

Dear Shareholders,

Last month, Anthropic previewed Mythos - a model whose long-horizon reasoning and agentic capability the company itself called a step change and judged too dangerous to release openly. Within weeks, OpenAI released GPT-5.5 meeting similar benchmarks, but with broad commercial availability. Two thresholds were crossed at once: AI that can plan, reason, and act through complex enterprise work - and frontier intelligence at a price point any large enterprise can afford to deploy. Both thresholds matter for our business. This is the work Fractal was built for.

Step back, and a bigger arc comes into view. Progress is defined by the problems we solve. The Industrial Age solved for physical labor. The Information Age solved for speed and connection. The Age of AI is solving for intelligence itself - how we think, how we plan, how we make decisions, how we learn. Mythos and GPT-5.5 are moments inside this arc that we will look back on, and several more are certainly ahead.

This is our first full year of results as a public company. Before I get to the numbers, a thought on the moment we are in.

The size of the prize

The world today runs on clunky, unintelligent software. AI changes that. We are entering the era of Software 2.0 - responsive, agentic, far more capable software that makes decisions faster and more accurately than anything that came before. And the world needs a lot more of it: by my estimate, roughly 1,000x more software than exists today, to capture the work that is already being done and to build what's next.

AI is likely to reduce the effort required to build that software by roughly 90% - a 10x compression of human effort. That compression is the displacement everyone is talking about, and it is real. But a 10x compression against 1,000x demand still leaves a 100x net opportunity. The pie does not shrink. It grows by orders of magnitude.

The shape of the prize

For most of the last three years, debates about AI economics centered on one thing: the cost of running a model (cost per token). That cost has been falling fast. At the frontier, it is roughly ten times lower than it was eighteen months ago, and another tenfold drop looks likely. Cheap intelligence is the new baseline.

But cost per token is the wrong metric. What matters is the value generated per token: who can turn cheap, abundant intelligence into business outcomes that would not have been possible without it.

The early prize in enterprise AI is machine time replacing human time - the same task, at lower cost. That prize is real, but it is relatively small. The bigger prize is work that no enterprise could afford to do before: pricing every SKU in real-time, giving every clinician a senior specialist's expertise at the bedside, running a global supply chain with the responsiveness of a single warehouse.

The companies that capture this prize will not be the ones that use AI to do the same work for less. They will be the ones that use AI to do work that was impossible before.

From infrastructure to transformation

The last two years of AI were about infrastructure: GPU clusters, data centers, foundation models, and the plumbing that makes intelligence available. That work is far from finished, but it is no longer the bottleneck to value creation.

The next several years will be about transformation - using AI that can now reason and act to redesign how meaningful parts of every large enterprise work: supply chain, sales, marketing, finance, customer experience, R&D. The infrastructure era was won by the model labs and the cloud providers. The transformation era will be won by the companies that can take the frontier and turn it into outcomes inside complex organizations.

What our clients ask of us has already changed. A year ago, a bank that wanted help with fraud asked us to build a better fraud model. Today, the same bank asks us to redesign how the entire fraud-detection function operates - onboarding, monitoring, investigation, dispute resolution. A consumer goods company uses AI to coordinate pricing, promotions, and supply at the same time. A pharma company uses it to give every sales rep the instant clinical answers a senior medical expert would give. AI is no longer a single model in a single corner of the business. It now runs across the business.

Why Fractal

More than 100 of the world's largest enterprises trust Fractal with their AI transformation today. Doing this well requires three things at once, and very few companies have all three.

The first is a deep grasp of domain expertise, understanding enterprise decision-making and the ability to manage data complexity. AI-led transformation requires reimagining enterprise workflows that currently live in fragmented data, legacy systems, regulatory constraints, and messy human handoffs. AI that does not respect this complexity does not get deployed.

The second is the ability to build at the frontier of AI advancement - not just to use frontier models but improve their accuracy with enterprise data. That work happens by fine-tuning models and building the agentic harness: the planning, memory, tools, evaluation, and guardrails that turn a capable model into a reliable system inside a real business.

The third, most often missed, is a contextual understanding of design and behavioral science. Enterprise AI transformation is at least as much a change in how people work as it is a change in software. The clients who get the most out of AI are the ones that redesign roles, incentives, and decision workflows as carefully as they redesign pipelines.

We have spent decades building this expertise. Every large enterprise will need a partner like Fractal in this next phase. We are organizing ourselves to be that partner at scale.

Results

In Q4, our Net Promoter Score (NPS) was 81, the highest we have recorded. Our full-year NPS was 78. Net Revenue Retention was 117% for the year and 112% in Q4.

Revenue grew 19% to INR 3,300 crore (USD 374 million), all of it organic. Net Income grew 30% to INR 287 crore. Excluding our share of associate losses, Net Income grew 43% to INR 357 crore.

Healthcare and Life Sciences grew 66% for the year and is now our second-largest vertical. Banking and Financial Services grew 32%. Europe grew 34%, the strongest signal of where the next phase of our growth is going. TMT and APAC had a tough year due to client-specific issues that we expect to normalize in the coming quarters.

Margins expanded for the fourth consecutive quarter. In Q4, adjusted EBITDA grew 28% on revenue growth of 17% - that gap is the operating leverage of this business. Q4 margin reached 22%, up 189 basis points year over year. We invested 6.4% of revenue in R&D this year, up from 5.2% last year.

We ended the year with cash and equivalents of INR 2,052 crore, including IPO proceeds of INR 957 crore. In April, we used those proceeds to repay the long-term debt we had committed to repay at the time of our offering. Fractal is now debt-free.

What we are building

Underneath the work we do for clients sit our own AI businesses, and the research that feeds the next generation of them.

Asper, our AI platform for revenue growth in consumer goods, helps large CPG companies run pricing, promotions, and demand planning as a single discipline rather than three. Annualized recurring revenue has compounded at roughly 77% over the last three years. In February, we launched the agentic version jointly with Microsoft.

Flyfish.ai is our agentic sales platform. Most sales tools today suggest what a salesperson should do next. Flyfish does it. Its 35 coordinated agents research accounts, draft outreach, and manage the pipeline. Early enterprise adopters are closing deals up to 30% faster and improving sales productivity by 42%.

Our research has been moving the frontier. Vaidya 2.0, our healthcare AI, became the first model in the world to cross a score of 50 on OpenAI's HealthBench Hard, a benchmark built to test how well AI can reason through difficult medical cases. The research behind it was accepted at ACL 2026, one of the leading venues for AI research, and at AIME 2026, the leading conference for AI in medicine.

Fathom-DeepResearch, our agentic reasoning model, was accepted at ICLR 2026, one of the most prestigious AI conferences in the world. Fathom now powers Vaidya 2.0's doctor co-pilot, giving clinicians deeper medical reasoning with citations tied to source material.

Letter to Shareholders

PiEvolve is our AI for solving machine learning problems. Most AI systems train once and stop. PiEvolve keeps going, testing and improving its own solutions until the answer is as good as it can be. It ranks among the top-performing systems in the world on OpenAI's MLE-Bench, the standard test for this kind of capability.

These are not side projects. They are how we test, in production, what the next era of enterprise AI looks like.

Same Fractal, new pattern

In April we redrew the company around three pillars, one platform, and three regions.

The three pillars match what our clients are now asking for. AI-led Transformation uses AI to change how parts of the business run. AI Foundations is the technical layer underneath - data, agents, controls. AI Work and Workforce is the people dimension: how we hire, train, evaluate, and coach in a world where humans and agents work side by side.

All three pillars run on Cogentiq, our agentic AI platform - and Cogentiq is the most important thing we have built. Every product, every solution, every demo we ship runs on it. Building on one platform every time turns a services business into something closer to a software business: the work compounds, and so do the economics.

We will operate through the Americas, Europe, and APAC. Europe is being established as a fully integrated geography with dedicated leadership as part of the next phase of our growth.

Three pillars, one platform, three regions. The client sees none of this. The client sees one Fractal.

The road ahead

The future is not arriving evenly.

The value generated by AI is improving faster than enterprises can absorb it while the cost per token is falling faster than most clients have planned for. The gap between what AI can do and what enterprises have deployed is the defining fact of this decade.

That gap is the work in front of us. We intend to be the company that closes it - because we understand the complexity, we build at the frontier, and we know how to shape systems, behaviors, and ways of working that help people adopt and trust AI in practice. The prize is real. The work is ours to do.

Thank you for your trust.

Srikanth Velamakanni

Co-Founder and Group Chief Executive

Fractal