

February 6, 2026

To National Stock Exchange of India Ltd Exchange Plaza, 5th Floor, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai 400051 NSE Symbol: ATHERENERG	To BSE Limited 1 st Floor, Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400001 Scrip Code: 544397
---	---

Dear Sir/ Madam,

Sub: Transcript of earnings call pertaining to the Unaudited Financial Results of the Company for the quarter and nine months ended December 31, 2025

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in furtherance to our earlier letter dated February 02, 2026 on the audio recording of earnings call of the Company pertaining to the Unaudited Financial Results for the quarter and nine months ended December 31, 2025, please find enclosed herewith the transcript of the said earnings call.

The said transcript is also available on the website of the Company at: <https://www.atherenergy.com/investor-relations/financials>

Kindly take the above information on record.

Thank you

For Ather Energy Limited

Puja Aggarwal
Company Secretary and Compliance officer
Membership no: A49310



“Ather Energy Limited
Q3 and 9M FY ‘26 Results Conference Call”
February 02, 2026



MANAGEMENT: **MR. TARUN MEHTA – EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER – AATHER ENERGY LIMITED**
MR. SOHIL PAREKH – CHIEF FINANCIAL OFFICER – AATHER ENERGY LIMITED
MR. MURALI SASHIDHARAN – HEAD OF PUBLIC AND GOVERNMENT RELATIONS – AATHER ENERGY LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Ather Energy Limited Q3 and 9M FY '26 Results Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Murali Sashidharan, Head of Public and Government Relations at Ather Energy. Thank you and over to you, sir.

Murali Sashidharan: Thank you. Good evening, everyone, and welcome to Ather Energy Limited Q3 FY '26 Earnings Conference Call. From the management team, we have with us today, Mr. Tarun Mehta, Executive Director and Chief Executive Officer, and Mr. Sohil Parekh, Chief Financial Officer.

Before we begin, let me draw your attention to the fact that today's discussions may include certain forward-looking statements, which are predictions, projections, or other estimates about future events. These statements are subject to various risks and uncertainties that may cause actual results to differ materially. Please note that this conference is being recorded.

With that, I would now request Mr. Tarun Mehta to share his opening remarks. Following that, we will open the forum for question and answer session.

Tarun Mehta: Thanks, Murali. Let me just get straight into the deck. Q3 was a particularly strong quarter for us. Units sold were 68,000, which was up 50% year-on-year. Total income was just shy of INR1,000 crores, up again 53% year-on-year. Adjusted gross margin was up 111% year-on-year and 19% quarter-on-quarter to INR251 crores, which is only about 25%, which at 25% itself is a 700 bps improvement year-on-year.

But the biggest story for us, frankly, was the EBITDA improvement. EBITDA improved by 1,600 bps year-on-year and 700 bps quarter-on-quarter to land up at negative 3 overall. So, very strong performance there. The primary driver for us in the last couple of quarters has been operating leverage, which has really been driven on the back of expanding demand, particularly expanding demand for Rizta.

Q3 was the time when we crossed 5 lakh units sold cumulatively ever, but Rizta crossed 2 lakh units sold within that. So, it has been growing really fast and driving sales across the entire country for us. A few highlights from Q3.

This was the first time we crossed 30,000 units registered and sold in a single month, which was the month of October, which also happened to be the highest ever market share we have achieved till now, which was with a comparatively still younger distribution footprint. This is certainly a fairly strong performance by our partners across the country.

Distribution has continued to expand pretty much in line with what we had guided. We closed Q3 with 600 stores open pan India and we are very much in line for opening 700 stores by the end of this fiscal. Overall, for Q3, we achieved 18.8% market share, 67,800 units wholesale, up 22,000 units over the same time last year.

In fact, our actual registration count and actual units sold were materially higher at almost 72,000 units and it was very efficient management of our channel inventory with our partners, which allowed us to reduce the channel inventory towards the end of the calendar year, which is why there is a considerably higher retail than actual wholesale, a benefit that should continue growing for the next few months.

Breaking down this sales growth, sales performance, let me start from middle India, which we have guided several times and has been the biggest focus of growth for us, over the last entire year. Q3 was a very strong quarter. We added almost 3% market share up from 14.6% to 17.4% market share. Gujarat is holding up really well. We achieved 25% market share.

Madhya Pradesh, Maharashtra, all are performing incredibly well. In fact, Maharashtra was a big positive delight. We jumped up to 18.6% market share in Q3, our strongest performance till date. I do believe that there is some more juice to go here in middle India as an entire geo for us and I am particularly excited about Odisha, where we have seen our market share roughly double from 8.5% to almost 15% market share in the last couple of quarters. I believe that Odisha, in addition to Maharashtra and Madhya Pradesh will continue contributing a lot in the coming months also.

Coming to rest of India, again, similar strong success, strong growth. Our market share was up at 12.6%. In fact, for rest of India, while obviously I am very bullish once we launch EL as a platform and its ensuing products, this kind of market share growth is extremely heartening with our existing portfolio itself. Very strong performance in Jammu & Kashmir, Punjab, Rajasthan — Rajasthan particularly. In fact, I would say places like Rajasthan and Punjab are starting to look like middle India markets for us with 14%, 15%, 16% market shares there. We will continue investing in rest of India, particularly preparing for EL's launch with more stores and more marketing in the coming quarters also.

South, we have retained our leadership and we have defended our market share really well. Despite very strong competitive intensity in the entire zone, we were yet again number one in the entire zone for the entirety of the quarter, ending with 24.4% market share.

Coming to gross margins, gross margins has been a very consistent story this entire fiscal. In Q3, we added 1% margin on account of superior revenue. We improved our margins by 1% on back of reduction in COGS and 1% margin improvement was down to us being able to claim subsidies better, leading to a 3% improvement in AGM compared to Q2. Not just Unit Economics, but also EBITDA.

Now, let me just put, and before I get in the EBITDA story, let me just give some context. We believe that this year, there are some headwinds ahead for the industry, auto in general and EV specifically, in terms of commodities and potential risks to subsidies and potential pullbacks there.

To better manage those, we have been working hard over the last few quarters and we have been very disciplined with our fixed costs. So, while Unit Economics has improved and has been at a great place overall, we have also ensured that our fixed costs have been maintained really well

to ensure that our overall EBITDA lands at a better place. This prepares us well for potential headwinds later this year, so that our P&L can be protected even through that time.

And that work is what you see reflected in numbers here. For example, in all of FY '25, we improved EBITDA by roughly about 1,300 bps. In just three quarters of FY '26, we have already improved EBITDA by 1,400 bps. And we do believe that we will exit FY '26 with an even stronger position, given current trajectory. This EBITDA, so Q3 EBITDA was at roughly about negative INR29 crores, about roughly 3% negative, just under 3%.

So, there are a lot of reasons for us to be confident about operating leverage. And because the growth outlook is strong on the back of the work we are doing with EL, the work we are doing with the new factory in AURIC. But there is another lever, which is specifically a strong Ather success, which is our non-vehicle revenue contribution.

Typical legacy players, I think would do about 15%, 16%, 17%. Ather's non-vehicle revenues is already up at 14% in Q3, which is obviously our highest ever. And this is despite our service revenues being obviously still very early stage, because the installed fleet size is obviously limited. So, we do believe that there is a lot of compounding possible on non-vehicle revenue. And given that most of non-vehicle revenues end up accruing superior gross margins, the contribution to gross margins is much higher.

The largest contribution to non-vehicle revenue comes from the sale of software in the form of ProPacks. And I want to spend a few minutes on our software story today, because we have launched a new version in the previous quarter, and a lot of launches ahead of us. And this has overall contributed to a strong profitability or strong unit economics for us till date.

Our software suite is broken over four different vectors of safety, navigation, convenience, and ride assist features. Safety features are features like Find My Scooter, Theft & Tow Alerts, Live Location Sharing, Navigation is things like send location via WhatsApp, Google Maps on dashboard, so on. Convenience are features like Ride Story, so you can track your vehicle usage, Remote Control over your vehicle. And Ride Assist are features that alter your riding style, features like AutoHold, Traction Control, Magic Twist, so on.

While the financial performance of the software product is visible to most analysts on the street today, we also want to talk a little bit about all the work we're doing to ensure that consumers continue to really love the product, because that word of mouth is important for continued success of this product.

So example, if I were to share a few stats around usage, about 40% of our users use safety features like Live Location Sharing, Find My Scooter, at least once every month now. More than 50% of our users use onboard navigation, which is Google Maps, at least once every week. In fact, there are about 50,000 power users who use navigation every single day now.

Ride stories which was a quirky feature we built a while ago, today has 37% Monthly Average Usage, MAU. There are a lot of users who are truly hooked on to the mobile app because of this feature. Ride assist is, however, the holy grail of what great software features should enable for the brand, which is extreme stickiness. And that's what we are seeing. These are features that are

unique to Ather. They've been built with a lot of deliberation. And once you start using them, it will be very hard for you to switch products and go to another brand.

These are features like Magic Twist, where you can use the throttle to brake or AutoHold, and so on and forth. And the stickiness of these features is insanely high now. 23% of our fleet uses Magic Twist every single day now. More than two thirds of the fleet uses AutoHold every single day now. And it's stickiness like this that gives us the confidence to introduce more such features.

With the latest release being that of Infinite Cruise, where with just one button, you can put your vehicle in cruise and don't need to do anything after that. Infinite Cruise was introduced a few months ago to our highest end product, Ather 450 Apex. It's already seeing very similar stickiness as AutoHold and Magic Twist with 31% DAU, daily active users, which is why recently we have now pushed Infinite Cruise to 40,000 more scooters, cementing the technology capabilities of the brand and the power of buying software because we can remotely upgrade your vehicle consistently and launch new features on it.

So together, this kind of ensures that not only we are seeing good outcomes out of our software financially, we are also investing in ensuring that there's strong product truth underlying these experiences so that people keep talking about them and more people recommend to each other that you should buy the ProPack with an Ather.

And it's not just product and tech, but also marketing, which is investing in creating this entire asset. So starting January, we have now started one of our bigger campaigns, which is called Life is Easy on an Ather, where we are celebrating what we call magical experiences often born out of the software, AutoHold, Magic Twist, Infinite Cruise, so on and forth.

Outcome metrics, honestly, that's already public, so no surprises there. Very strong performance in Q3 with 91% attached rate for the software products. Despite a roughly quadrupling of our volumes over the last six quarters, the ProPack attached rates have been very consistent. We're investing more in the coming months. There are features like Pothole Alerts, Voice on Ather, ParkSafe Alerts that are scheduled to go live, which should hopefully further enhance the value of this entire suite.

On other sources, one big place of investment continues to be charging infrastructure for us, where we have consistently stayed ahead of the market. Ather runs the largest fast charging network for electric two wheelers in the country, with our total network size reaching 5,000 charging points as of 31st December. These are charging points operating on LECCS, which is our charging protocol, now publicly available. And also, we've been able to successfully drive monetization of these charging points, so it's no longer really a pure play cost center for us. We're also able to monetize them quite responsibly.

We had the multi-language dashboards, which really went quite viral and was a big marketing hit. Infinite Cruise, which I spoke about, Kids Helmets, which have just started scaling up now. We launched Rizta in the Sri Lankan market. We'd already launched Rizta in the Nepal market a while ago. We've now further expanded that into Sri Lanka now.

And finally, a recent announcement where we announced the entry into the auto insurance space. This is us getting into the value stream, more in the middle of the value stream, taking over the administrative work as an agent, as an insurance corporate agent.

The primary reason for us to enter there was to take better control of the end-to-end consumer experience and deliver a delight feature there. But we also expect the entire play to be margin accretive for the company.

Finally, to just summarize the quarter, strong quarter at about INR995 crores total income, 50% growth in units sold, 18.8% market share Pan India for the entire quarter, up almost two and a half times since Q1 FY '25, 600 stores Pan India. Revenue from operations per unit hitting 1.4 lakhs, strong improvement in COGS, strong improvement in gross margin, AGM at 25%, and strong improvement in EBITDA ending with negative 3% for the quarter.

With that, I think I'm at the end of my walkthrough. We can now open it up to Q&A. Thank you.

Moderator:

Thank you so much, sir. Ladies and gentlemen, we'll begin with the question and answer session. Any one who wishes to ask a question may press star and one on the touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and Gentlemen we will wait for a moment while the question queue assembles. First question comes from the line of Nishit Jalan from Axis Capital.

Nishit Jalan:

Thank you for taking the question and congratulations on a good set of numbers. I have two, three questions actually. Firstly, on the volume and the market share side, I think we seem to be doing much better than probably what you would have also hoped a few months back. Just wanted to understand this distribution network we are expanding to 700 now. But how do you see that panning out in the next two, three years?

Will distribution network be the biggest driver of our market expansion here on because still our penetration is fairly low and the gain is coming more from middle India and rest of the world where we are adding a distributor. How do you see the potential of distribution expansion in the next two, three years?

Second is on product side. EL, if you can share more thoughts here as to when should we see this platform getting launched and what kind of products you would look at from this platform? And will the product be initially manufactured in Hosur before moving to Aurangabad?

And thirdly, on commodity side, I just wanted to understand while we can see that aluminum, copper and all have gone up, anything on EV-related products that you would want to highlight as to what kind of price movements or inflation and all that we might see? And what is our response in terms of price hikes that we have taken from and what we plan to take to kind of offset those things? Thank you.

Tarun Mehta:

Thanks, Nishit. Let me just go sequentially.

So, what is the distribution potential? I personally see distribution and the product portfolio being very intricately linked. You cannot de-link them and expand either and hope to get returns. For example, with the introduction of Rizta is where we started feeling that our distribution, like we have a fairly evolved model in the back-end that helps us understand what kind of independent store has become viable with the existing portfolio.

So, we had estimated that about 600 and now 700 stores are independently viable comfortably with just Rizta and 450 alone. And honestly, with the expanding market, that number is going up. So, there is still some more potential for distribution expansion for a few more quarters. It cannot continue infinitely, which is where the next product plays a role.

EL is scheduled for launch later this year, and the launch of EL, that is leading into your second question. Obviously, I am not sharing specific details about the product or its exact pricing or its exact positioning, but directionally EL is a lower cost architecture for us, which is something we can then use to lower our entry price points without losing a strong margin expectation.

So, we are going to use that. And with a better price point and a more flexible platform in EL, we believe the markets, particularly the North India markets, could open up materially to us. So, along with EL is how we will look at expanding our distribution in sync with it.

The next few quarters, I think there is still work to do just to keep opening up what Rizta alone demands. But by that point, EL comes in, and then EL starts another wave of future store opening. I do believe that a couple thousand stores in the next few years is a pretty healthy ask and practically possible with the expanding portfolio.

EL obviously will scale via AURIC, but we are looking at the exact timing and we are open to starting EL out of the Hosur premises to de-risk potential timelines here, because the product readiness is pretty much on time. So, if required we will be ready to start EL out of Hosur itself to get the initial traction going while we continue scaling it via AURIC.

Finally, on commodities impact, honestly, I would love to tell you, this is cyclical, and there is a very smart analyst with a great report who knows what is happening. I do not think anybody knows what is happening. This is truly unprecedented in every way. There are a lot of commodities going haywire.

Some of it is fundamental, yes there are some commodities that do seem to secularly be in a demand-supply gap. A lot of them probably are just – they seem to me like a little bit of a – they seem to be stuck in some sort of a hype situation right now. But even hype situations can last a couple quarters, so you cannot exactly predict. So, we are preparing for the worst. It is hard to say. I think it will be a few percentage points of risk this coming – for the rest of the year, something hopefully we will be able to work with given our increasing scale. And particularly, EL is a good way to de-risk some of these commodities that are going haywire, particularly things like aluminum. But yes, I think commodities are in a crazy space right now, and we all need to be very careful.

Nishit Jalan:

Thanks, Tarun. Just a couple of follow-ups. One, on – whilst the aluminum, copper, and all we can price, just anything on – it is related to EV components, battery, unlimited cost, or basically

electronics or anything, there also you have started to see inflation, or is it mostly the hard metals where we are seeing inflation?

And secondly, I asked around price hikes, how much we have already taken so far, or any plans for further price hikes?

Tarun Mehta: So, I think we will de-link them, because I think price hikes cannot be in isolation, cannot be just purely linked to commodity risks. But to your specific point, I think the commodity stress is distributed over both auto and the battery side. We are seeing certain commodities on specific chemistries also going up. I think – I would still say the battery side is a bit more manageable. It is the vehicle side which seems a little bonkers right now.

Nishit Jalan: Okay. Thank you.

Moderator: Yes. Thank you so much. Our next question comes from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh: Yes. Hi, Tarun. Congratulations to you and your team for a wonderful set of results. Firstly, on the cost side, I just want to understand as you look forward, where are the areas where you can reduce costs? Is it more coming from scale or is it coming from some value engineering or innovations that you are doing?

And just in terms of contribution, which of these areas has more potential? Just some color on that. And you mentioned that you will exit this year on a stronger note. Is there – it seems a little surprising given the commodity inflation we are seeing. So, just some color on that as well, please?

Tarun Mehta: Thanks, Kapil. So, there is a cost reduction can come further from. I do believe that our industry is still not at steady state cost structures by any stretch. I think there is, depending on the product, I feel there is like a 10%-20% long-term potential still easy in the cost structures.

For us, the easiest opportunities are in the mechanical sides first, which is where a lot of the work on EL leads us to, a steel frame, more traditional in its sense, an enclosed gearbox instead of the current transmission design, and a few other manufacturing improvements hold an enormous amount of potential in easy and large cost reductions, more particularly aimed at Ather in the near term, let's say the next 4 ,6 quarters, I would say.

There are certainly opportunities yet. And as scale gets in the 40,000-50,000 a month, I think they will start becoming more and more visible. On the vendor side, instead of just calling them pure negotiation opportunities, I will reframe them as ME opportunities, Manufacturing Engineering, where getting into the details of the manufacturing process, and that's the difference between ICE and EV today.

A lot of the EV-specific designs haven't had the time to be perfected from a cost, and specifically a process cost, logistics cost, inventory, and storage cost perspective. So there's a lot of flap. When you start getting the details of it, that can add up to several thousand rupees. So I think this detailed work now will continue for the next several years, and there's a lot of long-term

squeeze potential in the cost structures. But obviously, it requires work and which is what we are geared towards.

Did I answer all your questions? Kapil?

Kapil Singh: Yes, I think it did...

Tarun Mehta: Sorry, Q4. So -- no, I was just indicating that YTD, we are at negative 9% EBITDA. YTD, we are negative 9%. So I do believe that by the exit of FY '26, we will be better than negative 9% because the recent quarters, we've been performing better. So, averaging out we're taking the average down. So, I think we'll average better. Yes, there are some commodity risks starting to build up, but I think we'll still be able to manage them, at least in the short term.

Kapil Singh: And Tarun, do you feel that there is more pricing power for you? One of the disadvantages, unfortunately, is that you don't have PLI. And we are seeing in some of your competitors, very strong PLI contribution. So is there scope to take up pricing as well over the next two years? And how do you think things evolve after FY '28 when the PLI ends?

Tarun Mehta: So Kapil, you picked up my favorite topic. I think, actually, I want to reframe this for the street that us not having PLI is actually one of the strongest and one of the biggest reasons to be optimistic about us in the mid-term, because we are already operating on the most cleanest pricing principle. We don't have the risk of PLI changing our pricing architecture completely a few years later.

And PLI is not a 10-year policy. So, I would say not having PLI hurts, but I think that's a good pain to take right now to have a very, very, very resilient P&L in the next two-three years. Now, to your base question, is there more pricing power? We have been very disciplined about timely price hikes. In fact, even in the start of this quarter, Q4, we have announced a INR3,000 price hike. And we are managing that well.

Obviously, price hikes are distributed across different geos, distributed across the base vehicle. So actually, one advantage that Ather has is that, we have the levers of the base vehicle price and the Ather Stack Pro price. So, between these two levers, we can also distribute the price hike, giving consumers a little bit more flexibility and giving us better ability to land the message.

So I think operating in a non-PLI world has made us incredibly creative and incredibly disciplined about pricing. And yes, we've just taken a price hike, and I think we're managing it quite well.

Kapil Singh: Okay, great. Any thoughts on what will be your monthly volume run rate for a EBITDA break-even?

Tarun Mehta: Kapil, sorry, we are not giving that guidance. I know it's a straightforward maths, but from company's perspective, we are not sharing guidance.

Kapil Singh: Okay, thanks and best wishes. Look forward to a stronger Q4 as well.

Moderator: Thank you. Our next question comes from the line of Chirag Jain from Emkay Global Financial Services. Please go ahead.

Chirag Jain: Yes, thank you for the opportunity and congratulations on a very strong performance. Tarun, just wanted to understand a bit more. You did mention that non-vehicle revenue consumption typically is 15%-17% for ICE companies, and we are already at 14%, even though this service revenue is still at early stage. So, what would be the steady-state non-vehicle revenue contribution if you can highlight? That would be great, as -- we see maturity in terms of the business model?

Tarun Mehta: Yes, so I think software is already performing well, while there could be still some more juice left in the pricing there, but that's hard to predict. If we can maintain software's contribution to our non-vehicle revenue, I think that'll be terrific and fantastic, which we've been lucky enough to have pulled off for the last six quarters. But beyond software, actually the good news is almost everything beyond software compounds basis fleet size.

Software is the only thing that we actually sell at retail, and it's linked to how much you retail that month. But if you look at spares and service revenue, that just compounds basis fleet size, and obviously vehicles are going to stay for 10-20 years. If you look at charging revenues, they compound basis fleet size.

So there's a lot of upside available here. Today, things like service spares barely add up 2%, 3% of our revenue, and this is standard industry, two-wheel industry math, those numbers are several times higher for legacy players. So I think there's a lot of upside potential there in the next three-four years.

Obviously, this is not like a two-quarter story, so you will have difficulty modeling this in a quarter or two. But if you take a three-four year view, I think there's a lot of juice in the non-vehicle side for the company. And there is, I would say, material upside available here.

Chirag Jain: Okay, thank you. And one question on the overall electric two-wheeler industry demand environment. We have already seen a cut on GST on ICE two-wheelers, plus probably we might have to take maybe sharper price hike, as you also mentioned?

And again, the INR5,000-subsidy of PM E-drive will expire by March. So how do we see the demand environment for the electric two-wheeler industry for next financial year? I mean, we have already seen some correction, but even though we have seen a comeback, but still not the pre-GST levels in terms of EV penetration?

Tarun Mehta: Actually, I've been always of the opinion that I think the real growth in the EV two-wheeler industry has been masked because of a lot of vehicles below the one-lakh-rupee price points, which kind of disappeared in the last one year. So if you were to model the industry as two different segments, products priced above a lakh and products priced below a lakh, the products priced above a lakh segment has grown at a beautiful growth rate over the last 18 months, 18, 21 months, six, seven quarters.

Products priced below a lakh has been shrinking at a very dramatic pace, which is why when you put the entire industry together, you've seen a more humble growth than what we feel as an operator here. Now, what's starting to change is I think a lot of that fluff in the sub-one-lakh-rupee segment has disappeared. I do not believe that the sub-one-lakh-rupee segment does not exist. It does exist and there is a segment and there are buyers.

And I do believe that from an industry's perspective, now there are good products priced fairly there, which means that segment's growth will also now be incremental. And the north of one-lakh-rupee segment in our assessment is growing already well. You will see signs of it in the months of December and now January.

December was, if I'm not wrong, almost 30%-40% up over the same time last year. Even January was, I think, about 20%-30% up over the same time last year. So we are now finally starting to see those 20%-30%-40% kind of month-on-month, sorry, year-on-year jumps that we've been seeing from one perspective, but I think we will now start seeing that at a full industry level.

Chirag Jain: Thank you. And just lastly, on the e-Motorcycle, any thoughts and any launch plans? Thank you.

Tarun Mehta: We are still at an early stage. We are still evaluating it. Honestly, all hands on deck, completely occupied with the scooter segment right now, particularly with EL and its associated products. There is work happening on motorcycles, but nothing for me to announce or declare today.

Chirag Jain: Okay, that's it from my side. Thank you.

Moderator: Thank you. Our next question comes from the line of Mukesh Saraf from Avendus Investment Managers. Please go ahead.

Mukesh Saraf: Yes, hi. Good evening and thank you for the opportunity. My first question is, again, just relating to the ProPack and the fact that attach rates remain quite high, around the 90% mark, despite the fact that we're seeing growth in some of these states that we'll associate more with, say, a value conscious customer, something like an Odisha for example.

So just trying to understand, I mean, is this Pro-Pack attach rate similar across these newer geographies that you're kind of seeing the increase in penetration? Or is there some disparity between some of these, say, a southern market versus, say, some of these newer markets?

Tarun Mehta: Right. Thanks, Mukesh. So very good question and a pretty good story there also. You will notice a very, very small change, which will allow me to dig into and share it with you. From, I think, Q1 FY'25 to Q3 FY'26, over almost six quarters, ProPack attach rates have gradually pinched up from 89% to now 91%. What's been happening underneath is, South has been always very strong at roughly about 89% or 90% or 93%, much higher than 90%. It was the non-South markets that used to have a lower ProPack attach rates. In the last earnings call, I had highlighted that what we estimate is that as a store starts aging, as it starts clocking some time, if a store has been open up for a year or two, the first thing that starts happening is its ProPack attach rates start gradually inching up.

Because the entire business model is new, not just for us, but also for our retail partners. They've never really been exposed to a model of selling a very, very high margin and a meaningfully expensive accessory of software with a two-wheeler. So initially, there's a lot of hesitation, a lot of lack of clarity at the retail partners' level in selling these ProPacks.

But over a few quarters, the math becomes obvious to them. So then they start properly upselling it and that's when it starts taking off. We've seen consistently that the longer the store remains open, higher is its ProPack attach rate. So for example, in the Western zone, Maharashtra, Gujarat, we are now seeing pretty healthy and frankly quite satisfying ProPack attach rates. Definitely Maharashtra, even Gujarat is getting there. MP, because of the pace of new store expansion, on average, you will see a softer growth. But if you were to separate stores out by vintage, you will see a very strong growth trajectory there also. Overall, at a high level, you give stores time, their ProPack attach rates go up, irrespective of whether they are in South, West, North, East. So that seems to be a fairly dependable trend. Yes, there will be a 5%-10% delta between geos depending on the economic indices of the geo, but nothing material.

Mukesh Saraf:

Sure, sure, sure. Great. Thanks for that. And just in continuation with this, is it then fair to kind of say, I mean, again, vis-à-vis conventional thought process about the total cost of ownership parity between ICE and EVs. For your set of customers who are looking at your products, that doesn't matter really anymore. Is it fair to kind of say that? Because they're willing to kind of spend this extra 10K odd for the ProPack, definitely not value conscious there and definitely not looking at, say, an ICE cost of ownership parity with ICE?

Tarun Mehta:

Okay, let me give you a slightly different perspective for you to reframe this for yourselves. The total cost of owning and running an EV over, let's say, a 10-year period will be, you know, take the middle of our portfolio, something like a INR1.3 lakh product, add another INR30,000-INR40,000 on it on electricity, another INR20-INR30,000 for service. You're looking at roughly about INR1.8-INR1.9 lakh rupees as the total cost of operating an EV, the base EV.

Compared to that, the cost of the software is about 6%. If you look at the usage, 6% or 7% whatever, right? If you look at what people actually use on an Ather scooter today, what features they spend their time on, we are massively over-delivering value in the software ProPack compared to the price that we are charging today.

I would argue that one of the largest chunks, not the largest, but one of the largest chunks actually sits inside that pack there. And it is only the alien nature of that product today in the market that is making us price it here. Otherwise, in theory, we should be charging more because that's where the consumer is actually deriving so much value out of.

So I would say that independently, the ProPack is very high value, which is why the attach rates are what they are. Does the total ownership cost matter for the end consumer? I think it always matters. And I think it really doesn't vary by segment, not till these price points at least. Sure, INR3-INR4 lakhs a bigger bike might behave differently, but a INR1-INR1.5 lakhs scooter buyer, I think the total cost of ownership matters. But the thing is, I would also say it is post-purchase rationalization.

You buy the vehicle because you really fall in love with it, and then you rationalize it to yourself and to your friends and to your social circles. I know it's expensive, but listen, I say like INR30,000 rupees on petrol every year, man, what are you talking about? And luckily for us, the savings compared to petrol are just so humongous that even with a 450 apex at INR1.9 lakhs rupees, I think you can still feel happy about where you will land financially. So I think the fundamental truth is just astoundingly strong.

Mukesh Saraf: Got it. Great. Thank you. Thanks a lot for the detailed answer.

Tarun Mehta: Sure.

Moderator: Thank you. Our next question comes from the line of Amyn Pirani from JP Morgan. Please go ahead.

Amyn Pirani: Yes. Hi. Thanks for the opportunity. Just a follow-up on the ProPack discussion that you just had. So a clarification, can people who buy just the vehicle come back at a later date and still buy the ProPack? And does the pricing change? Like how does it work?

Tarun Mehta: Yes, you can. But we obviously want to encourage you buying upfront, because we do believe that if you don't buy upfront, you're not just experiencing the ProPack, you're not experiencing all the value out of it. And if you're not experiencing something and you don't know about it, how will you come back?

So we price the products differentially. If you buy it along with retail, it's a lower priced product. Post retail, I think we bump up the price 30% or something. So it's more expensive to buy. So we really, really want to ensure that for a new product like this, we don't have you wait, because then you may not think of coming back.

Amyn Pirani: Okay. And just wanted to also talk about something that you discussed last time also. Is there any update from the government on the rollout of ABS? And what is the kind of discussions you're having on your own version of the EBS, which obviously, as we talked about last time was potentially even more effective and less costly than the ABS?

Tarun Mehta: So we've been engaged with the relevant ministries and policymakers. We are also aware that this is a hard ask, because I think we're too, I think we lack branding. I think it's been very rare that for a globally famous technology like ABS, an Indian alternative would emerge.

So there's a lot of honestly, there's a lot of advocacy work required here. We are committed to it. And we do think that there is merit in pushing this. But for now, I think our base assumption is that this is an add-on as opposed to a immediate replacement for something like ABS.

Amyn Pirani: Okay. But any timelines on because earlier ABS was supposed to happen in Jan 26, which seemed very ambitious, but is there any revised timelines which are coming from the government on that?

Tarun Mehta: We haven't heard of a revised timeline. We do know obviously, it's deferred, but we don't know till when.

Amyn Pirani: Okay.

Tarun Mehta: It actually works better for us because if without mandate, we can, we can offer people the option of an in our future products. I think that'll be a good win for Ather.

Amyn Pirani: Okay, great. I'll come back in the queue. Thank you.

Tarun Mehta: Thanks, Amyn.

Moderator: Thank you. Our next question comes from the line of Nitin Arora from Axis Mutual Fund. Please go ahead.

Nitin Arora: Hi Tarun, thanks for answering all the questions mostly. Just on your EL platform, when you talk about the lower cost structure, can you talk a little bit, in terms of mix, do you see that cannibalization because that was the risk everyone was building in. And when you talked about Ritza, it looked like cannibalization is not seen anywhere now. So can you talk about a little bit trends, how this volume ramp up has happened and no cannibalization we are not seeing?

Tarun Mehta: Sorry, your question is that, why did we not see cannibalization of 450 with Ritza or what will happen with Ritza post EL?

Nitin Arora: Post EL.

Tarun Mehta: Okay. So there was, by the way, some cannibalization of 450 with Ritza, by the way. But yes, on balance, it just incrementally added a ton of more volumes. So everybody's happy. And that's, that's great. With EL, we do expect that there will be some cannibalization. It'll also depend on the exact positioning of the first EL product, its pricing, its feature sets, but there will be some cannibalization.

Now, unlike 450 and Ritza, if there is cannibalization here, actually as a company, we are happy because EL has underlying better cost structures. So any customers who ends up choosing EL over Ritza of their own free will, actually it helps us make more money out of it. So I don't think we mind it. There is, this is one of the best scenarios to be in as far as cannibalization is concerned. So which is why we are not overly worried about, okay, what happens if there's cannibalization. In fact, we have the opinion that there's cannibalization, great. Our margins actually improve even further than what we anticipated.

Nitin Arora: Thank you very much.

Tarun Mehta: Nitin, on overall volume expansion, we, so we expect EL to be able to expand volume because of two primary reasons. First, it'll allow us to introduce more products in segments where we are already strong. So we will be able to cover the market even more comprehensively, ensuring that we continue our strong dominant market shares in those price segments.

But there are price segments, particularly in the INR 1 to INR 1.25 lakh, where including the price of our ProPack today, we practically don't have a product. We believe EL will allow us that white space entry and some, and a healthy market share gain, all of which is new and

incremental and is not even real cannibalization. So we expect volumes to come on volume expansion to happen because of these two approaches.

Nitin Arora: Thank you. Very helpful. Thank you.

Moderator: Next question comes from the line of Vijay Pandey from Nuvama Wealth Management.

Vijay Pandey: Thank you for taking my question and congratulations for an excellent quarter. I have a couple of questions. One was on our gross margin. So basically I wanted to understand how bill of material has moved from FY'24 to FY'25 to right now. What is like as a percentage of total cost or total vehicle cost? And how much is the battery price of that component, BOM?

Tarun Mehta: So Vijay, we've shared this detail from FY'25 to YTD FY'26, three quarters FY'26, a BOM has reduced by roughly about 8%, roughly about INR10,000 from an average... weighted average BOM of INR1.2 lakh to roughly about INR1.1 lakh, INR1.11 lakh by now. So that's the improvement we have seen, FY over FY, full FY to nine months this FY. How much is the cost of battery?

Well, I'll skip the cost of battery pack because that is a lot of detail. But at a cell level, the total cost of cells as a function of the total bill of material is below 20% now. I can't share the exact number and also honestly depends variant to variant, but it's generally below 20% as a safe estimate these days.

Vijay Pandey: And in FY'24, it was generally how much?

Tarun Mehta: The FY'24 to FY'25 was also a big drop. FY'24, it was INR1.48 lakh, which fell down by 19% to INR1.2 lakh in FY'25, which has fallen further by 8% in nine months of FY'26 to INR1.1 lakh.

Vijay Pandey: Okay. I was actually looking for the battery as a percentage of BOM cost for FY24?

Tarun Mehta: Sorry, I unfortunately won't remember that. I do remember that for the last few quarters, the cost of battery, the cost of cells has been sub 20, but the rest I won't be able to pull out.

Vijay Pandey: Secondly, I wanted to check about the software mix. So how do you see the non-vehicle revenues around 13%? What will be the software component of this? And are we seeing any deviation in terms of software revenues when we see, consider the higher price model and the lower price model, like between Ritz and 450S?

Tarun Mehta: So the price of ProPack is generally quite similar between 450 and Ritz variants. I would say without sharing exact details, roughly about half of the non-vehicle revenue or in that vicinity comes from sale of ProPacks.

Vijay Pandey: I meant adoption rate. Adoption rate of software between...

Tarun Mehta: Quite similar. If you think about it, Ritz is the majority of what we sell. 91% is the attached rate for the product. There's not too much leeway for differential attached rates at this point. They're quite similar.

Vijay Pandey: Okay. And lastly, sir, if you can just please share, give a little bit of information about the charging, unit economics of the charging station because no one else does it in India. So it will be great if you can share a little bit about how PAT profitability or how the revenue realization is coming in. Can we expect any profitability from that segment?

Tarun Mehta: I'm sorry. I don't have that information handy. So I'll have to skip that for now.

Vijay Pandey: Okay. Thank you. I'll fall back in the queue.

Moderator: Our next question comes from the line of Pratiti from Param Capital. Please go ahead.

Pratiti: Yes. I had a question. The volume numbers that were given in the revenue, the ASP comes to around INR1.4 lakhs. Am I right on that?

Tarun Mehta: Yes, you are. We've also shared the same in our presentation uploaded online.

Pratiti: Okay. Great. Also, one more thing. I think we've spoken about how LFP batteries we'll be moving towards and that will help our gross margins. So has that happened and how do we see the gross margin improvement in this quarter?

Tarun Mehta: LFP has already played a material role over the last several quarters and has helped improve our – over the last few quarters and has helped improve our unit economics. A lot of – the large part of the gain is already factored in. There could still be some upside as the variance skew evolves a little bit, but I would say the majority of that upside is already factored in.

Pratiti: Okay. Also, battery as a service is something that we were supposed to do. So have we started that? And if yes, how many of the units sold out of 68,000 opted for this service?

Tarun Mehta: You know, it's really telling that the street does not even know that the product is live. The feedback will be shared with our sales teams. But honestly, we looked at BaaS first and foremost as a strong marketing lever for us, which I think it's played an okay kind of role for us. It has fairly small attach rates today.

It looks like once consumers come in, they end up opting for other plans and not necessarily BaaS. Also, retail finance is already – like more than 50% of our consumers already opt for retail financing. And maybe that's why BaaS attach rates are low, because if you are anyways opting for an EMI, then you may not honestly need a BaaS.

Pratiti: Understood. Also, there has been a supply chain ban on magnets from China. So how has that impacted our supply chain, if anything?

Tarun Mehta: That's behind us. The ban impacted our sales in Q1... Q2. Q3 onwards, we have had no material impact because of the ban. The ban expired in October.

Pratiti: Okay. So now the supply chain is back on track.

Tarun Mehta Yes.

Pratiti: Okay. All right. Thank you so much. Congratulations on a great set of numbers.

Tarun Mehta: Yes. Thank you.

Moderator: Thank you. Our next question comes from the line of Manish Ostwal from Nirmal Bang. Please go ahead.

Manish Ostwal: Yes, sir. Thank you for the opportunity. I have only one question. Most of the questions already you answered. So on export side, any strategy we have over the medium term? Can you comment on that?

Tarun Mehta: So right now, we have done a limited experiment with Nepal and Sri Lanka, where we have seen encouraging results. Particularly with EL as a platform, we are optimistic about international markets. The longer wheelbase and the opportunity to add bigger wheels works well for certain markets.

In the near term, there's not a lot to share. But if you take a few years' outlook, international expansion will likely be a considerable growth driver for us, but not in the short term, not in the next lets say 12 months, because you open up a market and it'll take a few years to warm up and start contributing. So think of that as a more mid to long term growth lever.

Manish Ostwal: Right, sir. Thank you.

Moderator: Thank you so much. Ladies and gentlemen, due to interest of time, that was the last question for today. I would like to hand the conference over to Mr. Murali for the closing comments. Thank you and over to you, sir.

Murali Sashidharan: Thank you. We sincerely appreciate all of you joining us today and for your continued engagement and support. And we look forward to updating you on our developments in the upcoming quarters. Wishing you all a pleasant week ahead. Thank you.

Moderator: Thank you so much, sir. Ladies and gentlemen, on behalf of Ather Energy Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

(This document has been edited for readability purpose)

Contact Information:

E-mail: ir@atherenergy.com

Registered Office:

Ather Energy Limited (formerly known as Ather Energy Private Limited)

3rd Floor, Tower D, IBC Knowledge Park,

#4/1, Bannerghatta Main Road, Bangalore,

560029, Karnataka

Website: www.atherenergy.com