

Aeries Technology, Inc.

TRANSCRIPT

Fiscal Third Quarter 2025
Earnings Call

February 18, 2025

CORPORATE PARTICIPANTS

- **Ajay Khare**, Chief Executive Officer and Board Member
- **Daniel Webb**, Chief Financial Officer and Chief Investment Officer

PRESENTATION

Operator

Good morning, and welcome to Aeries Technology's Third Fiscal Quarter 2025 Business Update Call. Joining us today are Aeries Chief Executive Officer, Ajay Khare, and Chief Financial Officer, Daniel Webb. The call will review the results for the quarter ended December 31, 2024, and discuss strategic priorities moving forward.

Before we begin, please note that today's discussion contains forward-looking statements, including Aeries' expectations regarding future performance and market opportunities. Actual results may differ materially. Please refer to SEC filings and the earnings press release for a full discussion of risks and uncertainties. Additionally, this call will include certain non-GAAP financial measures. Reconciliations of these measures to the most directly comparable GAAP measures are available in our earnings release and on our website. With that, I'll now turn the call over to Ajay.

Ajay Khare, CEO

Thank you, and good morning, everyone. I'm Ajay Khare, the newly appointed CEO of Aeries Technology. Many of you know me from my previous roles as Chief Operating and Revenue Officer over the past ten years here at Aeries. I am honored to step into this role and lead the company into a new phase of transformation and growth. I would like to take this opportunity to appreciate out-going CEO, Sudhir Panikassery's leadership, which has set a strong foundation for our growth.

I'm also pleased to announce that Daniel Webb has been appointed as our Chief Financial Officer, in addition to continuing his role as Chief Investment Officer. Daniel brings expertise in public markets and investment banking. We believe his strategic insight will be instrumental in strengthening our financial discipline and ensuring that we deploy resources effectively to achieve our long-term objectives.

Today, I want to focus on three key areas:

1. **Strategic Focus on Profitable Growth:** We have realigned our business model to concentrate on high-value, long-term engagements with our core North American clientele—accounts that represent over 93% of our revenue. By exiting non-core segments, such as Middle East, we are sharpening our focus on transformation-led partnerships. This approach is designed to not only enhance our service quality but also support our strategy of achieving profitable growth on both cash flow and adjusted EBITDA basis.
2. **Robust Cost Discipline and Financial Health:** Our recent cost rationalization efforts have already delivered significant benefits. This quarter, we further eliminated significant SG&A cost in annual expenses—a saving that is expected to positively impact our bottom line starting next quarter. Combined with our disciplined approach to resource allocation, these measures are designed to put us on a clear path to being cash flow positive for the foreseeable future.

Innovation and AI-Driven Transformation:

The industry is evolving from legacy cost-saving models toward transformation-led engagements. Our Global Capability Center (GCC) model remains central to our growth strategy. In parallel, we have observed that our AI practice is gaining traction. We now offer a complimentary AI assessments to help clients analyze optimal areas for AI automation to drive process optimization and operational efficiency. Some recent examples of AI projects we have done include helping a telecom client achieve 97% accuracy in churn prediction, and in the healthcare space, our automation solution for IT support has reduced human intervention by 40%. We believe these initiatives not only differentiate us in the marketplace but also create tangible value for our clients.

In summary, with a strong leadership in place, a focused strategy on high-value engagements, and disciplined cost management, we believe Aeries is well positioned to drive sustainable, profitable growth. We remain committed to excellence and delivering value to our stakeholders as we navigate an evolving market landscape.

Now, I'll turn the call over to Daniel to discuss our financial performance and outlook in greater detail.

Daniel Webb, CFO

Good morning, everyone, and thank you for joining us today. As mentioned earlier, I'm Daniel Webb, newly appointed as CFO while continuing in my role as Chief Investment Officer. I'm excited to share our financial highlights and strategic outlook for fiscal years 2025 and 2026.

For the third fiscal quarter of 2025, our key financial metrics are as follows:

- **Revenues:** North American Revenue of \$16.4 million. Representing 13.1% YoY growth. Total revenues reached \$17.6 million, down 6.8% year-over-year. Importantly, North American revenue now represents over 93% of our business.
- **Gross Profit and Margins:** Our gross profit for the quarter was \$4.0 million, resulting in a gross margin of 23.0%.
- **Income from Operations:** Income from operations for the third fiscal quarter of 2025 was (\$5.2) million, compared to \$0.7 million for the third fiscal quarter of 2024.
- **Net Income:** Net income was \$2.0 million compared to (\$16.3) million for the third fiscal quarter of 2024
- **Adjusted EBITDA:** Adjusted EBITDA for the quarter was (\$2.0) million. While we experienced some headwinds this period, our ongoing cost optimization efforts—including significant SG&A expense reductions—are expected to generate meaningful benefits in the upcoming quarters.
- **Core Adjusted EBITDA:** Core Adjusted EBITDA for the third fiscal quarter 2025 was \$1.5 million, compared to \$(0.02) million for the third fiscal quarter of 2024.
- **Balance Sheet:** At December 31, 2024, we had \$2.4 million in cash and cash equivalents, with total long-term debt at \$1.5 million.

Looking ahead, The Company is reiterating its stated guidance for fiscal year 2025:

- Revenue between \$71 million and \$73 million
- Core adjusted EBITDA between \$6 million and \$7 million

In addition, we are introducing our fiscal year 2026 outlook, with expected revenues between \$74 million and \$80 million and Adjusted EBITDA between \$6 million to \$8 million. Fiscal 2026 reporting and guidance will not include Core adjusted EBITDA, as we anticipate that all expected credit losses from prior non-core markets will have been fully addressed this fiscal year.

We believe our renewed focus on profitable growth—backed by robust cash flow expectations and stringent cost controls—enhances Aeries's ability to achieve sustained success. We are committed to maintaining a clear, strategic focus and leveraging our capabilities in AI, automation, and GCC operations to drive value for our clients and shareholders.

Thank you for joining the call.