

# CFA Institute

## CFA Institute Research Challenge

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**Figure 1: Company data**

Recommendation	SELL
Company Name	Truecaller AB
Industry	Technology
Ticker	TRUE-B
Exchange	Nasdaq Stockholm Largecap
First Trading Date	October 8th 2021
Current Price as of 23/01/2025	SEK 65.65
Target Price	SEK 25.69 (-60.87%)
Shares Outstanding	353,040,414
Market Capitalization	SEK 23,177,103,179

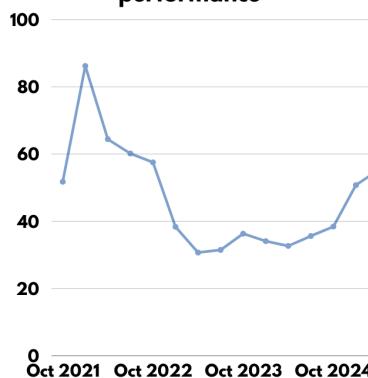
Source: Company Data, Yahoo Finance, Team Analysis

**Figure 2: Investment recommendation**



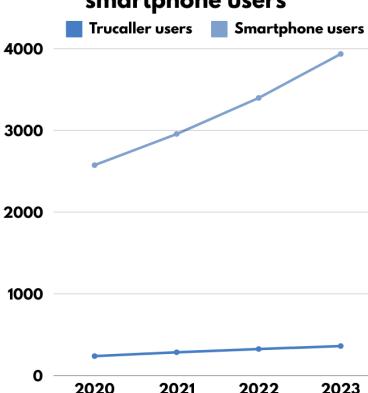
Source: Team Analysis

**Figure 3: Share price performance**



Source: Yahoo Finance

**Figure 4: Truecaller vs. smartphone users**



Source: Company Data, Statista

## INVESTMENT SUMMARY

Truecaller, a Swedish tech company specializing in caller identification, spam blocking, and VoIP services, has successfully gained market share in India and other emerging markets. The company is now focusing on expanding into the US, with a new subscriber-only iOS app in development. Truecaller presents a unique investment opportunity, driven by its B2C business model, which differentiates it from many B2B-focused tech companies. While its operations are similar to those of private companies, its public listing places it among other firms in the tech sector, offering both growth potential and distinct investment risks.

We recommend a SELL position for Truecaller with a target price of SEK 25.69 (Figure 1), implying a significant downside of 60.87%. Since the downside exceeds -15% (Figure 2), we believe the risk outweighs the potential for upside. This recommendation is supported by a comprehensive investment risk analysis, which highlights that the company's long-term survival is heavily reliant on external factors. The target price is based on a weighted valuation model incorporating DCF, DDM, and relative valuation methodologies.

The primary threat to Truecaller is competition. Should tech giants such as Apple or Google, who already possess both the consumer base and the means, as well as existing platforms, decide to take real interest in spam and fraud protection, it is highly likely that this would result in the demise of Truecaller. Additionally, regulatory challenges are a significant concern, as stricter government policies in key regions could create operational hurdles. Mobile operators are integrating spam-blocking features directly into their subscriptions, reducing the need for third-party apps like Truecaller. This shift highlights the potential obsolescence of the company's core offering.

Truecaller has experienced significant fluctuations in its share price since its IPO in October 2021. The price decreased from a high of SEK 140 in December 2021 to a low of SEK 24.72 (Figure 3), reflecting volatile investor sentiment and mounting concerns about the company's growth prospects. As of today, the stock trades at SEK 65.65, strengthened in part by optimistic buy recommendations from several Swedish financial institutions. However, these recommendations, in our opinion, appear overly optimistic, given the substantial risks and declining growth trend highlighted by our analysis.

Even though the company has found success in India, Truecaller is showing signs of a shrinking market share. While the company boasts impressive user growth numbers, these should be contextualized within the broader trend of smartphone adoption. Viewed in this light, Truecaller's growth appears less remarkable, as its relative market share has been steadily declining (Figure 4). The company seems to have reached the end of its period of dynamic growth and is now growing in line with the market, marking a shift from rapid expansion to a more stable growth phase.

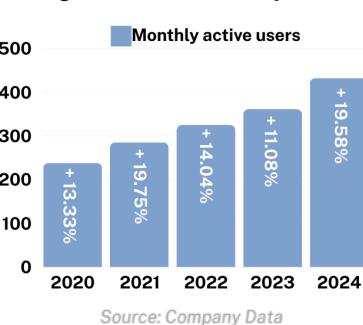
## KEY FINANCIALS

The company is creating returns mainly through high net profit margins combined with low leverage. The asset turnover is rather low and is assumed to stay at low due to management's decision to keep a strong cash position to be able to move fast in the market when needed<sup>1</sup>. As a result of the strategy the company's quick ratio is very high, indicating low efficiency of asset use. Keeping the balance sheet clear from borrowings, with leases as only debt, keeps Debt / Adj. EBITDA at low levels and interest coverage ratio at high levels (Appendix 2; Appendix 3; Appendix 4).

<sup>1</sup> Company Presentation November 20th 2024

## BUSINESS DESCRIPTION

**Figure 5: MAU development**



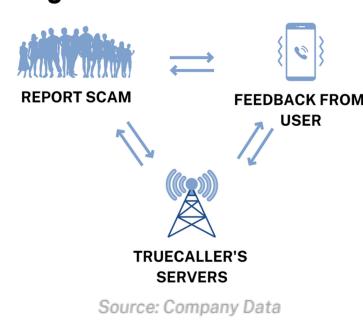
### OVERVIEW

Founded in 2009 in Stockholm, Truecaller is an online service designed to help users avoid unwanted calls and facilitate shielded and seamless communication between individuals through its consumer service line, as well as between companies and their customers through its business communication offerings. The app has experienced steady growth (Figure 5) and, as of September 2024, is actively used by 413 million individuals and 2,500 businesses each month, primarily in South Asia, the Middle East, and Africa.

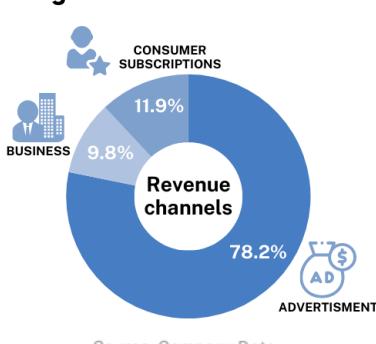
Truecaller identifies spam calls in two main ways:

1. It tracks incoming call data from phones with Truecaller installed. Numbers with unusually high call volumes are flagged as spam and shared with users.
2. Users can report numbers as spam. If a number is reported repeatedly, it is marked as spam. The spam list is updated on users' phones, and Truecaller shows a warning or blocks the call based on user settings (Figure 6).

**Figure 6: Call identification**



**Figure 7: Revenue channels**



### BUSINESS MODEL

Truecaller delivers services to its customers through two core offerings: Truecaller for Consumers and Truecaller for Businesses. The former accounted for 90% of revenue in 2023, while the latter, launched in 2021, has experienced remarkable growth with a revenue increase 56% over the past year.

Truecaller generates revenue through three primary channels (Figure 7):

**1. Advertising:** Last year, advertising revenue reached SEK 1,346 million, accounting for 78,2% of total revenue. Users who choose not to subscribe to the premium version encounter ads while using the app. With an average of 293 million daily users, Truecaller offers an effective platform for companies to reach their target audience by displaying their advertisements and promoting their products. Notable brands that advertise on Truecaller include Amazon, Nestlé, H&M, and Volkswagen. A key attraction for businesses is the ability to specify their target audience based on location, gender, age, and interests, making it easier for companies to connect with potential customers.

**2. Consumer Subscriptions:** Although fewer than 1% of monthly users have subscribed to Truecaller Premium, this service generates 11,9% of the total revenue, amounting to SEK 206 million. The app offers two paid membership plans: Premium (approx. SEK 836 per year) and Gold (approx. SEK 1,673 per year). The primary difference between the two is that the Gold plan includes live chat support and enhanced Caller ID features. The company sees significant potential in this revenue stream and aims to develop new features to encourage users to pay the subscription fee. The latest additions include Truecaller Assistant and call recording, which leverage AI technology to enhance spam protection.

**3. Truecaller for Business:** Since its launch three years ago, Truecaller for Business has been used by more than 2,500 enterprises across 37 countries. This service line accounted for 9,8% of the total revenue in 2023, generating SEK 176 million. Given that fraud is inherent in B2C communication, prominent brands such as Uber, Volvo, Google, and IKEA have opted for Truecaller for Business to ensure smooth communication with their customers and prevent their messages from ending up in customers' junk folders.

### COMPANY STRATEGY

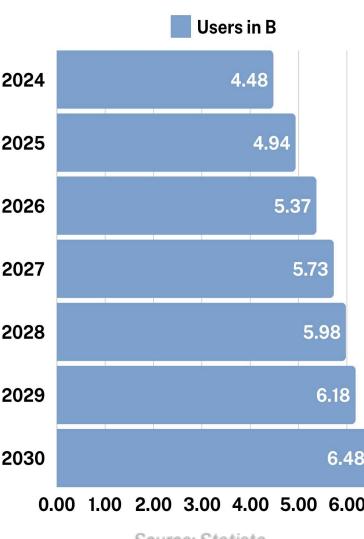
India is the main market for Truecaller, but with the market being in its infancy regarding ad-revenues, more mature advertising markets are targeted. Going forward the company will focus on growth in Latin America and the United States, at the same time as leading position in India is maintained (Figure 8). The company is also focusing on their premium conversion rate as well as Truecaller for business. Among monthly average users, MAU, less than 1% are premium subscribers. Going into markets with generally higher premium conversion rate, like for example the US, creates opportunities to increase revenues. Since 2021 revenues from Truecaller for business have grown exponentially generating revenues from a third revenue source.

**Figure 8: Market presence**



## INDUSTRY OVERVIEW & COMPETITIVE POSITIONING

**Figure 9: Smartphone usage development**



### INDUSTRY OVERVIEW

Today, malicious telephone calls can pose significant personal and financial risks to recipients. Consequently, several apps and web services have been developed to help users avoid spam calls and identify unknown callers. Key players in the industry include Truecaller, Hiya, Getcontact, Sinch, Bandwidth, 8x8, Route Mobile, and Twilio Inc.

Industry drivers include the increase in smartphone penetration, spam calls, awareness about spam blocking apps and technological advancements (AI and machine learning).

**Smartphone Usage:** As of 2024, the number of smartphone users has reached 4.48 billion (Figure 9). China leads in smartphone usage with 1.12 billion, followed by India with 1.08 billion and the USA with 316.8 million, and Brazil being in fifth place at 125 million. While India is the primary market for Truecaller's offerings, the USA and Latin America are a target for increased sales. The number of smartphone users in countries correlates with the volume of spam calls received, with Latin America, China, and the USA leading the trend. (Appendix 5) However, China is not within their target market due to socio-political reasons.

**Technological advancements:** have both positive and negative aspects. On one hand, AI has made it easier for fraudsters to clone voices and send automated messages, increasing the risk of fraud. On the other hand, spam-blocking apps have incorporated AI into their services, improving efficiency in identifying unknown callers and offering AI assistants to help users navigate the app more effectively.

**Figure 10: Porter five forces**

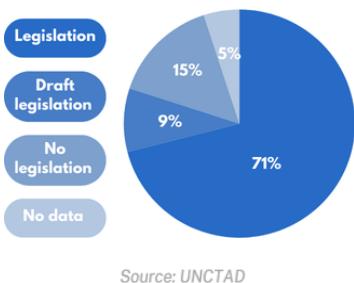


**Awareness about caller id apps:** In addition to the marketing efforts of caller ID apps, it is important to note that preventing spam calls has become a priority for governments and financial institutions. According to the "Truecaller Insights U.S. Spam & Scam Report," Americans alone have lost \$25 billion to online scams. As a result, there is a growing demand for solutions to combat spam calls, which in turn fosters awareness about caller ID apps.

### FRAUD DEFENCE

The significant increase in global fraud has put pressure on governments to protect their citizens. Several countries, including the United States and India, have taken strong anti-fraud measures by building fraud protection directly into their telecommunications infrastructure. Additionally, telecom operators have incorporated fraud protection into their services, particularly in the United States and parts of Europe. These developments have created significant barriers to entry for new competitors and intensified competition from other industries (Figure 10; Appendix 6 for a full breakdown of Porter Five Forces).

**Figure 11: Legislation**



### CONSUMER TRUST

A business model based on consumer trust faces growing concerns over data privacy and regulations. Consumers, especially younger generations, are more aware of data protection and are willing to switch companies based on privacy policies. While global awareness of national privacy laws remains relatively low, it has increased from 43% to 46% over the past year. Among those who are aware, 66% view their country's privacy laws positively, indicating stronger trust in compliant companies. Currently, 71% of the world's countries have implemented data protection laws, with more expected to follow suit (Figure 11). For Truecaller, adhering to these regulations is key to maintaining customer loyalty and mitigating regulatory risks, particularly as legal and social factors continue to evolve (Appendix 7).

**Figure 12: Scam call competitors**



### COMPETITIVE POSITIONING

The industry is filled with numerous competitors (Figure 12), each providing their own unique set of features and services through their apps. Several companies provide similar B2C services globally, plotting the competitive landscape for Truecaller. The app competes primarily in terms of features, user experience and accessibility. Truecaller stands out from its competitors due to its comprehensive feature set, high number of downloads, and strong user ratings (Appendix 8), which position it as a leader in the market. Most businesses operating in the B2C area, competing with Truecaller in the field of their main operations, are non-public companies, making them unique from an investor's point of view. Among the public companies the main operations are mainly B2B, which is only a small part of Truecaller's operations.

## COMPETITIVE ADVANTAGE

Truecaller's competitive edge comes from its vast database built by its users, a strength that allows the app to continuously improve its spam detection capabilities (Figure 13; Appendix 9). The company recognizes this collection of data as what truly sets it apart from the competition. Inside the app, users are invited to participate in short surveys after each call, and with every survey completed, Truecaller gets better at spotting spam calls. It's remarkable to note that the community contributes over 500 million data points each day.

## MARKET CHARACTERISTICS

The spam calling and caller identification market can be characterized as an oligopoly, where high entry barriers exist, such as the need for substantial databases that established players have spent years accumulating. New entrants may also struggle to monetize their services, as the nature of this industry demands a high level of trust between customers and providers. Consequently, users tend to favor established providers over newcomers.

## MARKET PRESENCE AND EXPANSION STRATEGY

**The majority of Truecaller's customers** are located in India, where the company holds a dominant 30% market share. In 2023, Indian users spent a staggering 32.4 billion hours on caller ID and call-blocking apps, investing approximately \$7.3 million in these services. Currently, Truecaller's main expansion strategy focuses on the U.S. market. To date, Android users constitute 93% of Truecaller's user base. In an effort to gain market share in the U.S., Truecaller launched a new iOS app in 2022. However, entering the U.S. market will be challenging for Truecaller, as it faces well-established competitors that are leading in other regions globally (Figure 14).

**Another strategy the company** employs to gain a competitive advantage is integrating its services with communication apps like WhatsApp and Telegram, as well as partnering with companies like Microsoft to incorporate Azure AI Speech's Personal Voice into the app, thereby enhancing the customer experience.

Since 2018, Truecaller has acquired four companies in the internet software and gaming sectors to broaden its database and service offerings, enhance its advertising capabilities, and strengthen its partnerships (Appendix 10).

## ENVIRONMENTAL, SOCIAL & GOVERNANCE

Given the tech sector's increasing focus on environmental impact and product quality, examining Truecaller's ESG profile is crucial. Truecaller has received an overall below-average ratings from the ESG rating agencies (Figure 15). Our analysis indicates that Truecaller has fallen behind in the Environmental and Governance categories. Our scorecard method is explained and illustrated in the Appendix 11. ESG was assessed with distinct weights: governance was weighted at 50%, social at 30%, and environment at 20%. This is due to the relative importance of each category to Truecaller and the industry in which it operates. Truecaller is in the early stages of its ESG initiatives, having only implemented them for two years.

## ENVIRONMENT

The sustainable long-term goals are, in our opinion, still not fully clear. Their initiatives and strategy for sustainability show some commitment, but there is room for improvement and a need for clear steps for future plans.

**Commitment:** In 2022, Truecaller set a long-term target to join partners with the purpose of joining the 1.5C initiative, however, there has not been any update or clear suggestion of how they will manage to do so from the sustainable report 2023. Truecaller has focused on reducing waste and recycling by donating electronic equipment to the less fortunate. The remaining is sorted, measured and collected and reported to the "Indian Pollution Board".

**Datacenter:** As of 2023, Truecaller has transitioned all their workflows to Google Cloud Platform (GCP), which will reduce their environmental impact through GCP's efficiency and use of clean energy.

**Workspaces:** Truecaller's offices have been certified under the LEED program, with their headquarters in Stockholm, Sweden, earning the highest rating. Their first office outside of Sweden, located in Bangalore, India, was granted certification in March 2023. Showing some level of commitment to environmental sustainability.

Figure 13: SWOT analysis



Source: Team Analysis

Figure 14: Main market competitors



Source: Team Analysis

Figure 15: ESG scorecard

	Team A	Bloomberg	S&P capital
Overall score	2.55/5	2.5/10	26/100
Environment	1.5	0.47	14
Social	3	2.41	26
Governance	2.7	5.57	32

Source: Bloomberg, S&P Capital & Team analysis

## SOCIAL

**Workplace Health and Safety:** All Truecaller's employees have to attend mandatory training in health and safety. Additionally, Truecaller has implemented "Code of conduct" where it provides information about the policies and guidelines, to all employees, about anti-corruption policy, whistleblowing process, work environment and health policy. Truecaller campaigns, such as "#ItsNotOk" and "#CallItOut" (both launched in 2022), have focused on women's safety and encouraged reporting harassment to the relevant authorities, significantly raising awareness and promoting a safer environment for employees and the broader community.

**Workforce:** The only diversity metrics reported by Truecaller focus on the difference between men and women, without addressing other aspects in the field of diversity, equity and inclusion (DEI). Truecaller is currently lagging behind in its gender distribution and the growing emphasis on DEI (Figure 16; Figure 17). In 2023, Truecaller's "Employee Net Promoter Score" (eNPS) was 29 (Figure 18), indicating a "Fine" rating with room for improvement. This score is below the industry average of 35 for the technology sector and represents a decrease from the 2022 score of 38. Additionally, Truecaller's "Net Promoter Score" (NPS) score reached 62 in 2023 (Figure 18). This score is in line with the average score of 61 in the technology sector. Customer reviews (Figure 19), show Truecaller's average rating of 3.75 out of 5 stars, based on over 24 million reviews across various platforms, generally a positive user experience.

## GOVERNANCE

**Data privacy and security:** Truecaller's data collection is broad and extensive, covering a wide range of personal information from users' devices, having the most data collection by data point (Figure 20). Additionally, if users enable the function "Enhanced functionality search" one's device address book information can be registered in the Truecallers database. Truecaller's global privacy policies compliance includes GDPR, CCPA, VCDPA, NDPR, and countries, such as Brazil, Switzerland, as well as compliance with regulations worldwide. Truecaller has faced several data and privacy security challenges in the past. In 2013, the company experienced a cyberattack that resulted in a data breach. Truecaller confirmed the breach, it assured that no sensitive information was exposed. In 2016, an investigation by "Factwire" revealed that Truecaller searches could be conducted on the app provider's official website without installing the software, raising concerns about data privacy and security. Additionally, it was reported that Truecaller had access to users' call logs, GPS data, and SMS messages. This increased scrutiny from privacy regulators led Truecaller to revise its data collection practice and enhance its transparency. Truecaller has been banned by the Indian Armed Forces from their smartphones because of the plug leakage of information. Furthermore, a petition was filed against Truecaller in the Bombay High Court in April 2021. The petition raised concerns about Truecaller allegedly collecting private data without user consent and auto-registering users in the Unified Payments Interface (UPI). The case is still pending. Truecaller's controversial level is outlined in Appendix 12.

**Legality:** The Income Tax department in India raided multiple Truecaller offices across India during the 7th of November 2024, this is a part of an investigation into alleged tax evasion, including concerns surrounding transfer pricing practices.

**Board of directors:** Tenure of the BoD, ranges from 3 to 15 years, with high approval rate in 2023. Since 2021, there has been 33 percent female representation on Truecaller's Board. The diverse backgrounds and extensive management experience is illustrated in detail in Appendix 13. An individual holding a leading position at Truecaller sold 1 956 413 shares on October 8, 2021, but failed to report this transaction to the Swedish Financial Supervisory Authority within the prescribed time, in violation of the EU Market Abuse Regulation (MAR). Consequently, the authority decided to impose a sanction fee of SEK 500 000 on the individual for reporting the transaction on October 28, 2021, missing the deadline of October 13, 2021. Additionally, the co-founders, Alan Mamedi and Nami Zarringhalam, have decided to step down from their operational duties from the 30<sup>th</sup> of June 2025 and have appointed Rishit Jhunjhunwala as the new CEO, effective 9<sup>th</sup> of January 2025. This leadership transition could impact the operational and long-term success of the company, as the new CEO brings his own vision and strategy to the role.

Figure 16: Peer female staff ratio (%)

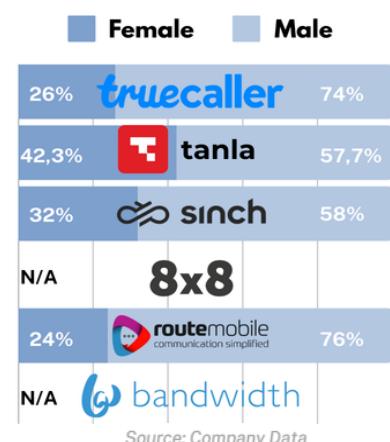


Figure 17: Gender distribution of top executives ratio (%)



Figure 18: eNPS & NPS

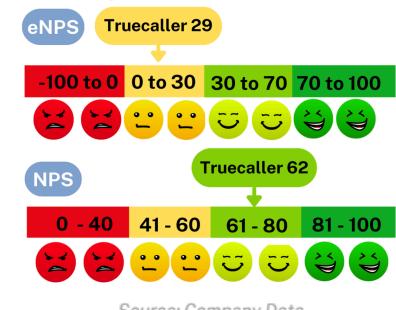


Figure 19: Customer reviews

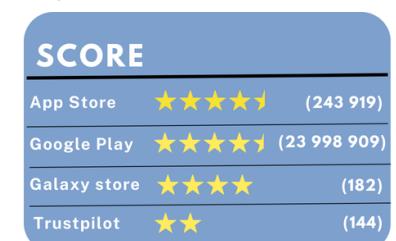
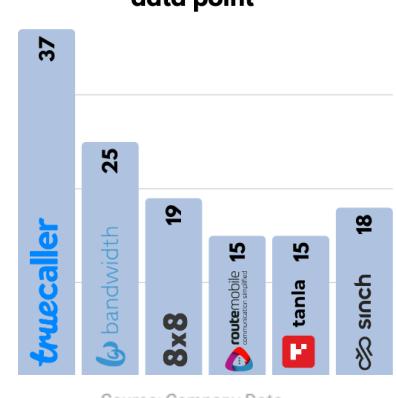


Figure 20: Data collection by data point

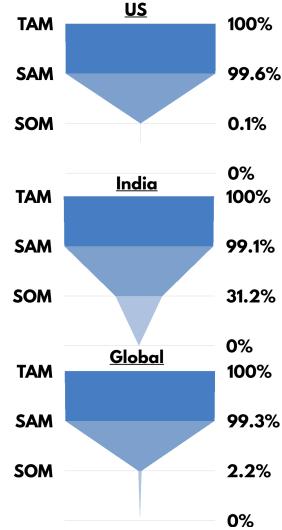


**Executive remuneration:** Truecaller's board of directors are included in successive Long Term Incentive Plans (LTIP). The most recent 2024 LTIP aims to incorporate groups within Truecaller who previously did not participate in any existing incentive programs. Additionally, a stock option program (2024) has been implemented for certain senior executives, key employees, and other employees. Additionally, Truecaller offers short-term variable remuneration based on Adj. EBITDA and is capped at 30 percent of the base pay. Truecaller's new incentive programs and performance-based remuneration enhance and strengthen the stance for governance practices.

**Public and insider ownership:** The ownership by Truecaller Board of directors and management is illustrated in Appendix 14, evident significant insider ownership helps ensure that the management's decisions are closely aligned with the interests of the shareholders, fostering a unified commitment to the company's long-term success. Shailesh Lakhani, who serves on Truecaller's Board of Directors and is the Managing Director at "PEAK XV Partners Operations LLC", oversaw a reduction in their ownership from 60 802 148 shares to 38 019 460 shares. This reduction may undermine the perceived alignment of interests between management and shareholders and signal a lack of confidence in the company's future prospects.

## FINANCIAL ANALYSIS

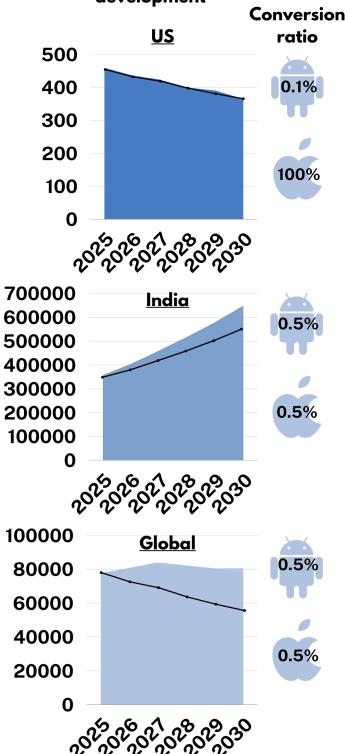
Figure 21: TAM SAM SOM



Source: Statista, Statcounter

Figure 22: Market share development in 1000's

—●— Truecaller market share development



Source: Company Data, Team Analysis

### FORECASTING

**With the US market declared as a future target market,** the US has been viewed as key for value creation. The US market has great potential considering market size and overall higher willingness to pay for premium subscription compared to other markets, combined with a more mature advertising market. Arguments against focus on US market generating exceeding revenues are the competitive landscape as well as regulatory difficulties. In the immediate future we believe the company will be able to profit from aggressive strategies to increase US revenues, but in the long run market domination outside of India is not expected. An increase in 2025 revenues due to launching of new IOS products and focus on the US market is projected, but development in revenues is assumed to flat out.

**A combined top down-, freemium-model** is used to forecast revenue streams for the company on B2C part of operations. The main revenue-, as well as value-drivers are their market shares and conversion rate. Projection of market shares are made for the three identified markets of operations; US, India and Global (worldwide, US and India excluded). The company's market share is recognized and predicted by a total addressable market (TAM), serviceable available market (SAM), serviceable obtainable market (SOM) approach where TAM is the number of smartphone users, SAM is the number of Android and IOS users, and the SOM is the market share of Truecaller (Figure 21). Historical market share (Appendix 15) according to the number of users in the acknowledged markets with a moving average of 3 years has been used to forecast market shares.

**The derived number of monthly average users (MAU)** have been translated into revenue streams by applying user income on the estimated number of free- and premium-users (Figure 22). MAU is reduced to historical 3-years average daily average users (DAU) by a ratio of 0.7993 to 1 among free users, since income per user is expressed DAU (Figure 23). Income per user varies between free and premium users due to the product being mainly advertising revenue driven on Android and exclusively subscriber revenue driven on IOS. Income per user is approximately 16 - 22 times higher in subscription users in comparison to free users, making conversion rate extremely important for revenues (Figure 23). Truecallers current conversion rate is 0.5% and the assumption is for the conversion rate to maintain in India and the Global market, and to be equal to industry average conversion rate of 0.1% in the US on Android, and assumed to be equal to market share on IOS (Figure 22). The resistance to an increase in conversion rate is driven by technological advancements among both competitors and scammers. Increase in revenues from the business part of Truecallers operations are projected to be equal to increase in number of users since the product is pending on number of users<sup>2</sup>.

**Explicit forecasts are made for key markets India and the US.** Truecaller is already established in India and the market is viewed as their most important market, as well as the only market predicted to have increasing market share (Figure 22). With the launch of a new IOS product in Q1 2025 as it latest and US becoming target market<sup>3</sup> prediction is for Truecaller to be able to attain market growth rate in the US is equal to their Global market growth rate. Market share in the US and the Global market is projected to decrease (Figure 22) since a negative trend is spotted. The increase in total MAU is mainly driven by the increase in market size (Appendix 15), with the Indian market as a locomotive.

<sup>2</sup> Company Presentation December 11th 2024

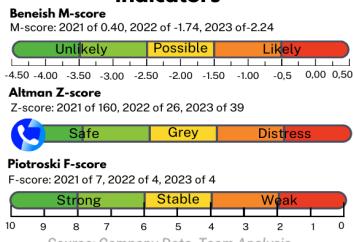
<sup>3</sup> Company Presentation November 20th 2024

**Figure 23: Projected consumer income**



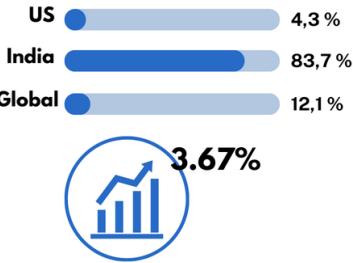
Source: Company Presentation, Team Analysis

**Figure 24: Financial health indicators**



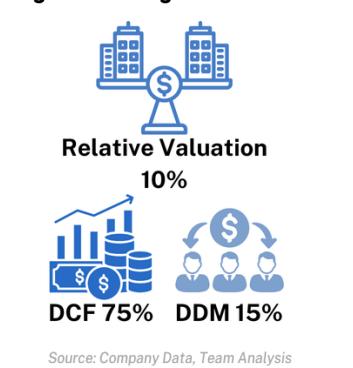
Source: Company Data, Team Analysis

**Figure 25: Terminal growth**



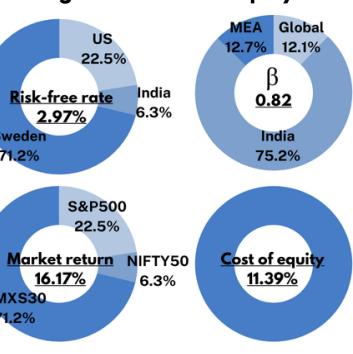
Source: Company Data, Team Analysis

**Figure 26: Weighted valuation**



Source: Company Data, Team Analysis

**Figure 27: Cost of Equity**



Source: Company Data, Team Analysis

**Normalized income** excluding non-recurring items, translation effects and foreign exchange gains and losses have been used to determine the company's relative cost structure. Costs are driven by, and scales too, either revenues or MAU (Appendix 15). Main items in Trucallers cost-structure are recognized as third-party fees and employee costs. Third party fees have reached efficient levels at on average 24.03% of revenues and assumed to remain at that level. On average the company has 1.15 employees per 1M MAU, at a cost of SEK 727 000 per employee. Employee costs are forecasted to increase by average 3 year historical, inflation adjusted and geographically weighted increase (Appendix 15). The balance sheet is heavy on current assets due to the company's strategy of strong cash positioning and investment in fixed capital is kept at an average of approximately 1.7% of revenues. Truecaller is assumed to keep a debt-free balance sheet with lease obligations as only interest-bearing items, in total 7.6% of revenues (Appendix 15).

## QUALITY OF EARNINGS AND EARNING REPORTS

Beneish M-score advocates for good quality of earnings reports in 2023 but presents values relative to less quality in earlier years. The Beneish M-score is close to the threshold for manipulation in 2020 and advocates for manipulation in 2021. The M-score of 0.3976 is mainly due to days sales outstanding spiking. Piotroski f-score in 2021 of 7 indicates strong financial position and the Altman Z-score giving extremely low likelihood of default gives resistance to manipulation of financial statements due to lack of motivation. The debt-free balance sheet keeps Z-score, risk of default, at very low rates during the entire period even though lower values are observed in 2022 and 2023. Piotroski f-score drops to 4 in 2022 and remains at that level, raising red flags for earnings quality (Figure 24).

## GROWTH ASSUMPTIONS

Due to entering a new focus market in 2025 a bump in growth rate is projected in the fiscal year, followed by more stabilized but still maturing growth rates over the 5 following years. Terminal growth for Truecaller is a weighted inflation growth rate considering revenue streams by the end of 2030. In 2030 revenues from the US are expected to be at 4.28%, India 83.66% and Global market 12.06%. The growth rate for each revenue stream is set to the inflation goal for the US (2%), India (4%) and approximate average global (2%). Summed up this gives a terminal growth rate of 3.67%. The terminal growth rate impact on equity value is stressed in sensitivity analysis, revealing a 1% increase in terminal growth rate would increase equity value by 2.65% (Figure 25).

## VALUATION

To derive the target price of SEK 25.69 a weighted valuation method has been used. The company is separately valued by DDM, DCF on FCFE and relative valuation and then weighted according to our perception of relevance, assigning weight of 15% to DDM, 10% to relative valuation and 75% to DCF. DDM is considered to have some, but low, validity due to the company having a history of generating excess cash flows without making them accessible to minority investors. Combined with the company claiming a strong cash position to be able to move fast in the market if needed it is reasonable to assume that the company will keep excess cash flows as assets on the balance sheet, resulting in a lower relevance for the valuation method. Relative valuation is also considered to have a low relevance due to publicly traded companies' operations mostly being targeted at B2B, while Truecallers operations are mainly targeted at B2B. Even though it is of low relevance, the valuation method gives a reflection of the market sentiment and adds value to the total valuation. Highest relevance is assigned DCF since it reflects the excess cash flows the company has generated and is assumed to continue generating (Figure 26).

## COST OF EQUITY

To assess the cost of equity CAPM has been used. For risk-free rate and market premium an investor matching approach is applied, where 10-year treasury bond and 20-year average domestic market return for Sweden, US and India have been weighted according to weight of equity among 10 biggest shareholders. In total a risk-free rate of 2.97% and market premium of 16.17% have been applied (Figure 27). Due to widely different leverage among the companies asset  $\beta$  has been used when calculating a revenue stream, market-cap, weighted  $\beta$  applied in the CAPM. Raw  $\beta$  has been calculated by linear regression with MSCI World Mid-cap as index for SINCH, EGHT and BAND. For ROUTE and TNSL, which are representing the Indian market, MSCI Emerging Market Mid-cap index has been used. All companies except ROUTE have significant correlation with TRUE-B. Due to negative insignificant correlation  $\beta$  be for ROUTE has been neutralized in the weighted beta applied in the CAPM. This gives a  $\beta$  of 0.82

(Appendix 16). Altogether cost of equity of 11.39% is derived. The cost of equity's impact on equity values in stressed in sensitivity analysis, revealing a 1% increase in cost of equity would decrease equity value by 10.35% (Appendix 17)

### DDM

Truecaller is valued at SEK 12.17 by dividend discount model, DDM (Figure 28). Since the company has a dividend policy, valuation by DDM is motivated. Weight is given to the valuation method carefully since the company initially intended to not have a dividend policy, and just recently at the board meeting for FY23 decided to implement a dividend policy. Even though, the valuation model is a good reflection of management decisions effect on company value, it also includes the perspective of a minority investor and therefore adds insight to the overall valuation. In the valuation are maximal usage of buyback program of 10% of shares each year accounted for due to the company's strong cash position combined with the assumed likelihood to act on buyback program being greater than the likelihood to increase dividend policy.

### DCF

Truecaller is valued at SEK 25.34 by discounted cash flow modeling (DCF) on free cashflow to equity (FCFE) (Figure 29). The use of FCFE is motivated when valuating out the perspective of a majority investor whom excess cash flows are available for. The method is also motivated by the assumptions that the company continues to not have traditional debt as well as leverage to stay at stable levels. Since the company wants to keep a strong cash position to be able to move fast when needed<sup>4</sup> the valuation method is an interesting complement to DDM, due to the excess cash flows theoretically being available to shareholders. In this case to be noted though, is that FCFE is equal to FCFF since the company has no traditional debt and is not assumed to take on any.

### RELATIVE VALUATION

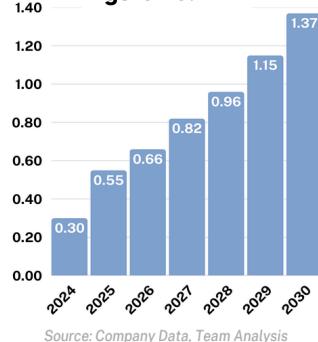
To perform a relative valuation, we analyzed the multiples of five competitors from the US, India, and Sweden that share similar geographic, risk exposure, and business characteristics with Truecaller. We determined that the EV/EBITDA multiple was the most appropriate for our analysis due to the varying levels of leverage among the companies. While we focused on EV/EBITDA, we also calculated other multiples, including EV/Sales, EV/EBIT, and P/E. Negative multiples were not considered, as they can distort our data; this is also why EV/EBIT was excluded from our valuation analysis (Appendix 18). As a result, Truecaller is valued at SEK 48.62 based on relative valuation, reflecting the prevailing market sentiment (Figure 30).

## INVESTMENT RISKS

Truecaller faces a number of significant investment risks, which are categorized into the following four areas: legal, operational, financial and technical (Figure 31). The company is subject to heightened risk due to the stringent requirements of legal privacy laws, as well as increasing demands from individuals to protect their personal data. The company is also operating in a competitive landscape with high barriers of entry, where tech-giants have shown interest in entering. These factors may have a considerable impact on Truecaller's ability to maintain profitability, or even sustain operations.

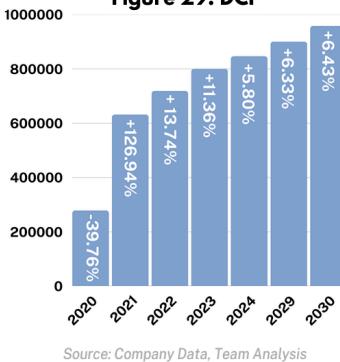
Investment risks associated with Truecaller impacting the financial model behind the valuation is accessed statistically in Monte Carlo simulations of the DCF-model. In total two DCF simulations have been performed where important input variables; *US market share among iOS users* (O1), *premium conversion rate among Android users in US* (O3), *premium conversion rate Indian market* (O3), *premium conversion rate in Global market* (O3), *third-party fees* (F1), and *DAU per AMU and employees per 1 million* have been stressed (Appendix 19). Truecallers availability; *Truecaller being available in US* (L2, O3), *Truecaller being available in India* (L2, O3), *Truecaller being available on iOS* (O4) and *Truecaller being available on Android* (O4) have been put as binary variables with equal distribution (Figure 32) and are included in separate simulation (Appendix 21) to demonstrate the extreme importance these factors have for the company's survival.

**Figure 28: DDM**



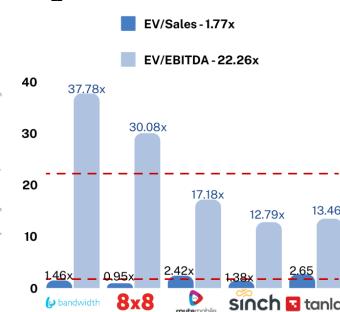
Source: Company Data, Team Analysis

**Figure 29: DCF**

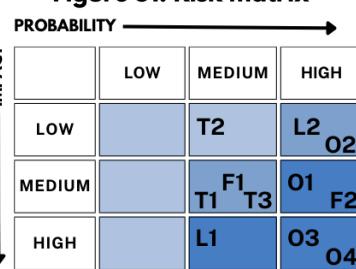


Source: Company Data, Team Analysis

**Figure 30: Relative valuation**



**Figure 31: Risk matrix**



Source: Team Analysis

**Figure 32: Frequencies**



Source: Team Analysis

In Monte Carlo simulation 1, where numerical input variables have been used, confirmation is given to our DCF valuation of SEK 25.34, being only SEK 0.61 above, and less than 0.17 standard deviations apart, from the simulation mean (Appendix 20). In Monte Carlo simulation 2, where also the binary variables are included, the simulation immediately visualizes the devastating effects these knock-out variables would have on Truecallers operation. The simulation frequencies form a left-skewed bimodal distribution with almost a 25% risk of Truecaller going into great financial distress. The risk of heavy decrease in equity value is exponentially higher and the mean value shifts to SEK 7.46 with a standard deviation of SEK 8.67. In our beliefs the happening of one or more of these macro factors changing is not a question of if, but of when, advocating for a less optimistic future for Truecaller.

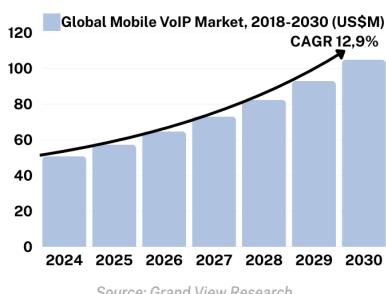
**Figure 33: Advertisement revenues**



**Figure 34: US market competition**



**Figure 35: Projected CAGR for Voice over Internet Protocol**



**Figure 36: Premium user revenues**



16 - 22x

higher revenues

Source: Company Presentation

## LEGAL

**L1: Stricter Global Data Privacy Regulations:** The growing consumer demand for privacy protection and increasing concerns about data handling may lead to stricter data privacy regulations globally, including potential new laws safeguarding consumer privacy.

**Valuation Impact:** Truecaller is collecting substantial data from their customers as part of their advertising model. Restrictions making their advertising model less effective would affect revenues from free users resulting in a major impact on revenues if occurring in main markets. As an example, 79.16% of revenues from free users comes from India (Figure 33). A decreasing demand for their advertising service there would have a major impact. **Mitigants:** Truecaller's ISO 27001 certification for Information Security Management helps build customer trust by demonstrating a strong commitment to data protection. The company's offering of features like the ability to unlist customer data from the database reinforces its focus on privacy and user relationships.

**L2: Unique Privacy Laws:** Truecaller operates in multiple jurisdictions, each with unique privacy laws and requirements. Managing personal data effectively in this environment is critical. **Valuation Impact:** Dealing with multiple privacy laws makes jurisdictions deviate in entry costs, resulting in limited growth possibilities. Privacy laws might even make it impossible to enter markets, or in worst case shut down operations in existing markets. The limited growth possibilities are considered in the terminal growth, while the possibility for extinction of operations in existing markets is taken in concern in the Monte Carlo simulation by setting operations in the US and Indian market as a binary variable with equal distribution (Figure 34). **Mitigants:** Truecaller has successfully operated efficiently and adapted to new standards and regulations across multiple jurisdictions. The company has been vigilant about changes and has not incurred any fines for privacy violations, ensuring compliance and minimizing risks.

## OPERATIONAL

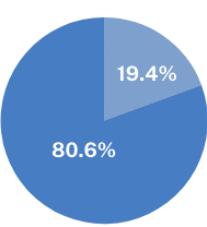
**O1: Competitive Landscape:** Other digital platforms providing comparable caller identification or fraud prevention services compete directly with Truecaller. **Valuation Impact:** Competitors already operating in the US have a great impact on short term growth when entering the new target market. Their competitive position in the US is especially important for their market share among IOS users, who are exclusively premium subscribers in a high revenue market. Truecaller's market share among IOS users in the US (Appendix 19) is stressed in Monte Carlo simulation to give insight of its impact. In the Monte Carlo simulation 1 does an increase of 1% in market share results in a SEK 12.30 increase in value(O2), highlighting the importance of the US market. **Mitigants:** The company is well-established in emerging markets where the need and demand for caller identification and fraud prevention are highest, further strengthening its value proposition and competitive edge, making it a strong player with significant competitive advantages.

**O2: Rise of VoIP Services:** The growing popularity of VoIP services (Figure 35) reduces reliance on traditional phone networks where Truecaller's services are typically used. **Valuation Impact:** Decrease in use of traditional networks results in decrease of size of serviceable market and thereby decrease in potential revenues. **Mitigants:** Truecaller has integrated caller identification for WhatsApp, extending its capabilities to popular VoIP platforms. The launch of Truecaller Voice positions the company as a direct competitor in the VoIP sector, allowing it to capitalize on this growing market segment.

**O3: Government Integration of Fraud Detection:** Governments in key markets are integrating fraud detection directly into telecommunications infrastructure, making reality to the possibility of free alternatives to Truecaller. **Valuation Impact:** With premium users generating 16 - 22 times higher revenues per user than free users (Figure 36), they are extremely important for total revenues. If a free alternative would arise, the need for Truecallers services are likely to decrease heavily, alongside decreasing premium

**Figure 37: Platform revenues**

FY2025

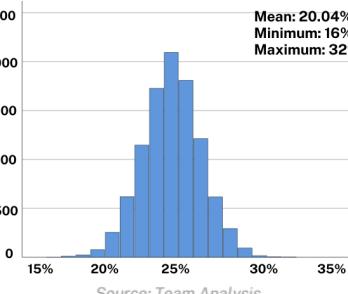


Source: Team Analysis

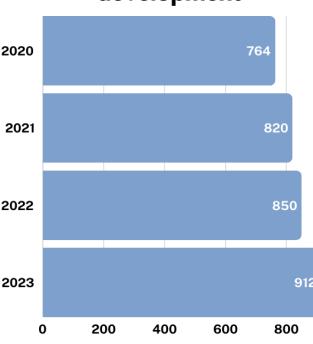
**Figure 38: Third-party fees**

Mean: 20.04%  
Minimum: 16%  
Maximum: 32%

#### FINANCIAL



**Figure 39: Ad-blocking development**



Source: Blog Post by Fabio Duarte

**F1: Advertising Partnership:** Truecaller's reliance on third-party advertising partnerships makes it vulnerable to partners failing to meet payment obligations or reducing advertising spending. A possible scenario is also partners increasing fees because of a distressed financial situation. **Valuation Impact:** Depending on size of partnership, partners failing to meet payment obligations results in losses with more or less impact. The risk of the assumptions of third-party fees being consistent over time is considered in Monte Carlo simulation at a range from 16 – 32%, with a mean of 24.036% and standard deviation of 1.99% (Figure 38; Appendix 19). **Mitigants:** The company evaluates the creditworthiness of potential advertising partners, resulting in generally low levels of credit losses.

#### TECHNICAL

**T1: AI-Driven Fraud:** Fraudsters are leveraging AI to create more sophisticated and difficult-to-detect fraudulent schemes. **Valuation Impact:** Truecaller's services, being less effective, also reduces the incentive to buy the product. **Mitigants:** The company's commitment to innovation allows it to maintain a leading position in fraud prevention, particularly in an increasingly digital and AI-driven environment.

**T2: Increasing Complexity of Fraudulent Activities:** The rising complexity of fraudulent activities requires advanced detection systems and continuous updates. **Valuation Impact:** Increasing complexity in the operating environment may necessitate higher R&D spending, potentially reducing margins. **Mitigants:** The company invests in continuous R&D to adapt its technologies (Figure 40) while maintaining a stable annual R&D expenditure of approximately SEK 20 million. This disciplined approach supports innovation without compromising cost predictability, safeguarding margins and long-term competitiveness.

**T3: User Trust and Data Security:** Truecaller's reputation as a reliable caller identification and spam-blocking service is at risk if it fails to effectively protect users from scams and safeguard their database and personal information. **Valuation Impact:** For a company relying on organic growth, thorns in reputation might reduce growth dramatically and/or result in higher marketing costs. **Mitigants:** The company ensures compliance with global regulations and encrypts all data. Employees receive continuous training to stay updated on data protection and security best practices, safeguarding both user information and company integrity.

conversion rates. The risk of premium conversion rates being wrongly assumed or decreasing is integrated in the Monte Carlo simulation by considering different premium conversion rates, (Appendix 19) giving insight of the impact on equity value. The possibility that the demand of Truecaller's product decreases to 0% due to availability of free product in any or several markets is considered as a binary variable with equal distribution in Monte Carlo simulation, giving the insight that heavy decrease in equity value will occur if the company loses any key market. **Mitigants:** Strategic alliances with mobile network operators help Truecaller maintain relevance by supporting app functionality alongside government solutions.

**04: Partnership Dependence:** Reliance on mobile operators could backfire if partners choose to discontinue collaborations. **Valuation Impact:** Discontinuing collaborations might kill entire revenue streams (Figure 37). Smartphone manufacturers developing their own competitive product and banning Truecallers application from their platform could be devastating. This risk is considered in Monte Carlo as a binary variable with equal distribution by extinguishing all revenues from either IOS or Android users (Monte Carlo with binary). **Mitigants:** Diversify partnerships by collaborating with smartphone manufacturers to pre-install Truecaller, increasing adoption and reducing dependency on any single partner.

#### FINANCIAL

**F1: Advertising Partnership:** Truecaller's reliance on third-party advertising partnerships makes it vulnerable to partners failing to meet payment obligations or reducing advertising spending. A possible scenario is also partners increasing fees because of a distressed financial situation. **Valuation Impact:** Depending on size of partnership, partners failing to meet payment obligations results in losses with more or less impact. The risk of the assumptions of third-party fees being consistent over time is considered in Monte Carlo simulation at a range from 16 – 32%, with a mean of 24.036% and standard deviation of 1.99% (Figure 38; Appendix 19). **Mitigants:** The company evaluates the creditworthiness of potential advertising partners, resulting in generally low levels of credit losses.

**F2: Ad-Blocking Technologies:** The increasing use of ad-blocking services (Figure 39) prevents ads from being displayed in operating systems, undermining the effectiveness of Truecaller's advertising model. **Valuation Impact:** Not being able to provide well targeted marketing makes Truecallers services less attractive to advertisers. **Mitigants:** Truecaller is actively diversifying its revenue streams by growing its subscription base and Truecaller for Business, which are not dependent on ad visibility or partnerships.

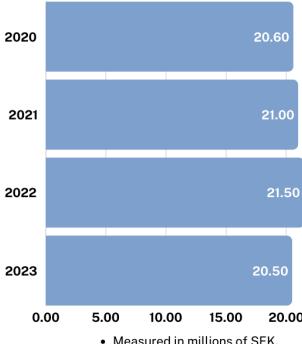
#### TECHNICAL

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**T3: User Trust and Data Security:** Truecaller's reputation as a reliable caller identification and spam-blocking service is at risk if it fails to effectively protect users from scams and safeguard their database and personal information. **Valuation Impact:** For a company relying on organic growth, thorns in reputation might reduce growth dramatically and/or result in higher marketing costs. **Mitigants:** The company ensures compliance with global regulations and encrypts all data. Employees receive continuous training to stay updated on data protection and security best practices, safeguarding both user information and company integrity.

**Figure 40: Research and development costs**



## APPENDIX

### APPENDIX 1 - GLOSSARY

Acronym	Definition	Acronym	Definition
<b>DAU</b>	Daily Active Users	<b>LTIP</b>	Long-Term Incentive Plan
<b>MAU</b>	Monthly Active Users	<b>UPI</b>	Unified Payments Interface
<b>AMU</b>	Average Monthly Users	<b>MAR</b>	Market Abuse Regulation
<b>VoIP</b>	Voice over Internet Protocol	<b>GDPR</b>	General Data Protection Regulation
<b>B2B</b>	Business to Business	<b>CCPA</b>	California Consumer Privacy Act
<b>B2C</b>	Business to Consumer	<b>VCDPA</b>	Virginia Consumer Data Protection Act
<b>TAM</b>	Total Addressable Market	<b>NDPR</b>	Nigeria Data Protection Regulation
<b>SAM</b>	Serviceable Available Market	<b>LEED</b>	Leadership in Energy and Environmental Design
<b>SOM</b>	Serviceable Obtainable Market	<b>GCP</b>	Google Cloud Platform
<b>DEI</b>	Diversity, Equity, and Inclusion		

### APPENDIX 2 - INCOME STATEMENT

Source: Team Analysis

In millions SEK	2020A	2021A	2022A	2023A	2024E	2025F	2026F	2027F	2028F	2029F	2030F
Net Sales	491	1 129	1 773	1 729	1 787	2 512	2 842	3 284	3 644	4 101	4 640
Work performed by entity and capitalized		1	5	9	2	0	0	0	0	0	0
Other operating revenue	1	3	8	3	8	0	0	0	0	0	0
Third party fees	(169)	(273)	(418)	(421)	(429)	(604)	(683)	(789)	(876)	(985)	(1 115)
Other external costs	(56)	(248)	(350)	(255)	(327)	(460)	(520)	(602)	(667)	(751)	(850)
Employee costs	(178)	(267)	(301)	(361)	(406)	(448)	(548)	(675)	(816)	(985)	(1 193)
Depreciation, amortization and impairment	(119)	(17)	(29)	(45)	(46)	(31)	(43)	(49)	(56)	(63)	(70)
<b>Operating profit</b>	<b>(31)</b>	<b>328</b>	<b>689</b>	<b>658</b>	<b>588</b>	<b>970</b>	<b>1 047</b>	<b>1 170</b>	<b>1 229</b>	<b>1 317</b>	<b>1 411</b>
<b>Net financial income and expense</b>											
Financial income	0	5	21	72	12	14	17	22	26	31	36
Financial expenses	(23)	(34)	(21)	(17)	11	16	18	21	23	26	29
<b>Profit or loss after net financial income and expense</b>	<b>(54)</b>	<b>300</b>	<b>688</b>	<b>712</b>	<b>611</b>	<b>1 000</b>	<b>1 082</b>	<b>1 212</b>	<b>1 278</b>	<b>1 373</b>	<b>1 477</b>
Tax on profit of the year (24.7%)	38	(41)	(153)	(176)	(151)	(247)	(267)	(299)	(316)	(339)	(365)
<b>Profit or loss of the year</b>	<b>(16)</b>	<b>258</b>	<b>535</b>	<b>536</b>	<b>460</b>	<b>753</b>	<b>815</b>	<b>913</b>	<b>962</b>	<b>1 034</b>	<b>1 112</b>

### APPENDIX 3 - BALANCE SHEET

Source: Company Data, Team Analysis

In millions SEK	2020A	2021A	2022A	2023A	2024E	2025F	2026F	2027F	2028F	2029F	2030F
<b>Assets</b>											
<b>Non-current assets</b>											
Goodwill			35	45	61	82	107	135	167	202	242
Other intangible assets	0	1	15	25	32	44	58	74	92	112	135
Property, plant and equipment	2	1	8	18	10	14	16	18	20	23	25
Right-of-use assets	100	86	140	119	133	188	212	245	272	306	346
Non-current financial assets	0	0	0	33	33	33	33	33	33	33	33
Deferred tax assets	59	35	40	35	44	62	70	81	89	101	114
Other non-current receivables	1	1	17	27	18	19	27	30	35	39	43
<b>Total non-current assets</b>	<b>162</b>	<b>125</b>	<b>254</b>	<b>302</b>	<b>331</b>	<b>441</b>	<b>522</b>	<b>616</b>	<b>708</b>	<b>815</b>	<b>938</b>
<b>Current assets</b>											
Claims on networks and platform owners	52	100	91	86	113	159	180	208	231	260	294
Accounts receivable	4	31	61	76	63	89	100	116	128	145	164

Prepaid expenses	8	23	38	38	42	54	62	73	84	97	112
Short-term placement	0	150	400	941	0	0	0	0	0	0	0
Other receivables	15	25	172	86	101	141	160	185	205	231	261
Cash and cash equivalents	195	1 238	1 328	631	1 885	2 377	2 932	3 553	4 212	4 916	5 668
<b>Total current assets</b>	<b>274</b>	<b>1 568</b>	<b>2 090</b>	<b>1 859</b>	<b>2 204</b>	<b>2 820</b>	<b>3 434</b>	<b>4 136</b>	<b>4 860</b>	<b>5 647</b>	<b>6 499</b>
<b>Total assets</b>	<b>436</b>	<b>1 693</b>	<b>2 344</b>	<b>2 160</b>	<b>2 535</b>	<b>3 261</b>	<b>3 956</b>	<b>4 751</b>	<b>5 568</b>	<b>6 462</b>	<b>7 437</b>
<b>Equity and liabilities</b>											
<b>Equity</b>											
Share capital	0	1	1	1	1	1	1	1	1	1	1
Other capital contributions	703	1 708	1 710	1 738	1 738	1 738	1 738	1 738	1 738	1 738	1 738
Translation reserve	5	3	2	(8)	0	0	0	0	0	0	0
Retained earning including profit or loss for the year	(562)	(300)	91	13	358	922	1 533	2 218	2 940	3 715	4 550
<b>Total equity</b>	<b>146</b>	<b>1 411</b>	<b>1 804</b>	<b>1 744</b>	<b>2 097</b>	<b>2 661</b>	<b>3 273</b>	<b>3 957</b>	<b>4 679</b>	<b>5 455</b>	<b>6 289</b>
<b>Non-current liabilities</b>											
Provisions to defined-benefit pension plans	3	5	8	7	8	9	11	14	17	20	24
Lease liabilities	86	72	118	98	112	157	178	205	228	256	290
Deferred tax liabilities	21	18	35	39	34	48	55	63	70	79	90
Other liabilities	0	0	8	9	9	13	14	16	18	21	23
<b>Total non-current liabilities</b>	<b>110</b>	<b>95</b>	<b>169</b>	<b>153</b>	<b>163</b>	<b>227</b>	<b>258</b>	<b>299</b>	<b>333</b>	<b>376</b>	<b>427</b>
<b>Current liabilities</b>											
Liability arising from synthetic options	91	23	0	0	0	0	0	0	0	0	0
Accounts payable	9	40	70	46	60	85	96	111	123	138	156
Lease liabilities	15	16	23	23	24	34	38	44	49	55	63
Current tax liability	0	9	121	4	9	12	14	16	18	20	23
Contract liabilities	25	35	49	56	54	76	86	100	111	124	141
Other liabilities	12	2	14	43	20	29	33	38	42	47	53
Accrued expenses	27	62	95	93	107	136	159	187	214	246	286
<b>Total current liabilities</b>	<b>180</b>	<b>187</b>	<b>371</b>	<b>264</b>	<b>275</b>	<b>372</b>	<b>426</b>	<b>495</b>	<b>556</b>	<b>631</b>	<b>721</b>
<b>Total equity and liabilities</b>	<b>436</b>	<b>1 693</b>	<b>2 344</b>	<b>2 160</b>	<b>2 535</b>	<b>3 261</b>	<b>3 956</b>	<b>4 751</b>	<b>5 568</b>	<b>6 462</b>	<b>7 437</b>

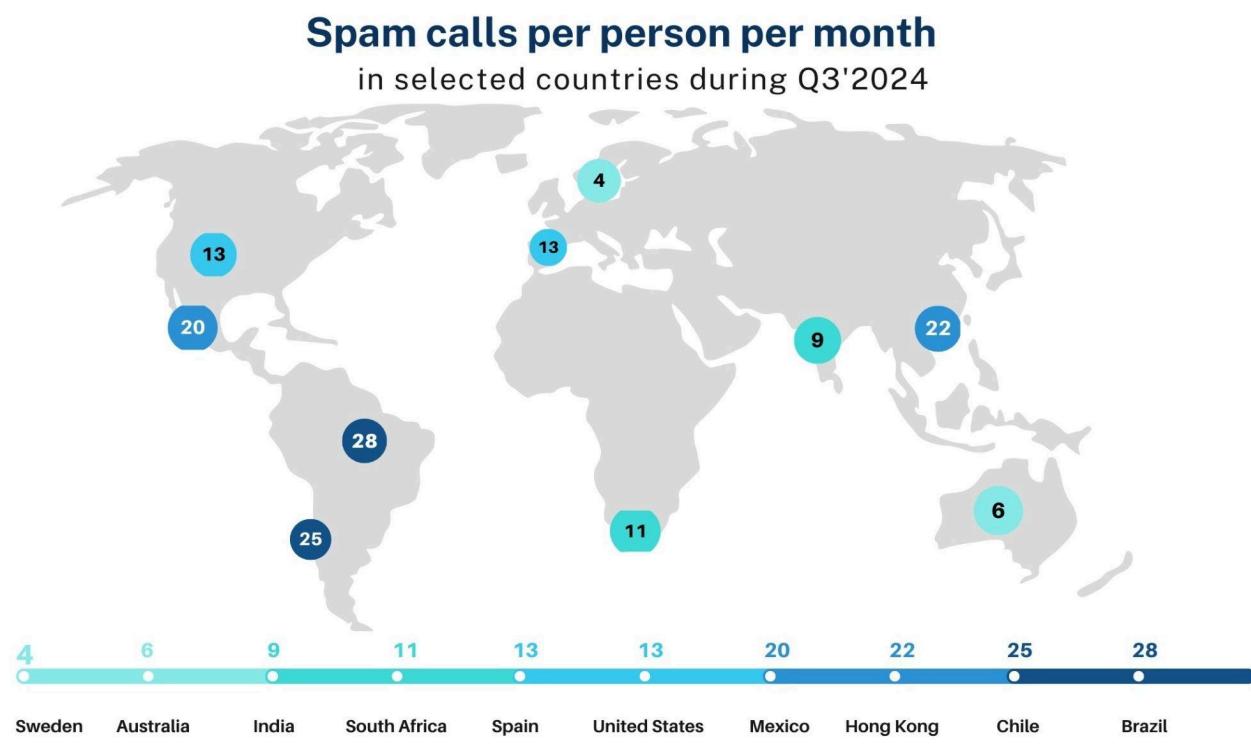
## APPENDIX 4 - DuPont ANALYSIS

Source: Company Data, Team Analysis

DuPont Analysis	2020A	2021A	2022A	2023A	2024E	2025F	2026F	2027F	2028F	2029F	2030F
Gross Margin	65.53%	75.83%	76.44%	75.64%	75.97%	75.97%	75.97%	75.97%	75.97%	75.97%	75.97%
EBITDA (in mln. kr)	87.96	345.06	717.17	702.88	633.98	1 000.51	109.22	1 218.85	1 285.14	1 379.20	1 481.91
Adjusted EBITDA Margin	21.27%	41.85%	40.45%	40.65%	47.30%	55.98%	43.39%	42.89%	39.13%	37.85%	36.13%
Net Profit Margin	n/a	22.88%	30.19%	31.02%	25.73%	29.96%	28.68%	27.80%	26.41%	25.22%	23.97%
Asset Turnover	n/a	0,67	0,76	0,8	0,71	0,77	0,72	0,69	0,65	0,63	0,62
Return on Assets	n/a	15.26%	22.83%	24.83%	18.14%	23.08%	20.60%	19.21%	17.28%	16.00%	14.95%
Adjusted Return on Assets	n/a	19.88%	21.83%	25.02%	14.74%	14.10%	19.03%	17.15%	16.40%	14.89%	13.91%
Financial Leverage (A/E)	n/a	1,2	1,3	1,24	1,21	1,23	1,21	1,2	1,19	1,18	1,18
Return on Equity	n/a	18.30%	29.67%	30.76%	21.93%	28.28%	24.91%	23.07%	20.57%	18.96%	17.68%
Return on Invested Capital	103.8%	383.5%	339.8%	261.7%	135.3%	211.4%	190.0%	177.8%	161.3%	149.2%	138.3%
Current Ratio	1.52	8.41	5.63	7.04	8.02	7.57	8.07	8.35	8.74	8.94	9.01
Interest Coverage Ratio	n/a	36.55	48.72	66.14	52.04	61.08	58.3	56.37	53.35	50.8	48.13
Debt / Adj. EBITDA	0.97	0.19	0.2	0.17	0.21	0.19	0.2	0.2	0.22	0.23	0.24
ROE	n/a	18.30%	29.67%	30.76%	21.93%	28.28%	24.91%	23.07%	20.57%	18.96%	17.68%

Source: Company Data, Team Analysis

## APPENDIX 5 - MARKET PRESENCE & SPAM CALLS IN SELECTED COUNTRIES



Source: HIYA Global Call Threat Report, Q3, 2024

## APPENDIX 6 - PORTER 5 FORCES

### COMPETITIVE FORCE

#### THREAT OF ENTRANTS - 3



#### THREAT OF SUBSTITUTE SERVICES - 5



#### BARGAINING POWER OF CONSUMERS - 3



#### BARGAINING POWER OF SUPPLIERS - 3



#### COMPETITIVE RIVALRY - 4



**Substantial investments in AI, infrastructure, and technology:** To become competitive, new players must invest heavily in advanced AI, machine learning algorithms, robust databases, and technological infrastructure which are costly.

**High barriers and costs due to legal and regulatory requirements:** New entrants face significant challenges in complying with strict regulations, such as data protection laws and user privacy standards.

**Regulations:** Regulatory bodies are increasingly requiring telecom operators to implement scam detection and blocking measures at the network level.

**Integrated service:** Mobile operators offer bundled services that may include spam filtering and call identification features reducing the need for a third-party app.

**Smartphones:** Smartphones have started implementing these features, reducing the need for third-party apps.

**Subscription Requirement:** iOS consumers need to subscribe to access Truecaller's features, which provides an opportunity for competitors.

**Service:** Users can easily switch to competing apps if they feel the service does not meet their expectations, increasing the pressure to deliver high quality and innovative features.

**Advertising:** If Truecaller's advertising does not meet expectations, advertisers may switch to alternative platforms, reducing Truecaller's revenue potential.

**Platforms:** Truecaller depends on platforms like the App Store and Google Play Store, which take a 30% cut of the revenues, which can increase in the future.

**Mobile operators:** Truecaller's functionality is reliant on partnerships with mobile operators, which can impact its performance.

**Data collection:** The service is built on data collection, and without continuous data input or with a declining user base, the service risks losing its relevance.

**Cloud Services:** Storing data in cloud services can provide some negotiating power. Increased competition among cloud service providers can help keep costs down for Truecaller's suppliers.

**Cross-industry competition:** The industry attracts competitors from multiple sectors, including tech giants like Google and Apple, telecom operators, and independent app developers.

**New Markets:** There are numerous competitors vying for a share of the market where Truecaller aims to penetrate, making it challenging for the platform to stand out and maintain its market position.

**Other Platforms:** Services like WhatsApp, Viber and other VoIP-service offer similar communication features and can serve as direct competitors to Truecaller by providing call identification and spam blocking through their platforms.

Source: Team Analysis

## APPENDIX 7 - PESTLE ANALYSIS

P  
POLITICAL

E  
ECONOMIC

S  
SOCIAL

T  
TECHNOLOGICAL

L  
LEGAL

E  
ENVIRONMENTAL

- Some governments may view Truecaller's data collection as a potential security risk, leading to scrutiny or restrictions.
- The change in leadership in the US could negatively affect Truecaller due to increased political uncertainty surrounding the global market.
- The New Network standard limits Truecaller's partnerships with entities classified as risky by the US.
- Economic downturns may reduce marketing spend, impacting Truecaller's revenue.
- Lower willingness to pay for premium services limits revenue in some markets.
- Shift from telecom to VoIP services could affect user engagement.
- Violations of data protection laws risk legal actions and fines.
- Currency fluctuations pose financial risks.
- The consumer price for Truecaller's premium service is higher than that of its competitors.
- Global inflation and rising costs in transport, data centers, and salaries may reduce profitability.
- Cultural differences in attitudes towards privacy can make it harder for Truecaller to penetrate new markets.
- Changing consumer behavior regarding smartphones and communication via VoIP-services increases.
- Decline in trust regarding the company's data storage practices.
- Individuals' awareness of phone scams and the vulnerability of primarily low-income groups may lead to Truecaller's business model and service becoming a necessary feature for many.
- Rapid AI advancements could put Truecaller behind competitors.
- Outdated infrastructure may limit scalability and reliability.
- Changes in mobile OS policies could harm app functionality and user experience.
- Dependence on telecom companies poses risks if terms change.
- 5G adoption creates opportunities for new markets and services.
- Global smartphone growth supports market expansion for Truecaller.
- Fraud regulation pressure could create collaboration opportunities in fraud-prone markets.
- Stricter tax policies and new data protection laws may impact operations.
- Telecom regulations could hinder app interactions.
- Bans on foreign companies may favor domestic competitors.
- Government spam-blocking regulations and state-controlled services like STIR/SHAKEN could reduce demand for third-party apps.
- Data access is limited by strict data protection laws.
- Global data protection laws require constant monitoring and adaptation.
- Changes in ad-targeting policies may weaken Truecaller's primary revenue source.
- Climate change may disrupt operations, supply chains, and infrastructure resilience.
- Stricter environmental regulations, like carbon taxes and E-waste laws, could raise costs and compliance demands.
- Natural disasters and unrest may damage infrastructure, making Truecaller's service unavailable in affected regions.
- Rising customer focus on sustainability could pressure Truecaller to enhance its environmental initiatives.

Source: Team Analysis

## APPENDIX 8 - PEER COMPARISON

FEATURES	TRUECALLER	HIYA	WHO'S CALL	whoscall	CALL-CONTROL	GET CONTECT	CALLAPP
MAIN MARKET	INDIA & EGYPT	US	TAIWAN, BRAZIL & THAILAND	US, INDIA & BRAZIL	INDONESIA & RUSSIA	INDIA, COLOMBIA & US	
OPERATING SYSTEM	IOS & ANDROID	IOS & ANDROID	IOS & ANDROID	IOS & ANDROID	IOS & ANDROID	IOS & ANDROID	ANDROID
LAUNCHED	2012	2016	2010	2010	2016	2016	2012
PRICING PLANS	FREEMIUM	FREEMIUM	FREEMIUM	FREEMIUM	FREEMIUM	FREEMIUM	FREEMIUM
PRICE/MONTH	\$9.90	\$3.99	\$1.99	\$2.49	\$2.99	\$2.99	\$1.99
BUSINESS SOLUTION	YES	YES	YES	YES	YES	YES	YES
MAIN PARTNERSHIP	CALLHERO	SAMSUNG MR. NUMBER	POLICE & CYBER SECURITY (THAILAND, MALAYSIA, TAIWAN)	N/A	N/A	N/A	N/A
INTEGRATION FEATURES	TRUECALLER FOR DEVELOPERS	SAMSUNG, PINGER & PANGO	N/A	NEXTIVA CISCO BROADSOFT	N/A	N/A	N/A
CALL IDENTIFICATION	CROWDSOURCED ALGORITHMS USER FEEDBACK	ALGORITHMS	CROWDSOURCED ALGORITHMS USER FEEDBACK	GOVERNMENT DATA & COMMUNITY	USER FEEDBACK COMMUNITY ALGORITHMS	CROWDSOURCED USER FEEDBACK ALGORITHMS	
USER BASE	425 MILLION	500 MILLION	100 MILLION	12 MILLION	N/A	40 MILLION	
REVENUE SEGMENT	SUBSCRIPTION BUSINESS ADVERTISING	SUBSCRIPTION BUSINESS ADVERTISING	SUBSCRIPTION BUSINESS ADVERTISING	SUBSCRIPTION ADVERTISING BUSINESS & API	SUBSCRIPTION BUSINESS ADVERTISING	SUBSCRIPTION BUSINESS ADVERTISING	
DOWNLOADS GOOGLE PLAY	1000 M +	10 M +	100 M +	5 M +	100 M +	100 M +	
CONSUMER SCORE	4,3	4,0	3,3	3,9	3,9	4,0	

Source: Company Data, Team Analysis

## APPENDIX 9 - SWOT

**S**  
STRENGTH

**W**  
WEAKNESSES

**O**  
OPPORTUNITIES

**T**  
THREATS

- Well-established brand with a large user base.
  - High user engagement (84%) indicates it is a daily essential.
  - Integration of payment services and other tools beyond spam-blocking differentiates Truecaller from its competitors.
  - Dominance in key markets like India, the second-largest smartphone market.
- 
- Premium pricing compared to competitors may deter price-sensitive users.
  - Dependent on data practices, making it vulnerable to regulatory changes.
  - Limited functionality on iPhones affects premium segment potential.
  - Concerns over past data handling and leaks risk damaging the brand's reputation.
  - In regions with a small user base, the service is less effective and struggles to attract new users.
  - Users changing phone numbers can reduce the app's accuracy and reliability.
- 
- Partnerships with phone manufacturers and mobile operators could make Truecaller pre-installed on new smartphones.
  - Expansion into developing markets with rising smartphone adoption.
  - Growing spam and scam calls drive demand for protection services.
  - Advanced AI investments could enhance recognition and blocking, boosting competitiveness.
  - Rising demand for privacy-focused apps offers a chance to position Truecaller as a leading security solution.
- 
- Google and Apple's built-in spam protection features may reduce Truecaller's relevance.
  - Mobile operators' own protection tools pose competition to third-party apps.
  - New data protection laws could limit Truecaller's data collection and impact its model.
  - Continuous demand for innovation to stay ahead of competitors.
  - Competitors securing pre-installed app partnerships gain an edge.
  - Data privacy concerns or negative press could harm the brand and trust.
  - Growing user awareness of data privacy challenges Truecaller's data-driven approach.

Source: Team Analysis

## APPENDIX 10 - ACQUISITION HISTORY

**2018**

October



### Reason

to enhance its mobile payments offerings in India, leveraging Chillr's expertise and user base to drive greater adoption and innovation in Truecaller Pay



**2022**

January



### Reason

to enhance its U.S. market offerings by integrating CallHero's AI-based call handling technology, improving user experience for both iPhone and Android users globally



**2023**

April



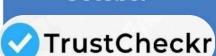
### Reason

to strengthen its position in the rapidly growing Indian mobile gaming market and enhance its advertising platform



**2023**

October



### Reason

to enhance its call management services and provide iPhone users with advanced Caller ID and spam blocking features similar to those available on Android



## APPENDIX 11 - ESG SCORECARD

Due to Truecaller's relatively recent entry into ESG reporting, with only two years of information available, there is a notable lack of comprehensive data. This results in an absence of both long-term and short-term ESG reporting, leaving Truecaller without a definitive position in ESG achievement and standardization.

To address this, we will consult and utilize S&P Global IQ Pro, Sustainalytics, and Bloomberg, comparing Truecaller's ESG. By doing so, we aim to create a balanced representation of ESG factors, enabling us to develop a robust scorecard for Truecaller. The ratings and assessment explanation for the factors that are most relevant to the ESG analysis are below:

Rating	Description	Team Assessment
0	N/A	No or lack of evidence of effort to achieve criteria.
1	Laggard	Evidence of some effort and success.
2	Satisfactory	Evidence of effort and some level of success.
3	Average	Effort and success are adequate.
4	Excellent	Higher level of effort and success.
5	Leader	The leader for industry initiatives.

Source: Company Data

## APPENDIX 11 - ESG SCORECARD

Environmental				Social			
Criteria	Explanation	Criteria	Explanation	Criteria	Explanation	Criteria	Explanation
<b>Emission &amp; Recycling</b>	Partly committed to reducing the carbon emissions of 30 percent by 2026 and exploring new ways of recycling and waste management.	<b>Workplace health</b>	Provides comprehensive onboarding and career development programs, regular training on leadership, health and safety, and actively measures and improves employee engagement through surveys and feedback mechanisms				
<b>Target reduction</b>	Efforts in the clean energy are minimal and largely reliant on external factors. Internal initiatives are basic, showing limited commitment to adopting renewable energy.	<b>Employment practices</b>	Provides employee development, engagement, and wellbeing. Offers career development, leadership programs, engagement surveys, health and safety training.				
<b>Use of clean energy</b>	Transition to Google Cloud Platform (GCP) can enhance efficiency and potentially reduce environmental impact. However, there is limited evidence of significant efforts specifically focused on clean energy usage beyond this.	<b>Workforce</b>	Employee wellbeing is supported through mandatory health and safety training and a "Code of conduct". Initiatives have been implemented but their diversity metrics mainly focus on gender indicating room for improvement in broader diversity and inclusion efforts.				
<b>Recycling &amp; efficiency practices</b>	Collection and recycling implemented, with donations of old electronic equipment to underserved schools and children. 3 They aim to exceed waste reduction targets in various areas and report their waste management practices to the Indian pollution board.	<b>Diversity &amp; inclusion</b>	Efforts in diversity and inclusion are primarily focused on gender, with limited metrics addressing broader aspects of DEI.				
<b>Plan &amp; execution</b>	Shows some commitment to sustainability with initiatives like transitioning to GCP and LEED certifications. However, long-term goals lack clarity, and there is need for more defined steps and updates.	<b>Customer satisfaction</b>	Shown improvements, NPS increased. The average customer review score of 3.75 indicates there is still room for improvement.				
<b>Paris agreement alignment</b>	N/A There is no implementation or consideration to the Paris alignment	<b>Employee wellbeing</b>	Promoting employee wellbeing through comprehensive initiatives- 3 Provides access to mental health resources, fosters a supportive and inclusive workplace culture, and ensures physical safety and health.				
<b>Disclosure</b>	Annual ESG reports disclose some environmental concerns and activities, including emissions. However, there is no disclosure of waste management and recycling practices.	<b>Disclosure</b>	The annual ESG reports detail the social initiatives and programs implemented to create a healthy and supportive work environment.				
<b>Timeliness</b>	1 Timeline and goals isn't robust enough to demonstrate a strong commitment to environmental sustainability.	<b>Timeliness</b>	Timely implementation and reporting of social initiatives, updating to reflect current activities and programs aimed at fostering a healthy work environment. However, there is a need for more long-term initiatives to ensure sustained impact.				
<b>Relevance &amp; efficiency practices</b>	1 Some efforts in environmental sustainability, but significant areas for improvement. Recycling practices are satisfactory but lack disclosure. Overall minimal effort and reliance on external factors justifies a lower assessment.	<b>Relevance</b>	Provide detailed and specific information on social initiatives. 3 However, there is need for improvement in addressing long-term initiatives and broader diversity metrics.				

Environment score - 1.5

Social score - 3

## Governance

Criteria	Explanation
<b>Ethics &amp; compliance</b>	Strives to uphold ethical standards through a comprehensive Code of Conduct and policies, supported by regular training and accessible resources, despite facing past controversies and challenges.
<b>Data privacy &amp; security</b>	2 Faced several significant data privacy and security challenges in the past, including data breaches and regulatory scrutiny. While the company has taken steps to enhance its data privacy and security measures and implemented robust security protocols to protect user data and ensure compliance with regulations, the extent of their data collection practices and their controversial history suggest a moderate level of success.
<b>Board of directors</b>	Half of the board members are independent, meeting industry standards. The board's diverse expertise is balanced with some governance challenges and upcoming leadership changes.
<b>Independence</b>	3 Half of the board members are independent, meeting industry standards, which supports balanced decision making.
<b>Experience</b>	3 The BoD team has relevant industry knowledge and performance-based compensation.
<b>Diversity</b>	3 Board of Directors has limited gender diversity, meets industry standards.
<b>Management</b>	The management team has extensive industry knowledge and diverse academic backgrounds, with compensation tied to performance. However, recent leadership changes may impact stability.
<b>Experience &amp; competence</b>	3 The management team possesses a diverse range of expertise and extensive experience across various industries.
<b>Diversity</b>	1 The management team has limited gender diversity and lacks further DEI initiatives.
<b>Shareholder rights</b>	Strong shareholder rights with equal voting rights for all shares, regular communication with shareholders, and a clear dividend policy. Promotes transparency and shareholder engagement.
<b>Voting rights</b>	2 Provides equal voting rights for all shares and maintains regular communication with shareholders. However, the majority voting power is held by the two co-founders.
<b>Audit committee</b>	Independent members are well-versed in compliance requirements.
<b>Independence</b>	3 Independent members compliant with requirements and adherence to regulatory standards.
<b>Experience</b>	4 Possess a diverse range of expertise and extensive experience across various fields, contributing to effective governance.
<b>Disclosure</b>	Relevant financial reporting are disclosed
<b>Financial reporting</b>	3 Adequate financial reporting.

Governance score - 2.7

## APPENDIX 12 - ESG CONTROVERSIAL LEVEL

Company	truecaller	8x8	route mobile	tanla	sinch	bandwidth
Out of 5	1	0	0	0	1	0
Type of controversy	<ul style="list-style-type: none"> <li>Business ethic</li> <li>Customer data</li> </ul>	-	-	-	<ul style="list-style-type: none"> <li>Customer data</li> </ul>	-

Source: Sustainalytics

## APPENDIX 13 - CORPORATE STRUCTURE

Name	Age	Position & year joined	Independent	Education	Shares held	Board of directors	Executive committee	Name	Age	Position & year joined	Independent	Education	Shares held	Board of directors	Executive committee
	40	CSO & CO-Founder 2009		Computer science (B)	23,391,900 A shares, 3,943,587 B shares, and 95,000 RSUs	✓	✓		61	CFO 2020		Engineering Physics (M) Space Plasma Physics (PhD) Certified Financial Analyst (CFA)	117,000 warrants, 90,000 RSUs, and 154,000 A shares		✓
	40	CEO & CO-Founder 2009		Computer Science (B) Computer Science (M)	23,391,900 A shares, 3,943,587 B shares, and 95,000 RSUs	✓	✓		43	COO 2020		Information Technology (B) Intellectual Capital Management (M)	95,000 warrants, 90,000 RSUs, and 25,200 B shares		✓
	54	Director 2021	✓	Banking & Finance (M) Laws(M)	6,500 B shares and 19,334 warrants	✓			47	Group CEO 2025 & Managing Director in India 2005		Business Management (B)	364,000 warrants, 90,000 RSUs, and 12,436 B shares	✓	✓
	49	Director 2021	✓	Economics (B) Business Admin (M) Finance International management (M)	3,800 B shares and 38,667 warrants	✓			57	CHRO 2022		Political Science and International Relations (B)	75,000 warrants and 80,000 RSUs		✓
	46	Director 2013		Applied Science (B) Business Admin (M)	-	✓			42	CLO 2021		Business Administration (B) Laws (M)	3,750 B shares, 100,000 RSUs, and 83,000 warrants		✓
	74	Director 2020	✓	Marketing (M)	38,667 warrants	✓			41	CBO 2022		Electrical Engineering and Economics (B) Business Administration and 65,000 RSUs (M)	382,333 warrants		✓

Source: Company Data

## APPENDIX 14 - TOP 10 INSIDERS/STRATEGIC OWNERS & INSTITUTIONAL & FUNDS

Top 10 Insiders/Strategic Owners	Insider Ownership Shares (%)
Nami Zarringhalam	14.8
Alan Mamedi	14.8
Peak XV Partners oper. LLC	11.08
Kleiner Perkins Caulfield & Byers	7.18
Odd Bolin	0.04
Ola Espelund	0.03
Fredrik Kjell	0.01
Rishit Jhunjhunwala	0.00
Liisa Annika Poutiainen	0.00
Helena Svancar	0.00

Top 10 Institutional & funds	Ownership shares (%)
Handelsbanken Asset Management	8.15
Forsta AP-fonden	7.05
Malabar Investments LLC	4.94
Swedbank Robus Fonder AB	4.04
Futur Pension Försäkringsaktiebolag	3.67
Tredje AP-Fonden	1.88
Vanguard Group Inc.	1.84
Norges Bank Investment Management	1.61
Carnegie Fonder AB	1.30
BlackRock Inc.	0.91

Source: Company Data

## APPENDIX 15 - ASSUMPTIONS FOR PRO-FORMA STATEMENTS



### MAU

Expected number of 432M users in the end of FY2024 based on average quarterly increase of users Q1- Q3 2024. By geographical distribution of revenue streams in FY2020 - FY2023, number of MAU in each market is estimated accordingly.

Company claims 50 000 - 100 000 users in US as of FY2024. MAU is assumed at lowest range to 50 000. Based of historical average DAU is estimated to 79.93% of MAU.



### FREE USERS

With approximately 40% Android, and 60% IOS market share in US, and equal distribution assumed, revenues from about 40% of US users are ad-revenues. Truecaller claiming ad-revenues being 6-7x as high in US compared to Global. Income per DAU is assumed to be 36.50 SEK.

With Android being the dominant operating system in India, revenues from the key market is mainly ad-revenues. Income per Indian DAU is presented by the company as 5 SEK.

Truecaller claims about 70% of global users to generate 4 SEK in ad-revenues and about 30% to generate 11 SEK in ad-revenues. Considering this a weighted income of 6.08 SEK in the Global market is assumed.

Income with yearly increase equal to target inflation in each market is assumed.



### PREMIUM USERS

According to Truecaller their conversion rate to premium as of today is 0.5%. The conversion rate is rather high in comparison with the industry and is not viewed as retainable outside of main market (India).

Conversion rate of 0.1% is assumed in the Global market and among Android users in the US.

Due to high number of IOS users, no free version for IOS and over all higher willingness to pay for apps, Truecaller is assumed to maintain market share on IOS and thereby have high ratio of premium users in the US.

Truecaller presents income per premium user in FY2024 to be 80 SEK in India.

Looking at the price of Truecaller premium in US, an income of 826.55 SEK is assumed.

Truecaller claims about 70% of global premium subscribers to generate income of 103 SEK and about 30% to generate income of 192 SEK. Considering this a weighted income of 129.48 SEK in the Global market is assumed.

Income with yearly increase equal to target inflation in each market is assumed.



### TRUECALLER FOR BUSINESS

With the B2B part of Truecallers operations being totally dependent on the MAU in the B2C operations the growth opportunities for Truecaller for business is viewed as very limited even though the company has presented great growth in the past years. Considering the amount of users in India we view growth in revenues on the business side as driven by the Indian market, which is likely to be the only market targetable for the B2B operations. Increase in revenues are assumed to correlate perfectly with increase in MAU.

### THIRD-PARTY FEES

The company presents nice gross margins of approximately 75%, stabilized since FY2021. Gross margins are assumed to stay at stabilized level and based on 3 years historical average third party fees are projected at 24.03% of net sales.

### EMPLOYEE COSTS

Alongside third party fees, employee costs are one of Truecallers main costs in their cost structure. The company has a 3 years historical average of 1.15 employees per MAU. The 3 years historical cost per employee equals to 743 000 SEK, with a inflation adjusted yearly increase of 3.5%. Yearly increase is expected to be 3.5% plus weighted Indian (55%) and Swedish (45%) target inflation of 4% for India and 2% for Sweden due to geographical distribution of workers. Employee costs are expected to correlate with MAU in a ration of 1.15 per MAU going forward.

### OTHER EXTERNAL COSTS

Other external costs are at a 3 years historical average 18.32%, and assumed to remain at that level.



### CapEx

Truecaller has a history of making user acquisitions and are assumed to keep up acquisitions as they are entering the US market and keep making efforts to expand in other markets. At a 3 years historical average they spend 5.81% of net sales on user acquisitions with goodwill of 14.84%. In total goodwill increases with 0.86% of net sales each year. PPE is assumed to correlate to sales and are assumed to remain at a level of 0.55% of net sales.

As of a 3 years historical average; The company is assumed increase their investment in other intangibles by 0.49% of net sales; Right of use assets are assumed to correlate to sales and are assumed to remain at a level of 7.46% of net sales; Deferred tax assets are assumed to 2.45% of net sales; Other non-current receivables are assumed 1.06% of last years net sales; Lease liabilities are assumed to 6.25% of net sales; Deferred tax liabilities are assumed to 1.93% of net sales; Other non-current liabilities are assumed to 0.5% of net sales; Claims on network and platform owners are assumed to 6.34% of net sales; Account receivables are assumed to 3.53% of net sales; Prepaid expenses are assumed to 3.47% of total costs; Other receivables are assumed to 5.63% of net sales; Current lease liabilities are assumed to 1.35% of net sales; Current tax liabilities are assumed to 0.49% of net sales; Contract liabilities are assumed to 3.03% of net sales; Other liabilities are assumed to 1.15% of net sales; Accrued expenses are assumed to 8.85% of total costs.

### CASH & CASH EQUIVALENTS

The company has, and is assumed to continue to have, large amount of cash and cash equivalents. Truecaller themselves explained that they want to keep their balance sheet free from traditional debt at the same time as they want to be able to move fast in the market when opportunities arise. Therefore the company keeps a very strong cash position. There is no forecasted investment and short-term placements. The amount is instead compounded for cash and cash equivalents.

### EQUITY

Equity is increasing by 75% of net profit each year due to payout ratio of 25% according do dividend policy.

## APPENDIX 16 - BETA CALCULATIONS

	truecaller	bandwidth	8x8	route	tanla	sinch
Market	TRUE-B	BAND	EGHT	ROUTE	TNSL	SINCH
Market Cap in SEK	13 168 178,00	5 068 473,68	2 967 692,37	12 060 026,21	14 638 075,73	24 161 145,00
Index	MIIWO000M0PUS	MIIWO000M0PU	MIIWO000M0PU	MIEF000M0PUS	MIEF000M0PUS	MIIWO000M0PU
Correlation	1	0.215	0.256	-0.025	0.196	0.290
D/E-r	0.08	0.215	0.60	0.01	0.43	0.27
β	1.29	2.49	2.33	0.45	0.72	1.63
βA	1.19	1.28	0.44	1.46	0.79	0.51
Weighted in β	0%	1.91%	1.12%	33.98%	41.24%	9.10%

Source: Company Data, Team Analysis

## APPENDIX 17 - SENSITIVITY ANALYSIS

Cost of Equity	Perpetual Growth		2%	2.5%	3%	3.67%	4%	4.5%	5%
	7%	8.50%	10%	11.39%	13%	14.50%	16%	17.51	28.83
7%	41,54	44,87	49,02	56,54	61,48	71,44	86,39		
8.50%	32,36	34,12	36,19	39,65	41,74	45,55	50,45		
10%	26,65	27,70	28,90	30,80	31,90	33,81	36,10		
11.39%	23,00	23,70	24,48	25,69	26,37	27,51	28,83		
13%	19,95	20,42	20,92	21,69	22,11	22,81	23,59		
14.50%	17,83	18,16	18,52	19,05	19,33	19,80	20,32		
16%	16,18	16,42	16,68	17,06	17,26	17,59	17,95		

Source: Team Analysis

## APPENDIX 18 - RELATIVE VALUATION

Company	EV/EBITDA			EV/EBIT			EV/Sales			P/E		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Bandwidth INC	57.73	15.71	37.78	N/A	43.19	N/A	4.03	1.53	1.46	N/A	N/A	13.2
8x8	N/A	97.91	30.08	N/A	N/A	N/A	2.99	1.21	0.95	N/A	N/A	N/A
Route mobile	35.74	16.35	17.18	42.58	19.68	20.24	4.26	2.21	2.42	61.6	31.5	25.9
Sinch AB	50.64	13.57	12.79	77.77	N/A	76.11	6.04	1.52	1.38	132.1	N/A	N/A
Tanla	26.67	10.48	13.46	28.28	11.33	15.13	5.96	1.92	2.65	41.4	15.2	20.5
Average	42.69	30.8	22.26	49.54	24.73	37.16	4.65	1.68	1.77	78.37	23.35	19.87
Median	43.19	15.71	17.18	42.58	19.68	20.24	4.26	1.53	1.46	61.6	23.35	20.5

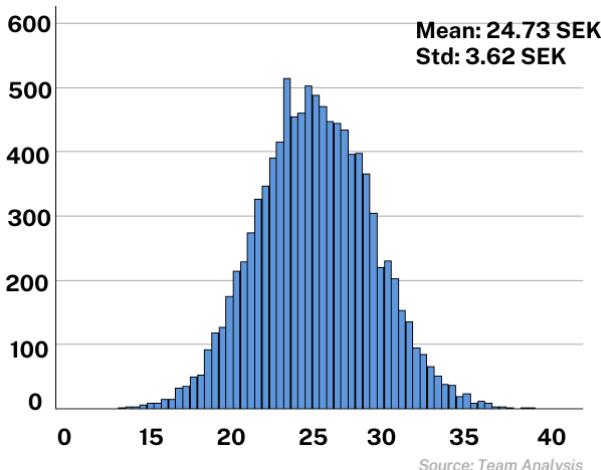
Relative Valuation	EV/Sales	EV/EBITDA
Implied enterprise value	3,066,263.48	17,081,591.48
Net debt	(1,451,664.00)	(1,451,664.00)
Implied market value	4,517,927.48	18,533,255.48
Shares outstanding	381,187.53	381,187.53
Implied value per share	11.85	48.62

## APPENDIX 19 - DESCRIPTIVE STATISTICS MONTE CARLO VARIABLES

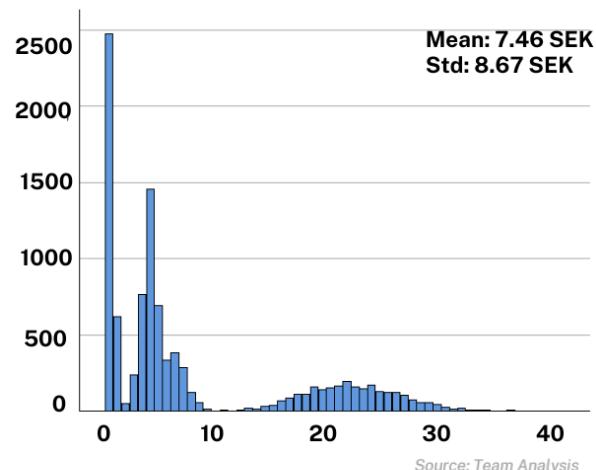
Source: Company Data, Yahoo Finance, Team Analysis

Descriptive Statistics Monte Carlo variables	Min	Max	Mean	SD
Premium conversion rate in Indian market	0.00%	1.21%	0.50%	0.17%
Premium conversion rate in Global market	0.00%	0.23%	0.10%	0.03%
Premium conversion rate among Android users in US	0.00%	0.23%	0.10%	0.03%
Truecallers market share among IOS users in US	0.00%	0.35%	0.16%	0.05%
Third-party fees	16.00%	32.00%	24.04%	1.99%
DAU per MAU	55.00%	100.00%	80.00%	6.62%
Employees per 1 million users	0.7	02.09	01.15	0.1

## APPENDIX 20 - MONTE CARLO SIMULATION 1



## APPENDIX 21 MONTE CARLO SIMULATION 2



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