

2025 2Q Earnings Investor Call – Prepared Remarks

Robert Lee (Head of Shareholder Relations)

Thank you. Good morning, everyone, and welcome to Patria's 2Q25 earnings call. Speaking today on the call are our Chief Executive Officer, Alex Saigh, and our Chief Financial Officer, Ana Russo and our Chief Economist, Luis Fernando Lopes for the Q&A session. This morning, we issued a press release and earnings presentation detailing our results for the quarter, which you can find posted on the investor relations section of our website, or on Form 6-K filed with the Securities & Exchange Commission. This call is being webcast, and a replay will be available.

Before we begin, I'd like to remind everyone that today's call may include forward-looking statements which are uncertain, do not guarantee future performance, and undue reliance should not be placed on them. Patria assumes no obligation and does not intend to update any such forward-looking statements. Such statements are based on current management expectations and involve risks, including those discussed in the risk factors section of our latest Form 20-F annual report. Also note that no statements on this call constitute an offer to sell or a solicitation of an offer to purchase an interest in any Patria fund.

As a foreign private issuer, Patria reports financial results using International Financial Reporting Standards (or IFRS), as opposed to US GAAP. Additionally, we would like to remind everyone that we will refer to certain non-IFRS measures, which we believe are relevant in assessing the financial performance of the business, but which should not be considered in isolation from, or as a substitute for, measures prepared in accordance with IFRS. Reconciliations of these measures to the most comparable IFRS measures are included in our earnings presentation.

Now, I will turn the call over to Alex...

Alex Saigh (CEO & Co-Founder)

Thank you, Rob, and good morning, everyone. In the 2Q we made continued progress leveraging and expanding the diversified platform we've built the past several years as fundraising was a solid \$1.3 billion in the quarter, led by our Credit, Infrastructure, Real Estate and GPMS businesses, and total fundraising over the first half of the year reached approximately \$4.5 billion, 75% of our original \$6 billion target for 2025. Reflecting our strong fundraising momentum and confidence in our outlook, we now expect full-year fundraising for 2025 to be 5%-10% higher than our initial target, or \$6.3 to \$6.6 billion vs. the original \$6.0 billion guidance.

We also reported 2Q25 FRE of \$46.1 million, representing 8% sequential and 17% year-over-year growth, while FEAUM grew 6% sequentially and 20% year-over-year, and total AUM reached \$48.7 billion. Importantly, we generated over \$600 million of organic net inflows into FEAUM in 2Q25, \$1.3 billion over the first half of the year and \$2.4 billion over the last 12 months. Year-to-date net inflows reflect an annualized organic growth rate of about 8% based on Fee Earning AUM since the start of the year. This is an important KPI to monitor overtime as it highlights our ability to drive organic revenue and earnings growth independent of M&A and investment returns.

Overall, our diversification and the expansion of our investment and product capabilities is paying off in the form of robust fundraising and profitable net organic growth, enhancing our confidence in the three-year targets we introduced at our Investor Day last December.

Now, let me quickly summarize our second quarter results before we move on to some of the other highlights for the quarter:

- First, FRE/share of \$0.29 in 2Q25 rose 7% sequentially and 11% year-over-year driven by higher management fees due to higher Fee-earning AUM, as well as a higher FRE margin as we continue to focus on expense management even as we invest in our business. Overall, we remain comfortable with our 2025 FRE target of \$200 to \$225 million, or \$1.25 to \$1.40 per share, reflecting, at the midpoint of the range, approximately 20% year-over-year growth.
- We generated \$39 million of Distributable Earnings in 2Q25, or \$0.24 per share, up 4% sequentially and 9% year-over-year, driven by strong FRE growth. We did not generate Performance Related Earnings in the quarter.
- The Net Accrued Performance Fee balance of \$394 million, or \$2.47 per share, rose approximately 7% from 1Q25 mainly due to the depreciation of the dollar. For perspective and notwithstanding changes in the value of the public holdings in our carry funds, underlying business trends at our Private Equity portfolio companies generally remain positive.
 - In local currency, Ebitda at our non-public PE portfolio companies rose approximately 25% on average over the past year as we focus on resilient sectors of the economy such as Agribusiness, Food & Beverage and Healthcare. Furthermore, Infrastructure III, with \$47 million of Net Accrued Performance Fees, is in full realization mode, and we continue to expect it will be the main source of realized Performance Related Earnings over the balance of 2025 and through 2026. On that note, we remain confident that we can achieve our PRE

target of \$120 to \$140 million from 4Q24 through 2027. Against this target, we realized \$41 million of PRE in 4Q24, and expect to realize an additional \$15 to \$20 million of PRE over the second half of this year.

- Moving on, Fee-earning AUM of \$37.2 billion rose a robust 20% year-over-year and 6% sequentially. There are several important things to keep in mind regarding our Fee-earning AUM results:
 - Net organic inflows in 2Q25 were over \$600 million, 1.3 billion year to date, and \$2.4 billion over the past year. This was our fourth straight quarter of positive net organic Fee-earning AUM growth, and our annualized organic growth rate over the first half of 2025 was over 8% based on Fee Earning AUM since the start of the year. Additionally, it is very important to mention that our organic growth was helped by a 34% year-over-year reduction on redemptions.
 - We believe this highlights how our expanded platform is primed to grow organically, supported by the capabilities we've acquired through our M&A activity in addition to those we've developed internally. As a result, we've built a better and more resilient business.
 - Indeed, one of the key features of our business is that it's built to grow no matter the macro-economic environment. For example, in a high-interest rate environment where concerns over inflation may be high, such as the current one, strategies such as Credit and Infrastructure investments with high yields and/or built in inflation protections are in demand, relative to equity-oriented strategies. When interest rates decline and those concerns recede, we would expect demand for more equity-oriented strategies such as Equity REITs or Private Equity, to improve.
 - With regard to acquisitions, our ability to leverage our platform and scale to drive growth through incremental M&A is exemplified by the Brazilian REIT acquisitions we announced in 2Q25 and closed in July. At a time when the interest rate environment in Brazil makes it difficult to raise capital in listed REITs, we were able to use our position as market leaders to *"go shopping on the floor of the exchange"* and acquire a total of seven listed REITs which are expected to add approximately \$600 million of high margin, permanent capital Fee Earning AUM. This is an example of how M&A can be an attractive

alternative to fundraising, as the prices paid for acquisitions are often similar to or even lower than what it would cost to fundraise the same amount of capital.

- Fee-earning AUM in the quarter also benefited from continued strong investment returns and a positive FX impact. Keep in mind that, as we highlighted at investor day, the FRE impact from soft currency FX volatility is modest given that most of our expense base is denominated in local currencies, providing a substantial natural hedge. As we reviewed at our Investor Day back on December 09th, based on our current asset class mix, a 10% variance in soft currencies against the dollar impacts FRE by only about 2%.

Moving on to fundraising, as I noted at the start of my remarks, we are pleased to report that we raised \$1.3 billion in 2Q25, approximately \$4.5 billion over the first half of the year, and are raising our initial \$6 billion target for 2025 by 5%-10%, to \$6.3 to \$6.6 billion. The quarter's strong results, coming on the heels of our record fundraising in 1Q25, highlights the diversified product offering and distribution capabilities of the platform we've been building. Fundraising continues to benefit from new strategies and products we've introduced over the past several years including various institutional products targeted to local institutional investors in local currencies. As of the end of 2Q25, approximately 20% of our Fee-earning AUM were in permanent capital vehicles, the growth of which remains a key long-term objective.

Drilling down into some of the fundraising highlights for the quarter, Credit was once again a standout led by solid flows into our flagship LATAM US dollar high yield strategy. Infrastructure benefited from another closing on our flagship development fund, IS V, and co-investment, with demand driven by Asian and local institutional investors.

It's worth noting that over the first half of 2025, fundraising in Infrastructure is approximately 3x greater compared to all of 2024, led by Infrastructure Fund V which has reached \$2.5 billion of commitments between the drawdown fund and fee-paying co-investment vehicles.

Fund raising in credit has already reached 85% of the level achieved in 2024, which was itself a strong year. We believe these extraordinary results highlight how we are leveraging our strong investment performance in these verticals and the investments we've made in our platforms. In addition, Private Equity Fund VII reached \$1.4 billion inclusive of related fee-paying co-investment vehicles.

It's also important to keep in mind that as we expand our business, a large portion of the capital we raise will only flow into FEAUM as capital is deployed. Our current pending Fee-earning AUM totals about \$3.3 billion, down modestly from the \$3.5 billion in 1Q25 due to deployment partially offset by fundraising. While the level of pending Fee Earning AUM can vary over the short term, over time we would expect it to grow as our fundraising grows and we raise more capital in drawdown funds, SMAs, and similar fund structures.

Our efforts to diversify our platform and increase the resiliency of our business could not be timelier considering the heightened global Macro uncertainty and increased volatility that has gripped economies and markets around the world since the proposed imposition of widespread tariffs by the U.S. on its trading partners, and the uncertainty over future trade and economic policies.

Against this backdrop, it's important for investors to understand and appreciate how the region in general and Patria specifically are positioned in these uncertain times.

Consider President Trump's renewed threats to impose high tariffs on multiple trading partners, including high tariffs on imports from Brazil, which if implemented could have some negative impact on the Brazilian economy.

However, the continued uncertainty caused by these on again/off again threats in fact highlights why Latam and Europe are becoming more attractive destinations for global capital as investors rethink their global asset allocations. While much uncertainty remains, we believe these regions and Patria are positioned to weather and indeed possibly thrive in these challenging conditions. Consider that,

- At the strategy or investment level, our Private Equity investments are mostly oriented toward domestic consumption markets, not export markets. Infrastructure by its nature is local and our GPMS Solutions business is focused on European (and to lesser extent US) middle market PE secondaries, primaries and co-investments. Direct exposure to export focused businesses and/or investments in the U.S. is minimal. Investments in Brazil account for approximately 30% of our invested assets.
- As we noted earlier, demand for our Credit and Infrastructure products increases in periods of high interest rates and higher inflation concerns. Also, demand for our GPMS products increases as global institutional investors look for liquidity and flexible portfolio solutions for their middle market PE exposure.
- Our current exposure to Mexico is minimal at below 3% of AUM. Long-term however, we believe Mexico remains an attractive market for expansion.

- As the prospects for a trade war remain high, we believe Latam as a region is a beneficiary given the region's low level of geopolitical risk, and export markets that focus on in-demand agricultural products in addition to both hard and soft commodities. With a population of over 650 million people and a combined GDP of over \$6.5 trillion, the region also has large and growing internal markets that provide an attractive export destination for trading partners.
- The trade war is also driving global investors to take a deeper look at Europe as an alternative destination for investment capital as investors become increasingly concerned that the U.S. may become a less reliable partner.
- From Patria's perspective, as investors in Latin America for over 37 years with significant boots-on-the-ground resources, we have extensive experience in dealing with and investing through periods of high interest rates, FX volatility, and economic uncertainty.
- As the go-to alternative manager in Latam, the recent tariff induced economic uncertainty and other trade actions by the U.S. have led to increased interest from Asian, Middle Eastern, and increasingly European Investors in our infrastructure and other investment strategies, including our European Private Equity Solutions business, as investors seek alternative destinations outside the U.S. to deploy capital and earn returns. This is exemplified by the significant portion of this year's fundraising which has been sourced from Asian investors.

Our business is also built to serve local investors at the local level. We continue to see early signs of increased allocations to alternatives from local investors and institutions that are both under-allocated to alternative strategies, are often required to invest locally, and understandably have a home country bias in times of economic stress and uncertainty. Local investors in Latam and Europe accounted for approximately 55% of our fundraising over the first half of 2025 and 68% in 2024.

Finally, economically, our Fee-earning AUM and Management Fees are very sticky and highly predictable as approximately 20% of our Fee-earning AUM are in permanent capital vehicles, and approximately 90% in vehicles with no or limited redemption features. At the same time, our FRE has little sensitivity to soft currency FX volatility as we mentioned earlier.

Pulling this all together, our financial results and ongoing fundraising momentum provide additional evidence that our strategy to diversify and grow our business both organically and inorganically, while also increasing our resilience, is paying off.

We believe we are off to a strong start to deliver on our 2025 goals including the new Fundraising target of \$6.3 to \$6.6 billion, and Fee Related Earnings of \$200 to \$225 million, or \$1.25 to \$1.40 per share. Additionally, we expect to achieve the 2027 targets we unveiled at our Investor Day such as total Fee-Earning AUM of \$70 billion, and Fee Related Earnings of \$260 to \$290 million, or \$1.60 to \$1.80 per share.

Now, let me turn the call over to Ana to review our financial results in more detail. Thank you.

Ana Russo (Chief Financial Officer)

Thank you, Alex, and good morning, everyone.

As Alex highlighted, we are very pleased with the strong momentum we've achieved as we raised \$1.3 billion in 2Q25 and about \$4.5 billion over the first half of the year, clear proof that the strategic investments we've made in our investment platforms, products, and distribution capabilities are paying off. The strong results in the quarter increases our confidence that we are on track to achieve our 2025 objectives and off to a solid start of our three-year plan.

Let's review our second quarter results.

- As Alex highlighted in his remarks, our robust fundraising YTD demonstrates that we are well on track to achieve and indeed surpass our initial \$6 billion target for the year against a backdrop of increased global uncertainty and volatility.
- Our FEAUM rose 20% year over year and 6% sequentially to approximately \$37 billion. While acquisitions contributed to the year-over-year increase, the strong growth reflects a combination of solid net organic inflows, as well as a positive contribution from strong investment performance, and FX movements due to the depreciating US dollar.
- It's particularly noteworthy that in the quarter, Patria generated over \$600 million of net inflows into FEAUM, bringing our year-to-date to \$1.3 billion, an

approximately 8% annualized organic growth rate. This is the fourth straight quarter of net organic inflows, highlighting our expanding fundraising capabilities coupled with the stickiness and resiliency of our asset base.

While the U.S. dollar depreciation in the quarter contributed to our strong sequential growth in AUM and Fee-earning AUM, importantly however, and as we've highlighted in prior calls, FX fluctuations have limited impact on our FRE, since our expense base provides a substantial hedge against currency movements that may impact our Fee-earning AUM and consequently our fee revenues. As we reviewed at our Investor Day back on December 09th, based on our current asset class mix, a 10% variance in soft currencies against the dollar impacts FRE by only about 2%.

- Pending Fee-earning AUM totaled about \$3.3 billion, down somewhat from 1Q25 due to active deployment, partially offset by fundraising. This pending Fee-earning AUM combined with our fundraising goals, the 20% of Fee-earning AUM that are in permanent capital vehicles, and the almost 35% of Fee-earning AUM in drawdown funds with an average life of 6.5 years, all point to our ongoing ability to generate net organic growth over time.
- Total Fee Revenue in the second quarter reached \$81.1 million, up 14% over the prior year, and about 5% sequentially. The sequential increase was driven by strong growth in Fee-earning AUM, and some incremental incentive fees from one of our Real Estate funds in Brazil and from the strong active public equity performance.
- It is worth mentioning that due to the timing of net asset flows into Fee-earning AUM, management fee revenues in the second quarter did not reflect the full impact of the quarter's asset growth.
- Our management fee rate averaged 95 basis points over the last trailing 4 quarters. As we reviewed at our Investor Day, we are steadily diversifying our business and introducing new investment strategies and product structures, which are key drivers of our growth. Consequently, our Management Fee rate will continue to evolve, and we expect our fee rate to average between 92 and 94 bps over the coming quarters, but with the potential to vary depending on the mix.
- Moving on, Operating Expenses, which include Personnel and G&A expenses, totaled approximately \$35 million in the quarter, practically flat vs 1Q25 and up 10.7% year-over-year. The year-over-year increase mainly

reflects the impact of acquisitions. The very slight sequential increase reflects our continued focus on expense controls and capturing operating efficiencies, even as we continue to invest in the business. Looking ahead, we believe 2Q Personnel and G&A expenses combined are a good baseline run rate.

- Putting it all together, Patria delivered Fee Related Earnings of \$46.1 million in the quarter, up 17% versus the prior year and 8% sequentially, with an FRE margin that rose 170 basis points sequentially to 56.8% in the quarter. We continue to expect the full year margin to fall within the range of our 58%-60% guidance as we grow fee revenues and capture incremental expense synergies from our acquisitions. We want to remind everyone that the fourth quarter is often our strongest in terms of FRE margin, driven by the recognition in the quarter of most of our high-margin incentives fees from our credit and public equities platforms.
- Regarding FRE, with half of the year completed and as our visibility into the remainder of 2025 improves, we remain very confident in our ability to hit our 2025 target FRE range of \$200 million to \$225 million and 2027 FRE target of \$260 to \$290 million, with an FRE margin target of 58 to 60%.
- Next, our Net Financial and Other Income & Expense in 2Q25 totaled a negative of \$4 million, reflecting mainly interest expense on our credit facilities, partially offset by income generated in our new energy trading platform Tria, which contributed about \$0.7 million in the quarter. As of the end of the second quarter, net debt totaled approximately \$130 million and our net debt-to-FRE ratio of 0.6x was well below 1x at the end of the quarter, in line with our long-term guidance. As we manage our cash flow and capital structure over the balance of the year, we expect our debt levels to remain relatively unchanged even as we fund M&A related deferred cash payments of approximately \$40 million through year-end, including the latest REITS acquisition in Brazil. Following these payments, our current deferred M&A related cash payments through 2027 would be approximately \$100 million, consistent with our guidance at our December Investor Day.
- Consequently, given our expectations regarding our net debt over the balance of the year and a somewhat higher contribution from Tria, our net financial and other expenses line should be at about 30% lower over the coming quarters compared to 2Q.

- Our effective tax rate in the quarter was 8%, an increase of 1 pp versus the prior quarter, mainly reflecting our mix of jurisdictions. We expect our tax rate over the coming years to hover around 10% annually but will vary quarter to quarter depending on the evolving mix of our businesses, although we expect 2025 to be below 10%. Of note, as exemplified in 4Q24, quarters with large amounts of PRE tend to have lower tax rates as PRE is largely generated in low or no tax jurisdictions
- In 2Q25, we generated \$38.8 million of Distributable Earnings, up 15% year over year and over 5% sequentially mainly reflecting higher FRE, partially offset by higher net financial interest expense and a higher tax.
- Second quarter DE per share of \$0.24 was up 9% vs the prior year and 4% sequentially mainly on higher FRE, partially offset by a higher share count versus both 2Q24 and 1Q25.
- Regarding the share count, we finished the quarter at 159.5 million shares and continue to expect the share count to average between 158 and 160 million from 2025 through 2027 inclusive of share repurchases, which will be focused on offsetting stock-based compensation.
- On that note, the board of directors voted to renew and increase our share repurchase program, and over the next 12 months we have the authorization to repurchase up to 3 million shares. We did not repurchase shares in the quarter, but it remains our intention to repurchase shares over the balance of 2025 and keep our share count within the targeted range.
- Finally, as we announced during our PAX day, the board approved for 2025 a quarterly dividend per share of \$0.15.

Overall, we are very pleased with our second quarter results and the momentum we have built as we continue to diversify and improve the resilience of our business. We believe we are on track to meet our FRE targets for 2025 and we are excited regarding the growth opportunity that lies ahead.

Thank you everyone for dialing in and we are now ready to answer your questions.