

# AITi (ALTI)

2Q 2025 EARNINGS

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## CORPORATE PARTICIPANTS

**Lily Arteaga**, *Head of Investor Relations*

**Michael Tiedemann**, *Chief Executive Officer*

**Mike Harrington**, *Chief Financial Officer*

## CONFERENCE CALL PARTICIPANTS

**Wilma Burdis**, *Raymond James*

## PRESENTATION

### Operator

At this time, I would like to welcome everyone to AITi's Second Quarter 2025 Earnings Conference Call.

During the call, your lines will remain in a listen-only mode. After the speaker's remarks, there will be a question-and-answer session. I would 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 will turn things over to Lily Arteaga, Head of Investor Relations for AITi. Please ahead.

### Lily Arteaga

Good afternoon to everyone on the call today.

Joining me today are Michael Tiedeman, our CEO, and Mike Harrington, our CFO. We invite you to visit the Investor Relations section of our website at [www.alti-global.com](http://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 a 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

Thank you, Lily, and good afternoon, everyone.

The second quarter of 2025 was an important quarter for AITi because of the strategic actions we executed to strengthen and simplify our business. These actions reflect the vision we've been advancing for more than two decades to be the leading global wealth management and OCIO platform serving the ultra-high net worth community, the fastest-growing segment of the wealth market. AITi is truly differentiated by the scale breadth and strength of its platform. We have a global footprint that spans three continents, nine countries and more than 20 cities, allowing us to serve large families seamlessly across those jurisdictions. We operate as an open architecture investment and service platform, giving clients access to best-in-class solutions, and we use our increasing scale to benefit our clients with improved pricing and access.

Our offering is comprehensive, from investment advisory and OCIO to trust and fiduciary services, impact investing family office solutions, estate planning, governance, family dynamics and education, we are strategically positioned in the fastest-growing segment of the wealth market, ultra-high net worth, in which clients have fewer liquidity needs, allowing the capital to stay invested and the compound over time.

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We have operated our own trust company since inception, providing fully integrated fiduciary capabilities within the U.S. This structure ensures comprehensive oversight, strategic planning and seamless execution, positioning us to serve the complex needs of multigenerational families. We've built and continue to invest in operational centers of excellence, Lisbon for international operations and Delaware for U.S. Trust and Fiduciary services.

Our client relationships are exceptionally strong, tenured and built on trust with a 96% retention rate, supported by senior advisers to bring more than 20 years of industry experience. Each client engagement expands our repository of best practices, enabling us to continuously refine and apply those insights to future projects, driving greater efficiency and value to every new client that joins the firm.

Through AITi's strategic partnerships with Allianz and Constellation Wealth Capital, we benefit from their expertise, scale, insights and growth capital. For example, our private credit partnership with Allianz allows our clients to invest alongside its balance sheet at reduced rates while also accessing unique co-investment and secondary opportunities of preferential terms.

As the firm has grown, our enhanced quality and capabilities have been widely recognized, earning us multiple industry awards, including most recently, the award for best multifamily office over \$25 billion and best outsourced CIO.

As we've scaled and advanced our platform, strengthening our foundation has been a top priority. We're driving efficiency through zero-based budgeting uncovering substantial savings and instilling a culture of discipline across the organization. In parallel, we've advanced the automation of key finance functions and made progress towards full Sarbanes-Oxley readiness while enhancing governance and controls globally, all under the vigilant oversight of an independent board. These efforts position our platform for sustainable growth and scalable expansion, and the second quarter was a quarter of deliberate execution to sharpen its focus.

The exit of our international real estate business marks a major milestone in simplifying the firm and reallocating resources towards our highest conviction area, businesses anchored in recurring revenue and positioned for scalable growth. Over the past six months, we've enhanced client engagement through leadership initiatives, including the launch of our Family Office Operational Excellence report and the AITi Global Social Progress Index, both of which have garnered strong interest across key markets. With the consolidation of Kontora, we expanded our European presence, adding meaningful scale in one of the largest ultra-high net worth markets in the world.

Additionally, we continue to execute on our organic growth strategy with meaningful client wins, both from new relationships and expanded mandates from existing clients across the U.S. and key international markets. This afternoon, we'll walk you through our second quarter results and then expand on the progress we made towards our long-term strategic priorities and growth agenda.

In the second quarter, AITi generated consolidated revenues of \$53 million, up 7% year-over-year. Revenue in our Core Wealth Management and Capital Solutions segment rose 8% to \$52 million year-over-year, driven by an increase in AUM, reflecting strong market performance, the contributions from our acquisitions and improved ROA on the assets raised. Compared to the first quarter, management fees in the segment increased by 10%, reflecting the same positive factors. Importantly, 99% of the revenue came from recurring management fees, highlighting the durability of our model.

Adjusted EBITDA was \$4 million on a consolidated basis and \$14 million in our Core Wealth Management and Capital Solutions segment. While revenues are up, the reported numbers don't yet reflect the full potential of our business model. They include temporary noise from transformation initiatives and only partial contribution from recent strategic investments, while the benefit of our efficiency programs are still ahead of us. In short, the reported figures understate the momentum we're building and the earnings power embedded in our platform. As I mentioned earlier, this quarter reflects deliberate execution on key priorities, actions designed to strengthen our platform, drive operating leverage and deliver sustainable value.

In July, we executed one of the most significant steps in our transformation, the exit of our international real estate business. This decisive action marks a defining moment in AITI's evolution. Sharpening our focus on our core recurring revenue wealth management business, simplifying our platform and unlocking operating leverage to drive sustained profitability and margin expansion. This move underscores our commitment to our highest conviction business and positions AITI for scalable, profitable growth.

As referenced earlier, we also completed the implementation of zero-based budgeting, another critical initiative in our transformation. This disciplined approach to expense management reflects the cultural shift towards efficiency and accountability across the organization. Separate from the organizational streamlining efforts, ZBB focus is primarily on noncompensation expense optimization through a comprehensive bottom-up review of our cost structure. Key actions include bringing certain professional services in-house, consolidating vendors, renegotiating contracts, terminating underutilized technology providers, rationalizing systems, optimizing global office occupancy through rent and space reductions and driving G&A savings by restructuring vendor agreements. These initiatives are expected to deliver a total of approximately \$20 million in recurring annual gross savings across our noncompensation expense categories starting in the second half of 2025, creating a leaner operating model.

In short, the ZBB and organizational streamlining we have undertaken position us to expand margins, strengthen profitability and capture the full operating leverage inherent in our platform, driving long-term value creation for our shareholders.

In the second quarter, we completed the acquisition of Kontora entering the German market and adding approximately \$16 billion in billable AUA and significantly expanding our European platform into one of the largest global economies and ultra-high net worth markets. This acquisition is about more than scale. It reflects our strategy to combine best-in-class local expertise with the resources of a global multifamily office and OCIO leader. Our integration approach remains disciplined, focused on operational alignment, cultural fit and delivering seamless and improved client service.

Kontora also accelerates our organic growth strategy by expanding our presence in Europe and positioning us to capture new relationships in a market where demand for independent advice continues to grow. Together, this reinforces our vision to build a differentiated international wealth management platform with global scale, local insight and operational excellence at its core.

Organic growth remains a core pillar of our long-term strategy. In this quarter, we made meaningful progress. With integration and efficiency initiatives now largely complete, our focus has shifted to building a robust pipeline across existing and new markets, leveraging our integrated global platform, deep client relationships and differentiated service model to drive new opportunities.

Our International Wealth business, including Kontora is showing strong momentum. In the first half of the year, we signed new clients with over \$500 million in projected billable assets, and expanded assets across nearly 50 existing client relationships, underscoring the global strength of our platform. Looking ahead, the most compelling opportunities internationally is in the Middle East, one of the fastest-growing wealth markets. This region is undergoing a generational wealth transition and showing a strong growing preference for truly independent, conflict-free advice. We serve clients there for many years, and our increased focus has already resulted in new client relationships, and we're building a robust pipeline of substantial opportunities. We're also seeing strong momentum in the U.S. actively expanding relationships and deepening our reach with large sophisticated families.

Through June, new and expanded mandates totaled nearly \$430 million in projected billable assets. Additionally, our pipeline is among the largest in our history, including several sizable OCIO opportunities. While onboarding timelines can vary, our strong track record gives us confidence in converting these opportunities into long-term relationships.

Finally, we've reinforced our leadership in the Ultra-High Net Worth and Family Office segment with the launch of our 2025 Family Office Operational Excellence report, developed in partnership with Campden Wealth. This report is more than a publication. It's a growth platform generating new opportunities in advisory and OCIO services. Engagement has been strong with over 300-plus downloads, 220 family office leaders briefed and exclusive events across New York, London and Milan.

With the business now simpler and more focused, driven by the implementation of ZBB, the exit of international real estate, the acquisition of Kontora and targeted organic growth initiatives, we expect starting in the second half, our results to progressively reflect the strength of recurring revenue business with meaningful operational leverage from a leaner, more disciplined cost structure.

With that, I'll turn it over to Mike Harrington to share the details of our results.

### **Michael Harrington**

Thank you, Michael. Good afternoon, everyone.

As Mike mentioned, this quarter's results reflect timing mismatches between costs incurred and the benefits that are still ahead, and therefore, did not yet demonstrate the full earnings power of our platform. On the revenue side, they include only two months of contribution from Kontora and do not yet capture the impact of the strong organic growth pipeline we've been building. On the expense side, results reflect onetime professional fees tied to our zero-based budgeting program, a transformational initiative expected to deliver meaningful recurring savings the benefits of which are just beginning to be realized.

The second quarter also includes additional professional fees related to the exit of our international real estate business, while the significant cost savings from that exit will start to be reflected in our results in the second half. Regarding international real estate, because the transaction closed after quarter end, the numbers reported today do not reflect any wind down costs or charges. We'll report these figures once they are available.

Now let me turn to the second quarter results, which I will discuss in comparison to both last year's quarter and the prior quarter, focusing on our Core Wealth and Capital Solutions business to better show the underlying trends of the ongoing business particularly now that we've exited the international real estate business.

Starting with our consolidated results. AITi generated \$53 million in revenue for the second quarter of 2025 representing 7% growth. Ninety-nine percent total revenue came from stable recurring sources. These include reported management and advisory fees as well as the management fee components embedded in investment distributions from external managers.

Our Core Wealth and Capital Solutions segment was the primary contributor, generating \$52 million of revenue, up 8% from the prior year. This growth was largely driven by higher management fees, supported by a 14% increase in segment AUM, reflecting strong underlying portfolio performance, improved ROA on the assets raised as well as the acquisitions. Compared to the first quarter and excluding the \$9.7 million incentive fee recorded in that quarter, quarter-on-quarter revenues increased 11%.

Operating expenses totaled \$83 million in the quarter, up from \$64 million in the same period last year, primarily driven by onetime professional fees tied to our zero-based budgeting program, the integration of Kontora and the provisioning of receivables associated with the International Real Estate business. This charge to the International Real Estate business was not related to the placement of that business into administration. Compared to the first quarter, operating expenses increased \$12 million, reflecting the same factors. On a normalized basis, excluding nonrecurring and noncash items, operating expenses in the second quarter were \$50 million, in line with the first quarter, even with two months of Kontora included. This underscores the early impact of our organizational streamlining and ZBB initiatives, which are beginning to deliver tangible benefits.

Consolidated Adjusted EBITDA in the quarter was \$4 million, including a \$1 million loss from our international Real Estate segment. Our Core Wealth Management and Capital Solutions segment delivered \$14 million in Adjusted EBITDA in the second quarter, relatively flat compared to the same quarter in 2024. On a like-for-like basis, excluding the incentive fee recorded in the first quarter, Adjusted EBITDA in this segment increased \$4 million and the EBITDA margin increased from 20% to 26% reflecting the asset increases and the early impact of the operational efficiency initiatives implemented.

Finally, on a GAAP basis, we reported a net loss of \$30 million for the quarter reflecting two main factors: first, the operating loss largely driven by the timing mismatches noted earlier, including a onetime \$7 million professional fee related to the ZBB project; second, fair value adjustments, most notably a loss on the earn-out liability driven by the stock price increase in the quarter.

Adjusted net loss, which excludes nonrecurring items, was \$600,000 in the period. Our recurring cost base remains higher than we want for the current scale of the business, and we've taken decisive action to address that.

With zero-based budgeting complete and in execution, our disciplined bottom-up review is unlocking meaningful recurring savings, the benefits of which will begin to flow through in the second half of this year. This translates to a leaner, more agile operating structure, improving efficiency and profitability while enabling selective reinvestment in technology and client-facing initiatives that drive growth and long-term margin expansion. Cost discipline is just one lever of value creation.

Another is capital flexibility. We ended the quarter with \$42 million in cash and are effectively debt-free, providing a strong foundation as we scale the business. We are actively evaluating capital structure options to best support our strategic priorities, funding organic growth and selective M&A, while preserving flexibility to deploy capital with discipline and maximize long-term value.

Bringing this together, despite the timing mismatches we discussed earlier, we are seeing positive quarter-on-quarter trends on a normalized basis, an encouraging sign as the benefits of our initiatives begin to take hold and flow through our results. We entered the second half of 2025 with a stronger leaner platform, a normalized expense base following organizational streamlining initiatives and the exit of our international real estate business. Combined with the strong organic growth outlook that Mike outlined earlier and the recently completed Kontora acquisition, we believe the business is well positioned for sustainable value creation.

With that, I'll turn the call over to Mike Tiedemann for his closing comments.

### **Michael Tiedemann**

Thank you, Mike.

With the platform anchored in recurring revenues and expanded global footprint across three continents and a leaner, more agile cost structure, we're entering the second half of 2025 with confidence and complete focus. Our priorities remain clear: drive organic growth; leveraging the strength of our open architecture platform; and creating value through operational discipline and targeted reinvestment. Taken together, these actions reaffirm our commitment to long-term value creation for clients and shareholders.

Thank you again for your time and continued support. We are excited by the path ahead.

With that, I'll turn the call back over to the Operator to open the line for questions.

### **Operator**

Thank you. With that, we are now conducting a question-and-answer session. If you would like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate that your line is in the question queue. You may press star, two to remove yourself from the queue. Participants using speaker equipment, it may be necessary to pick up the handset before pressing the star keys. One moment while we poll for questions.

Our first question comes from the line of Wilma Burdis with Raymond James. Please proceed with your question.

**Wilma Burdis**

Hey, good afternoon, everyone. Real estate has been about a \$3 million per quarter quarterly drag, just estimating it. Should we expect that to go away once the real estate business is down? Does that imply around \$12 billion of higher annual EBITDA? Thanks.

**Michael Harrington**

Hi, Wilma. It's Mike Harrington. Yes, I think this has been running about \$2 million negative on an adjusted basis. This quarter was a little bit higher, but yes, your premise is correct, we should see a much lower expense much higher EBITDA going forward just based on the fact that once we complete the accounting and finish all that work that going forward, there won't be any expenses related to that business.

**Wilma Burdis**

Great. Thank you. Then could you talk a little bit about the net inflows. Are they margin accretive? What are the fee rates on the inflows versus the business (inaudible).

**Michael Tiedemann**

Hey, Wilma. It's Mike Tiedemann. I'll answer that one. Internationally, the ROA on incoming business has been—inflows has been higher than the exiting flows or any outflows that we've had. The net actually has been quite positive. In the U.S., it depends. What it really depends by is the size of families. As you'd imagine, as you bring in a much larger relationship the management fee on balance declines. It doesn't have anything to do with the net margins as a result of that increased growth, but it does have to do with the billable ROA that you record. It is more of a mixed bag depending on that's really quarter-by-quarter the aggregate size of family as they onboard.

Q2, so just one thing on Q2 specifically within the States. Second quarter tends to be for tax payments, a natural outflow quarter just specifically related to that not lost business, but just outflows for client bases that are paying those taxes for your modeling purposes.

**Wilma Burdis**

Okay. Thank you. Then bringing Kontora on 2Q reflects two out of three months of results of the acquisition, but could you help us think about in (audio interference) on a more quarterly forward basis.

**Michael Tiedemann**

The Kontora business is to give you a sense, and we're very optimistic about what can be driven not just with the existing business, but what is to come in that marketplace. But the Kontora business is of the—there's a very large AUA which is essentially a large family office service component, a lot of complex tax services and family office related services that are more fixed fee in nature and arguably lower ROA. They are in process of doing two things: one, the organic growth working with us and collaborating with us which is already yielding results; and two, really converting and refocusing their existing client base into more discretionary mandates, which is consistent with the rest of all tea (phon). We expect that to be, in general,

a continued profitable business. Our deal structure was set up to really reward the team for their success over time as they drive margins. The back end of the consideration will be driven really by that. As we drive margins, they will obviously earn more comparable for that. There's a lot of alignment there.

**Wilma Burdis**

Thank you. Could you talk about the opportunity to recruit teams from banks? Just what does that look like going forward? Thanks.

**Michael Tiedemann**

Depends regionally. I think that it really depends—we want to make sure anyone that joins the firm is a great fit. There's a cultural component. Their client base has to be a good fit as well. Many of them have to be looking to join the firm, but it has a real holistic service model. In many cases, we are a desirable platform because we bring all of that to bear. More global, we have all the services that I mentioned in my earlier part of the call. We do believe that will be an increasing part of our recruiting, and we are actively engaged with some opportunities as we sit here today.

**Wilma Burdis**

Okay. Thank you.

**Operator**

Thank you. With that, there are no further questions at this time. I'd like to turn the call back to Michael Tiedemann for closing remarks.

**Michael Tiedemann**

Great. Well, thank you again for listening in. We look forward to any follow-up conversations and please feel free to contact Lily Arteaga with any questions that you might have that were not asked today.

**Operator**

Thank you. With that, this does conclude today's teleconference. We thank you for your participation. You may disconnect your lines at this time. Have a wonderful day.