

AITi (ALTI)

1Q 2024 EARNINGS

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CORPORATE PARTICIPANTS

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CONFERENCE CALL PARTICIPANTS

Wilma Burdis, *Raymond James*

P R E S E N T A T I O N

Operator

Good afternoon. At this time, I'd like to welcome everyone to AITi's First Quarter 2025 Earnings Conference Call.

During the call, your lines will remain in listen-only mode. After the speaker's remarks, there will be a question-and-answer session.

I'd like to advise all parties that this conference call is being recorded and a replay of the webcast is available on AITi's Investor Relations website.

Now, at this time, I'd like to turn things over to Lily Arteaga, Head of Investor Relations for AITi. Thank you. You may begin.

Lily Arteaga

Good afternoon to everyone on the call today. Joining me this afternoon are Michael Tiedemann, our CEO, and Mike Harrington, our CFO. We invite you to visit the Investor Relations section of our website at www.alti-global.com to view our earnings materials, including our investor presentation.

I would like to remind everyone that certain statements made during the call may be deemed forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, comments made during the prepared remarks and in response to questions. Forward-looking statements can be identified by the use of words such as anticipate, believe, continue, estimate, expect, future, intend, may, planned, and will, or similar terms. Because these forward-looking statements involve both known and unknown risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these statements. For discussion of the risks and uncertainties that could cause actual results to differ, please refer to AITi's filings with the Securities and Exchange Commission, including its most recent Annual Report on Form 10-K and subsequent quarterly reports on Form 10-Q. AITi assumes no obligation or responsibility to update any forward-looking statements.

During this call, some comments may include references to non-GAAP financial measures. Full reconciliations can be found in our earnings presentation and our related SEC filings.

With that, I'd like to turn the call over to Mike Tiedemann.

Michael Tiedemann

Good afternoon, everyone, and thank you for joining us today. Since the beginning of the year, we've made meaningful progress advancing our long-term strategy to become the leading independent global multifamily office and OCIO platform. On the growth front, we closed the acquisition of Kontora, marking our official entry into Germany, the world's third-largest ultra-high net worth market. We also began activating the capabilities of our strategic partners, launching our new private credit program to bring differentiated investment opportunities to our clients.

These efforts expand our global footprint and enhance the strength of our offering. At the same time, we continue to lay the foundation for long-term profitability and efficiency by advancing our resource

optimization program. Through our zero-based budget approach, we are aligning costs with strategic priorities, enabling us to scale with greater focus and discipline.

In parallel, we're taking deliberate steps to exit non-core businesses, streamlining our operations, and channeling resources towards our highest conviction opportunities. Together, these initiatives are positioning AITi to accelerate business performance and deliver sustained value creation through 2025 and beyond.

This afternoon, I'll walk you through our first quarter results and highlight the strides we're making towards our long-term strategic priorities and growth agenda. In the first quarter, AITi generated \$58 million in consolidated revenue, representing a 14% increase year-over-year. Revenue in our core wealth management and capital solutions segment rose 23%, driven by a 10% increase in assets under management and advisement, reflecting contributions from last year's acquisitions and solid portfolio performance. Revenues in the segment also benefited from robust investment distributions from our stakes in external managers. Notably, 83% of consolidated revenue came from recurring management fees, underscoring the stability and predictability of the business model we are building.

Adjusted EBITDA for the quarter was \$9 million on a consolidated basis, up from \$7 million in the same period last year. The key pillar of our strategy is leveraging the full power of our long-term partners, Allianz X and Constellation Wealth Capital, strategic collaborators who are helping us scale smarter and faster. Together, we're expanding in the new markets, broadening our offerings, and strengthening our position as a preferred partner for ultra-high net worth clients globally. A compelling example of this collaboration is our joint venture with Allianz X, which is transforming how our clients access private markets. Through this platform, international clients can now invest alongside Allianz's balance sheet, unlocking access to top-tier third party managers, secondaries, and co-investments. These are opportunities typically reserved for the world's largest institutions, and we're proud to bring them to our client base.

The first long-term of the program focused on the \$1.5 trillion global private credit market. It's off to a great start. Allianz's scale and track record in the space, with approximately \$150 billion allocated to the sector, brings credibility and reach. Since launching in December, we've secured approximately \$240 million in commitments from our international wealth clients through the end of the first quarter and we see a clear runway for continued momentum. We're also using our partners' capital to accelerate strategic acquisitions.

Kontora is a standout example. The premier Hamburg based multifamily office manages €14 billion in assets and represents our official entry into Germany. As I referenced earlier, the third largest ultra-high net worth market globally. This deal, which closed on April 30, is our first European transaction since securing the capital from Allianz X.

From the outset, we saw a natural step. Kontora's founder led independent model aligns with our own, and their 16-year track record of serving ultra-high net worth clients across Germany and Austria in a holistic manner made them a clear strategic addition. By connecting them to AITi's global scale and capabilities, particularly in alternatives and impact, we're enabling the next chapter of their growth story.

With the addition of Kontora, total assets in our wealth and capital solutions segments have reached approximately \$82 billion, including around \$32 billion managed through our international platform, positioning AITi as one of the largest international multifamily offices. Kontora will be consolidated into our financial results beginning in the second quarter of 2025. We expect the transaction to be accretive to EBITDA this year and to enhance our platform profitability through increased scale and operational synergies.

We are already seeing commercial momentum take hold. Since the announcement, Kontora has secured two major client mandates, a single-family office and an entrepreneurial family, and is actively engaged

with several high potential prospects. These opportunities are being driven by enhanced international reach, cross-border capabilities, and access to impact-focused solutions enabled by the AITi combination. It is a clear sign that our integration is resonating in the market and opening the door for meaningful long-term growth opportunities.

As we look ahead, our priorities remain clear, driving growth through both organic initiatives and strategic acquisitions by expanding into new markets and deepening our presence in existing ones across the U.S. and internationally. We have had a strong year on the M&A front, including the recent acquisition of Kontora, and have made meaningful progress integrating teams and offices across the platform.

That said, we see significant untapped potential in our organic growth engine and are encouraged by our current A-list prospect pipeline. Accelerating our organic momentum is a key focus in 2025, and we are taking deliberate steps to strengthen this pillar of our strategy. To support this, we are advancing our marketing strategy with a strong emphasis on segmentation. We are finding how we position our value proposition to better resonate with both existing and emerging client segments.

By tailoring our approach to the distinct needs of each segment, we aim to drive differentiated growth through a more compelling client experience, broader offerings, and a sharper delivery of our advice and insights. In parallel, we are embedding technology more deeply across the business, transforming our technology stack to support global consistent workflows, increase advisor productivity, and further elevate service quality. Together, these marketing and technology actions position us to scale more effectively and execute on our long-term strategy.

Of course, successfully delivering on that strategy requires staying attuned to the broader market environment. Since the beginning of the year, markets have experienced significant volatility. In the first quarter, our portfolios remained resilient. Our broad diversification across asset classes and focus on manager selection helped mitigate downside risk and preserve capital. Performance was supported by active underweights to concentrated equity exposures, alongside positive contributions from real assets, private credit, and international markets.

In difficult markets, our clients' long-term horizon has meant that we maintain stable asset allocations and use volatility to our advantage to deploy capital as attractive opportunities emerge. Hence, we remain focused on thoughtful portfolio construction, balancing liquid and illiquid exposures, managing risk with discipline, and maintaining a long-term lens. Our approach is built to navigate complexity and volatility while helping clients capture durable risk adjusted return.

This disciplined investment philosophy is core to our broader mission, becoming the leading independent global multifamily office and OCIO platform with deep capabilities and alternatives and impacts. That mission extends beyond performance. It includes helping clients align their wealth with their values.

On that note, I want to highlight the recent launch of the 2025 AITi Global Social Progress Index, developed in partnership with the Social Progress Imperative. This index, which tracks the performance of 170 countries across key drivers like health, education, and rights, highlights where private capital can have the greatest impact at a time when global progress has stalled.

As a global wealth manager, we see growing demand from clients to align investments with purpose, and this index provides a practical tool to help drive meaningful social outcomes along financial returns. Importantly, the index offers investors real world data and evidence that their capital is contributing to the impact they intend to achieve. Delivering impact for our clients is at the core of our mission, but realizing our long-term vision also demands a sharp focus on operational excellence. To support sustained profitable growth and unlock greater operating leverage, we launched a program in late 2024 aimed at driving productivity and enhancing cost efficiency.

One important tool in this broader effort was the execution of a zero-based budgeting process. Introduced late last year, the ZBB provides a rigorous line-by-line approach to expense management, enabling us to reexamine every dollar spent and reallocate resources towards our most strategic priorities. We've already begun implementing aspects of our plan across our wealth management segment and corporate functions with a focus on high impact spend categories such as professional services, technology, marketing, travel, and occupancy.

At the end of April, we've completed reviews across most of the non-compensation cost space, identifying substantial annual savings that we expect to materialize over the remainder of this year and be fully reflected in 2026.

Reductions in recurring costs are expected across all major non-compensation expense categories. To ensure that this is not a one-time exercise, we've also implemented cost governance tools, including centralized procurement function and a new executive level cost approval committee designed to ensure ongoing discipline and accountability.

As part of our broader operational screen-lining, we're also sharpening our focus on recurring revenue in our core businesses. Building on what we shared last quarter, we've made meaningful progress towards exiting our international real estate segment, which we've identified as non-core to our strategy. We've advanced this effort over the last quarter and expect to provide a definitive plan of action next quarter.

With the plan to optimize our operating efficiency close to completion, the control acquisitions set to be consolidated in Q2, and the decision on international real estate forthcoming, we expect to share more detailed guidance on our long-term financial outlook, including margin expansion and capital allocations later this year.

By focusing on our highest conviction businesses and executing decisively on cost optimization, we're positioning AITi for sustainable, profitable growth and delivering increased value for shareholders in 2025 and beyond.

With that, I'd like to turn the call over to Mike Harrington.

Mike Harrington

Thank you, Mike. As this is my first earnings call presentation as CFO. I want to begin by saying how excited I am to join the AITi team. While there's meaningful work ahead, I'm energized by our strong market positioning, the scale of our addressable opportunity, the strategic initiatives already underway, and the unique advantage we have through our strategic partners. All of this gives me strong conviction in AITi's ability to drive long-term growth and value creation.

Before I walk through the numbers, please note that, unless otherwise specified, all comparisons are made on a year-over-year basis versus the first quarter of 2024.

Starting with our consolidated results, AITi generated \$58 million in revenue for the first quarter of 2025, representing 14% growth. Approximately 83% of total revenue came from stable recurring sources, including management and advisory fees and fee components embedded in investment distributions from external managers.

Our core wealth and capital solutions segment was the primary contributor, generating \$57 million of revenue, up 23% from the prior year period. This growth was largely driven by higher management fees,

supported by a 10% increase in segment assets, reflecting both the successful integration of the East End and Envoy acquisitions, as well as strong underlying portfolio performance.

The segment also benefited from robust investment distributions, including crystallized incentive fees earned in 2024 from two external managers in which AITi holds equity stakes. Notably, the Asian Credit and the European Long Short Equity Strategies delivered healthy returns of 13.3% and 11.9%, respectively, for the year. These fees are paid in the quarter following year end.

On a GAAP basis, we reported a net loss of \$3 million for the quarter. Adjusted net income, which excludes non-recurring and non-cash items, was \$3 million in the period.

Consolidated Adjusted EBITDA for the quarter was \$9 million, up 38% year-over-year. This figure reflects the combined results of our wealth and capital solutions segment, corporate functions, and the international real estate segment, which we are in the process of exiting. The increase was supported by the accretive impact of distributions from our investment interests and the acquisitions. On a standalone basis, our core wealth and capital solutions segment delivered \$19 million in Adjusted EBITDA, a 34% margin, notably benefiting from investment distributions and acquisitions.

Operating expenses totaled \$72 million in the quarter, up from \$66 million in the same period last year. On a normalized basis, excluding non-recurring and non-cash items, operating expenses were \$50 million, compared to \$45 million in Q1 2024.

The year-over-year increase primarily reflects higher professional fees and general and administrative expenses related to non-core operations, as well as ethics gains that benefited the prior year period.

Sequentially, normalized operating expenses declined by \$13 million from Q4 2024, driven largely by lower compensation and G&A costs. We recognize that our recurring cost base remains too high relative to the current scale of the business, and we are taking firm steps to address it.

As discussed earlier, we have essentially completed a plan to optimize expenses, leveraging zero-based budgeting, and have already begun the process of implementing the plan to impact our expense run rate. This effort has unlocked meaningful savings, some of which will be reinvested to increase organizational agility and efficiency, and support long-term margin expansion. We'll provide more detail on the financial impact once the rollout is complete and reflected in our forward plans.

Other income totaled \$9 million for the quarter, primarily driven by fair value adjustments, most notably gains on earn out liabilities, partially offset by a decrease in the fair value of some investments. This compares to \$37 million in the prior year period, which included a \$39 million fair value gain on earn out liabilities.

Turning to our capital structure, we ended the quarter with \$52 million in cash and no debt. As we continue to scale, we're evaluating financing alternatives that align with specific needs of our business, supporting both organic initiatives and M&A activity, all preserving the flexibility to deploy capital efficiently and strategically.

With a more focused organization, a growing base of recurring revenue, and strong alignment with our strategic partners, we're taking purposeful steps to enhance the scalability and financial discipline of our business. Our ongoing cost optimization and productivity efforts are enabling us to better align resources with birth priorities and improve our margin profile. Collectively, these initiatives position us to drive sustained long-term value creation.

With that, I'll turn it back to Mike Tiedemann for his closing remarks.

Michael Tiedemann

Thank you, Mike. We've entered 2025 focused on executing our strategic agenda, expanding globally through the Kontora acquisition, and unlocking new capabilities through our partnerships.

At the same time, we've taken decisive action to streamline operations, exit non-core activities, and strengthen our technology infrastructure. As we look ahead, our attention remains on unlocking operating leverage and scaling with intention. These efforts are essential to building a durable, high-performing business that delivers long-term value to our clients, shareholders, and employees, many of whom are invested in our collective success.

With that, we can open it up for questions. Operator?

Operator

Great, thank you. We will now be conducting a question-and-answer session. If you'd like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two to remove yourself from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we pull up a question.

First question is from Wilma Burdis from Raymond James. Please go ahead.

Wilma Burdis

Hey, good evening, everybody. Could you talk a little bit about the zero-based budgeting effort? Gave some good color on the call, but I don't know if it's possible to quantify how much you might be able to reduce there on the expenses. Also, if you could provide some type of timeline, that would be helpful as well. Thanks.

Michael Tiedemann

Hi, Wilma. Mike Tiedemann. I'll have Michael Harrington answer some of this. But the ZBB process has been a line-item by line-item review across all segments of the business. The implementation of that begins immediately. Some of the costs do have longer tails, but the implementation of the cost saves or the identification of where we want to focus on those cost saves begin immediately or have already begun prior—late Q4, early Q1. It is meaningful, but we plan on giving more color on that at a later point in the year where we can give an update on what is already in the numbers and to come from there.

Mike Harrington

Yes. Hi, Wilma. Nice to meet you. Yes. As Mike said, the process is essentially complete, and we're just working that into our longer-term plan. Again, we're not waiting to take action. You're starting to see some of that even in this quarter-to-quarter review where you're starting to see some cost improvements. We plan to provide more detail and quantify that in a more precise way when we talk to you in August.

Wilma Burdis

Okay. Thank you. Yes, costs look like they were down a little bit. Good to hear it's already starting to have some impact. Can you talk a little bit more about the expectations for Germany and the growth there, and also give us a little bit of color on the M&A pipeline and the capital remaining to be deployed? Thanks.

Michael Tiedemann

Yes. Germany, as everyone knows, is a huge market and a really important market and a very difficult one to come from the outside and attempt to compete on the ground. I don't think many people have had success doing that. We were very fortunate to find a great entrepreneurial firm in Kontora that has very similar operating ethos as the broader platform in so much that they deal with very large, very complex families and help them in a broad array of areas. What they found that appealed to us was the fact that we brought more scale, more capabilities globally to couple with the capabilities they had. Obviously, having Allianz in the German market behind us as an organization of support was a real differentiator. We've already begun winning certain business. They've actually had a few great wins and we are working on several more prospects right out of the gate. We think it's an enormous opportunity and having that team and the quality of that team with our support, will ultimately be what drives it up.

In terms of the pipeline, there is a range of pipeline. There are both individual team lift outs and as well as some organizations in several of the markets we're looking at but certainly in the U.S., there are some very attractive areas that we are focused on and arguably as important as anything is our organic pipeline is very strong. There's some terrific organic opportunities for us to drive growth and as history is any guide, volatility of markets tends to actually help advance those conversations. People begin to make decisions to either move or to initiate conversations, but we have a lot of activity both on the shores of the U.S. and off.

Wilma Burdis

Thank you. Just a quick follow-up on that one. Could you talk about the capital remaining to be deployed?

Michael Tiedemann

A couple of things. One is depending on the size of any transaction, we obviously are evaluating debt financing and to pair that, but the capital that we have today is sufficient for the short-term smaller opportunities that we have in front of us.

Wilma Burdis

Okay. Thank you. I think you touched on it a little bit on the call, but could you provide a little bit more detail on the real estate business and where we should expect that to head in your term? Thanks.

Michael Tiedemann

We are divesting from the structures and that is something we've said in prior calls. The operations around those assets—again, these are joint ventures we have with many developers. In many ways, there's a reporting function to that, but we want to focus on the core of the wealth management business and made that decision a year ago now and have been working towards that, but we really believe that will be complete and packaged and very defined by the next call in August.

Wilma Burdis

Help us think a little bit through market volatility we've seen in 2Q. I know you guys have pretty good uncorrelated assets, but maybe just talk about what you're seeing with your clients and how we should think through your ARM and how it would react in this particular market. Thank you.

Michael Tiedemann

Yes. Relatively sanguine. We were projecting just greater volatility generally based on the trailing years of muted volatility, number one. We have always had a focus on higher quality risk assets. That becomes quite apparent in times of equity market volatility. That's what we're really talking about. We have a balance of assets like gold and illiquid assets, i.e., private credit or others that are just less impacted in the short-term from markets. There's, as you can imagine—this is a global comment, not a U.S. comment. There's a lot of conversations related to currency, related to obviously the tariffs and what this all means. I think our research team and our OCIO office has done a terrific job of keeping people updated on the changing news flow related to that and very specifically what we should not change and should not overreact.

Then we have the ability for some families that want to have assets, hard assets or liquidity in other markets and other jurisdictions and other currencies. We can do that for families. We have the ability to have U.S. clients have capital abroad in some of our other jurisdictions, whether it be Switzerland or Singapore, and we've seen some families take advantage of that.

Wilma Burdis

Okay. Thank you very much.

Michael Tiedemann

You're welcome. Thank you.

Operator

Once again, if you'd like to join the queue, it is star, one.

I'd like to turn the floor back to Management now for any closing comments.

Michael Tiedemann

Well, if that's the last of the questions, thank you all for listening in and we look forward to updating people further in our August call. Take care.

Operator

Thank you. This does conclude today's teleconference. You may disconnect your lines at this time. Thank you again for your participation.