PATRIA INVESTMENTS (PAX)

Q2 2026 Earnings Call - Prepared Remarks

Andre Medina — *Investor Relations Director*

Good morning, everyone. Welcome to Patria's Second Quarter 2026 Earnings Call. Speaking today are our Chief Executive Officer, Alex Saigh, and our Chief Financial Officer, Raphael Denadai.

This morning we issued a press release and earnings presentation available on our investor relations website and on Form 6-K furnished to the SEC. A replay will be available on our IR website. As a reminder, today's call contains forward-looking statements, including statements relating to our guidance and targets, which are subject to risks and uncertainties, do not guarantee future performance and undue reliance should not be placed on them. Please refer to the forward-looking statements disclaimer and risk factors in our most recent Form 20-F. Patria reports under IFRS and will reference certain non-IFRS measures; definitions and reconciliations to the most directly comparable IFRS measures are in the earnings presentation.

With that, I'll hand it over to Alex.

Alexandre Saigh — *Chief Executive Officer*

Opening

Thank you, Andre. Good morning, everyone.

Our second quarter results reflect continued strong fundraising momentum, supported by consistent investment performance across our diversified platform.

Fundraising in the quarter totaled $2.3 billion, bringing the year-to-date total to $4.5 billion and keeping us on track to exceed our full-year fundraising target of $7 billion. Given the strong momentum in investor demand, we continue to believe fundraising can surpass our 2025 all-time record of $7.7 billion, and we are on pace to exceed our three-year fundraising target of $21 billion from 2025 through 2027.

Fee-Earning AUM reached $48.9 billion, up approximately 7% from 1Q26 and 32% from one year ago, reflecting year-over-year organic growth, the closing of three acquisitions, and positive investment performance, primarily in Credit, Real Estate, Public Equities and GPMS.

The growth in Fee-Earning AUM drove Fee-Related Earnings of $57.1 million for the quarter, up 13% sequentially and 24% year over year, and we remain on track to achieve our full-year FRE guidance of $225 million to $245 million.

Finally, Distributable Earnings per share of $0.32 rose 19% sequentially and 31% year over year.

Raphael will take you through our financials in more detail.

Investment Performance

Our investment performance remains consistent and continues to support fundraising across the platform. Over 85% of our current Fee-Earning AUM — excluding SMAs and third-party managed funds which are not reported — are invested in funds performing at or above their benchmarks since inception.

In Credit, our flagship Latam High Yield strategy, with over $5.5 billion in Fee-Earning AUM, has generated 11% annualized net returns in U.S. dollars since its inception 26 years ago, outperforming its benchmark by more than 360 basis points. As you can see in our Earnings Presentation, this strategy is outperforming its benchmark for all periods presented including year-to-date, 1, 3 and 5 years.

In Infrastructure, the pooled return of our latest three vintages, which are our active funds, exceeds the benchmark by more than 750 basis points.

In Global Private Markets Solutions, our two active and more mature commingled secondaries funds, SOF III and SOF IV, are outperforming their benchmarks by 650 and 560 basis points, respectively.

For further information on our investment performance, please refer to pages 17 to 21 of our 2Q26 Earnings Presentation.

Now, in Private Equity, two of our older active vintages, our buyout Funds IV and V, which together represent under $2.0 billion of AUM, or under $1.3 billion of Fee-Earning AUM, have, as previously disclosed, not performed well and we have marked these funds down in the quarter. Among other things, these funds have been seeking divestments through an atypically long period of high interest rates in Brazil, and several of their investments were severely affected by longstanding macroeconomic adversities in the aftermath of Covid as well as by sector specific shocks. These challenges and our focus on accelerating divestments from these funds to expedite the return of capital to investors are now reflected in their marks.

Importantly, the management fees for our Private Equity drawdown funds, funds in which committed capital is deployed gradually into investments, are not impacted by portfolio markdowns or markups, as fees are charged on invested cost. In addition, Fund IV has not generated management fees for the last 2 years and both Funds IV and V have had no accrued performance fees since 4Q25, so these markdowns do not impact our Net Accrued Performance Fees.

These two older Private Equity vintages do not describe our Private Equity franchise today. We have made significant changes to our Private Equity team and strategy over the past few years and Funds VI and VII were invested in a different macro environment. Of note, portfolio companies in Funds VI and VII have little to no leverage and have been performing well, growing EBITDA by approximately 10.5% on average over the past two years.

It is important to note that while approximately 30% of our Fee-Earning AUM which are mainly in drawdown funds and earn fees predominantly on invested capital at cost, approximately 70% our Fee-Earning AUM are in funds (mostly in Credit, Real Estate, and Public Equities) that charge fees on the market value of traded securities, and where, therefore, investment performance directly translates into revenue growth.

Fundraising

Now, let me provide some additional color on fundraising. A key highlight of the quarter was a new $1-billion commitment from an existing sovereign wealth fund client to a multi-asset separately managed account. This mandate significantly expands our relationship with the client and reflects the growing demand for Patria's solutions-oriented approach, allowing capital to be deployed flexibly across asset classes and strategies. We believe this type of mandate is particularly attractive given its stable, long-duration capital profile and its ability to deepen strategic partnerships with investors.

Credit

Focusing more specifically on our asset classes, Credit remained a strong contributor to fundraising with over $650 million raised in the quarter, bringing the year-to-date total to approximately $1.6 billion. Demand momentum continues, driven by the aforementioned strong performance across our public credit strategies, the growing interest in dollar denominated private credit funds, and the multiple structural growth drivers – namely banking disintermediation and the broader financial deepening – which are supporting the growth of Solis, our recently acquired CLO business in Brazil. Solis has raised over $500 million since we closed the transaction at the start of the year.

Global Private Markets Solutions

For Global Private Markets Solutions, the fundraising highlight of the quarter was the final close of SOF V, our fifth-vintage flagship secondaries commingled fund. Total commitments to this fund reached $676 million, exceeding our original fundraising target of $500 million by approximately 35%.

Re-up investors represented approximately 36% of commitments, with the balance comprising a combination of existing and new investor relationships. The Fund attracted capital from five regions, with North America representing over 50% of capital commitments, followed by Europe at approximately 40%, together with additional commitments from investors across Latin America, the Middle East and APAC.

Of course, a key focus for GPMS during the quarter was the closing on April 1st and onboarding of our WP Global Partners acquisition, which expands our lower-middle-market private equity solutions platform in the U.S. We are pleased with the progress we've made to date, with the WP team successfully integrated into our New York office and already contributing to investment activity across the GPMS platform.

Infrastructure

In infrastructure, we are excited about our Infra Core strategy and are targeting a first closing later this year alongside its inaugural deal. This strategy focuses on a pipeline of mature infrastructure assets in Latin America with contracted U.S. dollar revenues – mainly in Chile, Colombia and Brazil – and seeks an attractive return premium versus similar global funds.

Infrastructure also represents one of the primary areas of interest within our SMAs, and we expect a significant portion of the capital associated with our recently secured $1 billion multi-asset mandate to be allocated to this asset class.

Of note, during the first half of the year, through the deployment of capital sourced from a variety of fee-paying SMAs and Co-investments, Infrastructure added $5 million of annual recurring net revenues to Patria. We continue to see significant opportunities to deploy our growing base of dry powder over the coming years into sizeable projects such as our Data Center initiative, and we have visible line of sight to deploy its approximate $1 billion of Pending Fee-Earning AUM.

AUM Quality

Our fundraising success continues to reflect the evolution of Patria's platform. Since our IPO, we have expanded from two flagship strategies with the capacity to raise more than $1 billion per vintage to at least 10 flagship strategies. This diversification has strengthened both the quality and resilience of our earnings base, with approximately 90% of Fee-Earning AUM invested in vehicles with limited or no redemption rights, and approximately $11 billion of permanent capital, representing roughly 22% of total Fee-Earning AUM.

Pending Fee-Earning AUM increased approximately 20% in the quarter to $4.0 billion, supported in part by our new multi-asset SMA mandate, providing meaningful visibility into future fee growth.

Macro Context

With respect to the broader operating environment, our view remains unchanged: the geopolitical backdrop continues to be supportive of Latin America and, particularly of South America, where we are seeing a meaningful shift toward more market-friendly governments. Institutional investors across Asia and Europe continue to engage with us across a wider range of strategies than historically, while existing clients are further deepening their relationships with the firm, as evidenced by the recently closed $1 billion multi-asset mandate.

Summary

In summary, our execution remains very consistent.

Fundraising momentum continues, and with $4.5 billion raised year to date, we see a clear pathway to potentially yet another record year of fundraising.

With our capital formation and asset growth increasingly driven by long-duration vehicles, we conclude the quarter with even greater confidence in our ability to achieve both our 2026 financial objectives and the longer-term goals outlined in our 2027 vision. For example, our year-to-date FRE totaled $108 million. If we simply annualize this figure and include the same incentive fees we reported in 2025, our FRE would be more than $225 million, already at our target range, even before accounting for incremental growth in Fee-Earning AUM and fees we are seeing quarter over quarter.

With that, I will hand the call to Raphael. Thank you.

Raphael Denadai — *Chief Financial Officer*

Opening

Thank you, Alex. Good morning, everyone.

I will now take you through the second quarter results.

Fee Revenue & Expenses

Total Fee Revenues for the quarter were approximately $105.8 million, up 30% year over year and 14% sequentially. Fee revenues in the quarter include $1.5 million of catch-up fees related to the final closing of SOF V.

Growth in fee revenues was driven by Fee-Earning AUM growth of 32% year over year and 7% sequentially, supported by net organic inflows, positive investment performance, and the three acquisitions completed this year.

Incentive fees of $2.5 million in 2Q were attributable to Real Estate and Solis, which earns incentive fees semi-annually. Solis also contributed $0.4 million of structuring fees which are included in “Other Fee Revenues”. These fees are a regular feature of our private credit business and, although the specific timing and size of structuring fees are difficult to forecast, we expect that over time they will be an attractive source of incremental fee revenues.

Our last twelve months’ average management fee rate in the quarter was approximately 86 basis points, reflecting the impact of the WP transaction, as well as the continued growth in Credit, Real Estate, GPMS, and various co-investments and SMAs over the recent quarters.

FRE & Margin

Our Fee-Related Earnings in 2Q26 were approximately $57.1 million, up 24% year over year and 13% sequentially, driven by the strong growth in our net fee revenues, partially offset by 16% sequential growth in expenses. Our FRE margin came in at 54.0% compared to 54.6% in the prior quarter.

Among other things, our FRE margin reflects the short-term impact of acquisitions, which occurred at a faster pace and larger AUM-volume than expected as of our original guidance, and also the impacts of FX, normal expense growth, including annual promotions, and ongoing investments in our platform. Indeed, given the evident success we have been having in our fundraising initiatives, we have been steadily focused on continuing to invest in our platform as we expand our global marketing, distribution, and product capabilities. In light of these factors, we now expect our FRE margin for the full year 2026 to fall modestly below our 58%-60% target, although we remain confident in our 58%-60% target for 2027 and onwards.

Now, while the FRE margin is a key by-product of our financial results, it's important to highlight that our focus is primarily on FRE, not simply the FRE margin, and in that regard, as Alex noted, we remain confident that we are on track to meet our 2026 FRE objective of $225 to $245 million, or $1.42 to $1.54 per share, representing approximately 11% to 21% growth from last year's $202.5 million. We are also maintaining our 2027 FRE target of $260 to $290 million, or $1.60 to $1.80 per share.

Distributable Earnings

Total Distributable Earnings for the quarter were $50.7 million, or $0.32 per share, up 31% year over year and 19% sequentially on a per share basis.

This growth was driven primarily by the increase in FRE as we generated no Performance Related Earnings in the quarter. In addition, our net financial expense of $1.5 million benefited from $2.9 million of contribution from TRIA, our trading platform, as well as higher investment income, which was partially offset by higher interest expense related to the $350 million bond offering we successfully completed early in the quarter.

While the contribution from TRIA is difficult to forecast and can vary sharply quarter to quarter, over the past six quarters, the contribution from TRIA has averaged about $1.4 million per quarter. Over time we expect the contribution from TRIA to grow as the business continues to expand its capabilities.

Stock-Based Compensation

Stock-Based Compensation in the quarter was $13.5 million, totaling $23.6 million year to date, or 12% of Total Fee Revenues, consistent with our recent guidance.

Tax

Now, with regard to taxes: the 2Q26 effective rate was approximately 9%, reflecting our evolving business mix and also consistent with our guidance.

Balance Sheet & Capital Management

Regarding the balance sheet: as previously mentioned, we completed our $350 million bond offering early in the quarter, the proceeds from which repaid our outstanding credit facility, with the remaining cash available to fund various M&A-related payments, share repurchases, and growth initiatives.

Also, as previously reported, we completed a second TRS facility in which we repurchased a total of 1.5 million shares for a total cost of $18.3 million. This facility matures in Q2 2027. We also are in the process of refinancing and slightly increasing the size of our first TRS facility by an additional 1.3 million shares, to 2.8 million shares, which we expect will total approximately $31 million and mature in Q3 2027.

We updated the slide we introduced last quarter in the Reconciliations and Disclosures section of our Earnings Presentation, which highlights our incurred liabilities through 2028, so you can continue to have a clear picture of our future obligations.

Supported by the debt offering proceeds, expected cash generation, and our available undrawn credit facility, we believe we have ample liquidity to meet all obligations, fund dividends, reinvest in the business, and repurchase shares, while maintaining a conservative balance sheet.

In this context, share count for the quarter was 159.5 million shares, and it remains our long-term goal to maintain the share count in the 158 to 160 million range.

Summary

To summarize, we believe our financial position remains strong. We continue to generate growing, durable cash flows from a highly diversified and long-duration asset base. Strong fundraising momentum and growing Fee-Related Earnings reinforce our confidence in achieving our growth objectives, while our balance sheet remains well positioned to support future growth.

We look forward to your questions.