Just wondering if there's any further downside risk there.



Rishit Jhunjunwala
CEO | Truecaller

If you had a chance to see the presentation, there is a waterfall on the ads business that quantifies, does exactly what you were asking for in your first question.



Bharath Nagaraj
Director of Equity Research | Cantor Fitzgerald

Okay. Okay.



Rishit Jhunjunwala
CEO | Truecaller

I guess the second part was, do we expect any further downturn in Q2 on the ads business? Like we said, we're not expected to bounce back in Q2. Will we have further downturn? We don't have signals of that as yet, but we need to wait and watch with all the factors taking place in the world today.



Bharath Nagaraj
Director of Equity Research | Cantor Fitzgerald

All right. Thank you.

Truecaller

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Rishit Jhunjhunwala
CEO | Truecaller

Thanks for that.



Operator

There are no more questions at this time, so I hand the conference back to the speakers for any closing comments.



Rishit Jhunjhunwala
CEO | Truecaller

Thanks everyone for joining the webcast. I appreciate that you bear with us in this transformation period that we're going through. We're very confident that we'll make Truecaller a thriving business once again. See you next quarter.