LUCEIRO
CAPITAL

Private Equity

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We build value by supporting the transition in family businesses

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Acquiring majorities in SMEs

Through closed-end investment vehicles, we acquire majority stakes in private companies located in Spain or Portugal, and subsequently engage in active management and long-term value creation.

This investment strategy seeks to generate value by purchasing high-quality companies with growth prospects at attractive valuations in terms of returns, with limited risk.

Main features

We invest in quality companies with proven business models and sustainable competitive advantages, in industries with favorable dynamics.

- Horizon: Long Term (+5/7 years)
- Vehicle: Holding or SCR
- Target company: SMEs with 2.5-7.5M€ EBITDA
- Taget IRR: 20-35% | Minimum cash-on-cash x3
- Strategy: LBO (50/50 Equity/Debt)
  +Buildup +Organic improvements
- "On the front foot" operating the companies. Daily work in Strategic, Operations, and Financial Management, side by side with the company's teams

Structure

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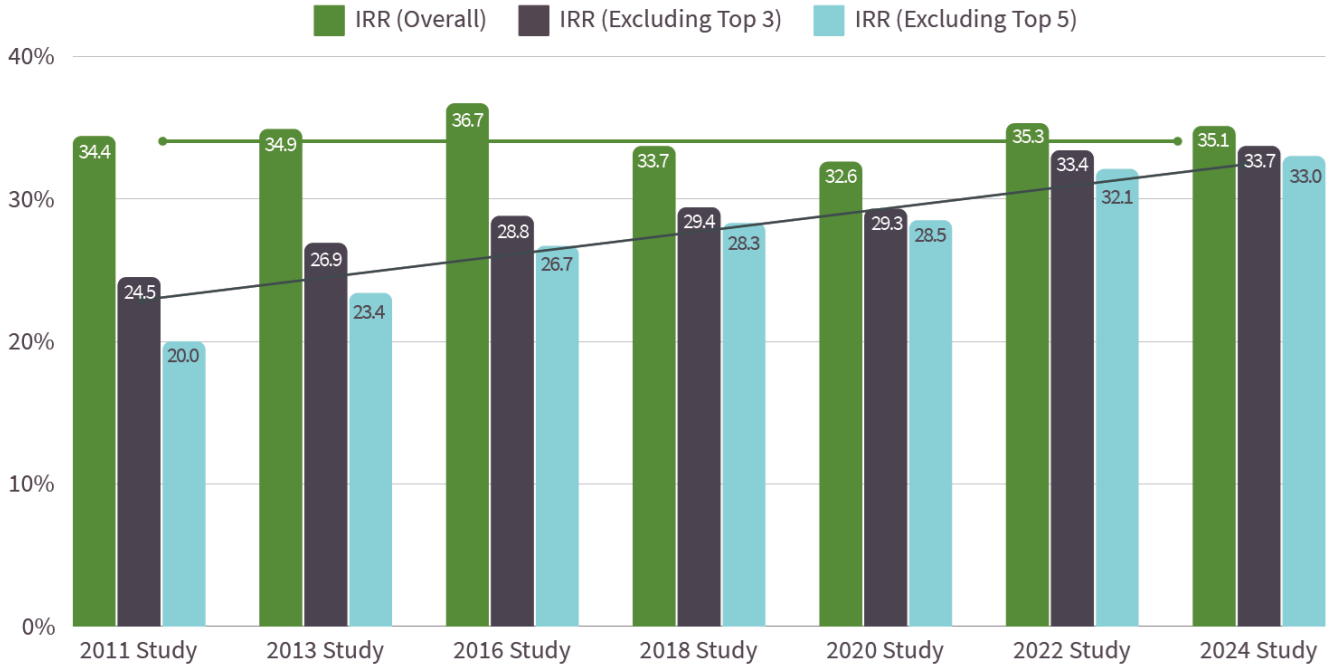
Historical returns superior to equities

Average historical profitability 20-35%

Taking search funds as a reference

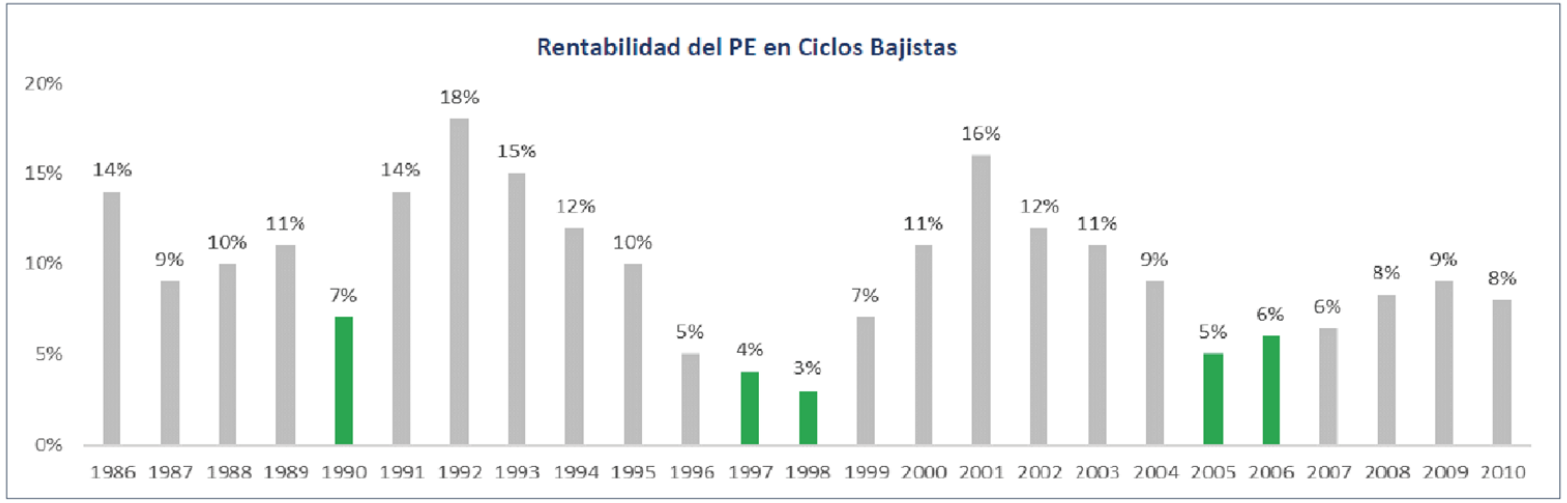


Note: Aggregate Search Fund IRR (2011 – 2024)
Source: 2024 Search Fund Study. Stanford Graduate School of Business.

Decorrelation with the market

- Private Equity has held up reasonably well even during downturns. The Funds leverage various value-creating levers in companies, partially mitigating the impact of the economic cycle.
- The commitment is long-term; the manager can manage and prepare the company for sale without having to worry about redemptions.
- There is no daily net asset value (mark-to-market).

Historical returns

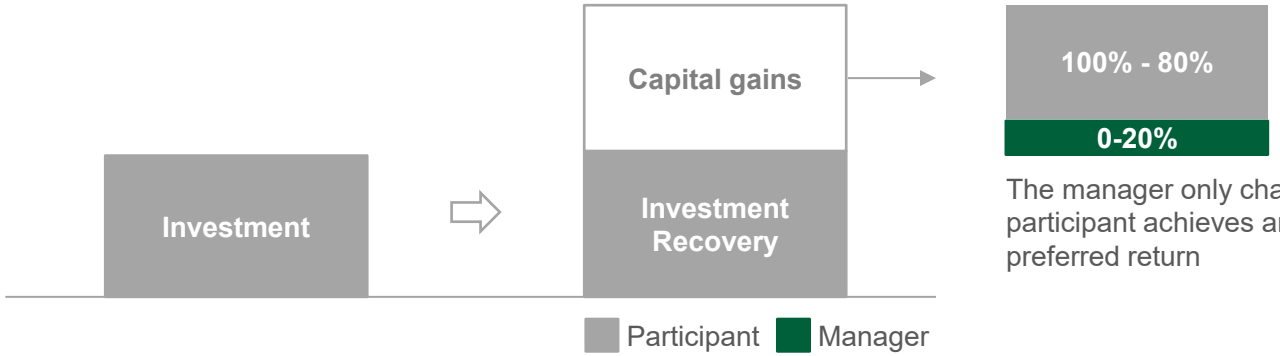


Fuente: ThomsoneOne, a 30/06/2013

Alignment of interests between Managers and Participants

Commission structure with a high variable component:

- **Management fee**: annual percentage of the committed capital or outstanding invested capital.
- **Performance fee**: the fund manager charges a percentage of capital gains, but only if the investor has previously obtained a preferred return of 5%-8%.
- Performance fee is generated once the investor's preferred IRR has been reached. Therefore, the fund managers' priority is to maximize the investor's profitability.



The manager only charges his performance fee if the participant achieves an annual NET return > the preferred return

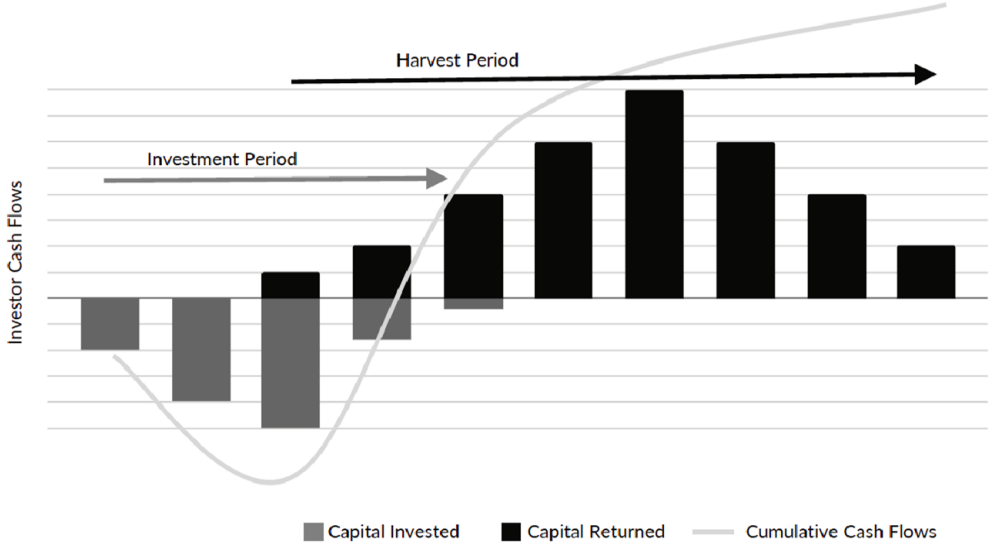
Long term investment

J curve

The J-curve reflects the historical tendency of private equity firms to deliver negative results in the early years of an investment.

Value creation in a business is not immediate. The business's fundamentals will progressively improve (management changes, buy & build, investments, expansion, etc.).

Company acquisition fees and costs are derived from the initial investment.



THEY ARE CLOSED AND ILLIQUID COMPANIES INVESTED IN THE LONG TERM

You can't buy and sell shares at will. You must assume that the money committed will remain invested for the life of the fund.

Luceiro Capital

Luceiro Capital is a **private and independent investment firm** specialized in high-potential companies. From our offices in **A Coruña** (Galicia, Spain) and **London** (United Kingdom), we analyze investment opportunities with both geographic and sectoral flexibility.

We work with capital from **private and professional investors**, including institutional funds and family offices, united by the goal of creating long-term value through active investment in both private and publicly listed companies.

In the **private market**, we acquire majority stakes in unlisted companies in order to subsequently become involved in the active management of the company and create long-term value.

In the **public markets**, we invest in stocks mainly in the mid-market, seeking to maintain shareholdings with a long-term horizon.

+48.27 millions (€) in assets under management or advisory

As of January 2025, including assets under management in Luceiro Capital Partners and assets under advisory in Luceiro Capital Value Fund, FI.

Luceiro Capital advises on two investment strategies

Luceiro Capital Management Ltd.

Private Equity

Luceiro Capital Partners

A private equity vehicle that acquires majority stakes in private SMEs.

Listed markets

Luceiro Capital Value Fund FI

A *Global Value* fund that invests in listed companies.

Luceiro Capital: Brief history

LUCEIRO CAPITAL

Home

Luceiro Capital was founded in **2021** as the promoter of the first **Private Equity vehicle** established in **Galicia** with international investors**, with the** aim of making acquisitions in private companies and facilitating private equity investment in SMEs with high growth potential.

Private Research

Combination of rigorous **fundamental** analysis and ***on the ground*** (traveling thousands of kilometers in industrial parks visiting companies). We have analyzed a large number of private companies, which has allowed us to generate sectorial knowledge and to be very close to the reality of multiple industries.

Public Research

In order to complement the private analysis, we decided to **delve deeper into listed companies** with similar business models, where there is a higher level of structured information, which complements the inputs from the private research.

Cross-Research

The **combination of Private and Public Research**, Cross-Research, has generated an opportunity for us to potentially anticipate technological and operational advances that sometimes occur earlier in certain more developed markets or in larger companies, using this information in other geographies or in smaller companies. This is a differential point of our analysis.

Portfolio of listed companies

In **August 2022**, we launched our own portfolio of listed investments. We invest in quality companies that generate long-term value. For the analysis we use the same Luceiro tools and the same process as in the private market.

Private Equity Management

In the Private Equity strategy, we manage **+ €20 million in assets**. We work on a daily basis with management teams, we understand the challenges facing companies, we provide operational support to executives, and we finance projects to create industrial fabric, digitalization and ESG advances.

UCITS Investment Fund

The Listed Portfolio accumulated a track-record with a cumulative return of 62% and risk-adjusted return metrics substantially above the benchmark. In 2024 we signed with Renta 4 to transfer the strategy to a regulated UCITS fund: **Luceiro Capital Value Fund, FI.**

EAF regulated by CNMV

As part of our continuous process of improvement and professionalization, in October 2025 we engaged an advisor regulated by the CNMV:
Luceiro Capital Global Advisors, EAF, S.A.

Luceiro Capital: Team

Iván Varela Rozados
Managing Partner

Ivan is the founder and Managing Partner of Luceiro Capital, a project motivated by his personal experience growing up in a family of entrepreneurs. More than 10 years of investment experience. He held various positions in the UK and the US, working as an investment professional at PIMCO, MUFG and Nomura. MBA from LBS and Columbia Business School. Industrial Engineer from Universidad Politécnica de Madrid. MSc Information Systems from Cranfield University. Postgraduate Fellow and Member of the Board of Directors of the Association of Barrié Foundation Fellows.

Efrén López Ferreiro
Socio y Strategy & Operations Advisor

Efren has more than 10 years of experience in strategic consulting in operations management, cost optimization and organizational restructuring of large companies, especially in the manufacturing and retail sectors (including e-commerce). Since 2018, he has been part of the consulting team at Accenture Strategy. From 2014 to 2018, he was part of Oliver Wyman's consulting team. MBA from INSEAD and The Wharton School of the University of Pennsylvania. Aeronautical Engineer from the Polytechnic University of Madrid.

Gonzalo Pico Cal
CFO

Gonzalo is Chief Financial Officer. He has more than 10 years of experience in the financial area of companies in the Industrial, Textile, Services and Financial sectors. He has held positions of Financial Management and Control in Consolidated Groups in Spain, Portugal, France and the United States among other countries. He holds a degree in Business Administration and Management from the University of La Coruña. Master in Corporate Finance and Financial Markets from UAH-CIFF Business School. Special Mention in Master in International Business and Foreign Trade by IFFE B. School.

Long-term value-generating companies

Business model

Focus on own-product companies.

Financial strength

Investment in companies with a solid and proven financial position and double-digit growth.

Competitive advantages

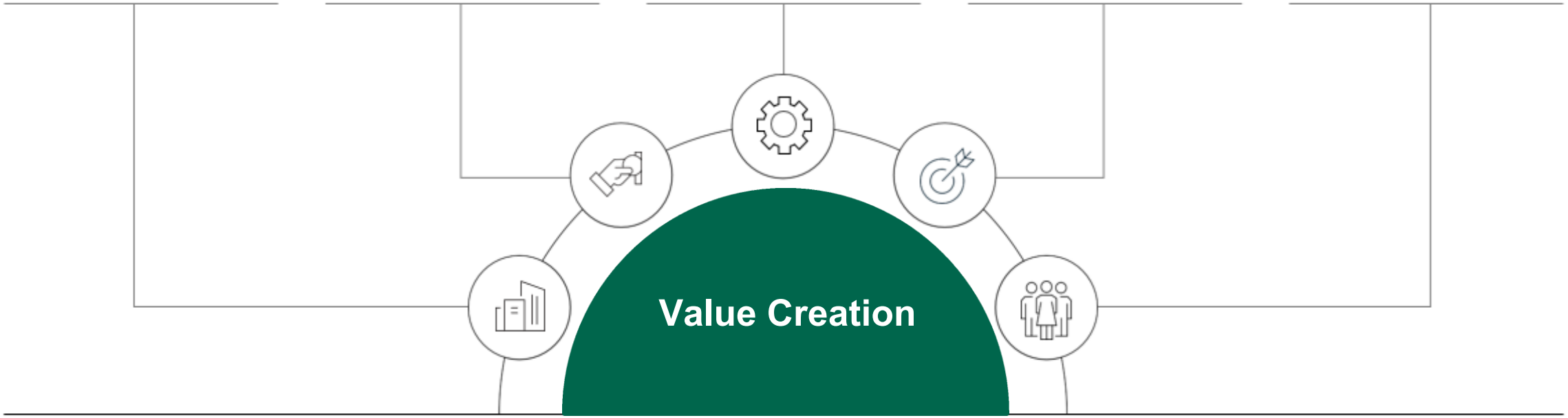
Focus on growing competitive advantages, translatable into high margins, brand power and pricing power.

High ROIC

Business models with a high capacity to reinvest profits (ROIC: "return on invested capital")

Quality management

High quality management teams with a good history of capital allocation and skin in the game.



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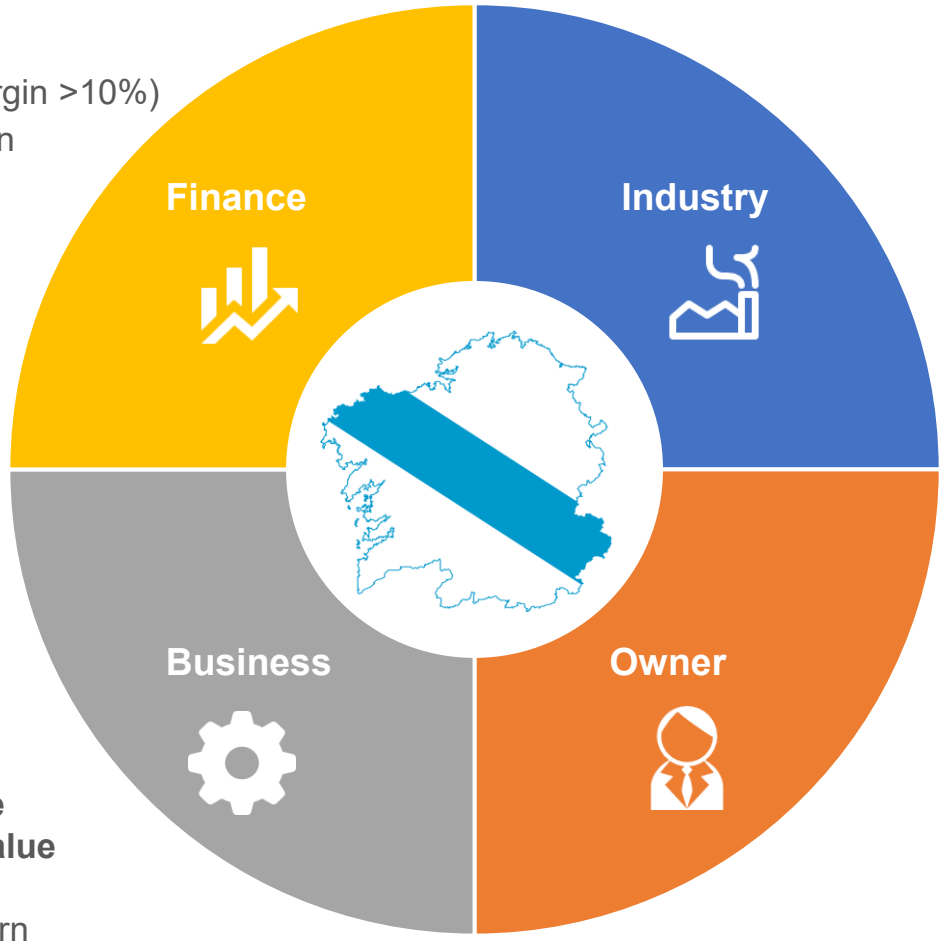
Search criteria

- **Revenue €5M - €30M** (growth >7%)
- **Annual EBITDA €2.5M - €7.5M** (margin >10%)
- History of growth and cash generation
- Low capital requirement (CAPEX)



- **High organic growth potential**
- **Large and fragmented market**
- **Barriers to entry**
- Low sensitivity to the economic cycle
- Low regulatory risk

- **Recurring and contractual revenue**
- **Opportunity to create additional value**
- Good middle management
- Low customer concentration and churn
- Low supplier concentration

- **Private and concentrated ownership**
- **Generational change situation**
- Company allows for management improvements to capture growth opportunities
- Owner willing to support during the transition

Our proposal to the entrepreneur

We offer a different alternative to traditional solutions, designed to offer flexibility to the entrepreneur in the next stage of their professional career.

Competitive valuation

- Competitive valuation of your business.
- Investment capacity in the range of €5-30 million (focus on €10-25 million transactions).

Continuity

- We are committed to the independence of the company: name and legacy
- Commitment to all people who work for the company, customers, suppliers, and other stakeholders.

Custom solution

- A capital solution tailored to the entrepreneur and the company's objectives.
- Flexibility to purchase 100% of the company or retain part of the current shareholding.
- The entrepreneur can continue working alongside the new team with capital and resources to see their business grow and achieve new goals.

Confidentiality

- Confidentiality and agility throughout the entire process.
- Understanding the challenges of families and entrepreneurs.

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Private Equity Investment Process

Our experience managing corporate operations allows us to carry out a solid, predictable and efficient process.

Acquisition

Company selection

- Company filtering
- Target company analysis
- Target company valuation

Operation evaluation

- Formulate Value Creation Thesis
- Send and sign LOI
- Organize Due Diligence

Company purchase

- Due Diligence
- Structure Agreement
- Financing
- Sale Purchase Agreement

Growth

Takeover and management

- Company management
- Business Plan
- Retaining key talent

Creación de Valor

- Operational Improvement Program
- Alcanzar mejoras sostenibles
- Measure final results
- Complementary acquisitions

Exit

Maximizing Return

- Sale Preparation / Investment Teaser
- Search for potential buyers
- Presentation to buyers
- Closing the sale

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Company selection

with our own tools that help us identify opportunities that meet our investment criteria.

Screening

Allows us to perform a sterile filtering of the universe of investable companies and efficiently identify those with a sustained track record of excellent fundamentals.

Analysis

Additional screening of both companies and the industries in which they operate, consolidating our understanding of business models, growth potential, and risk factors.

Valuation

Finally, companies that have passed the previous phases of the process undergo a valuation exercise.

CROSS RESEARCH | Our Private Equity strategy benefits from our research of listed companies with better access to information, generating sector-specific investment theses with better quantified metrics on industry growth, revenue recurrence, and the gross margins of the best companies in the sector.

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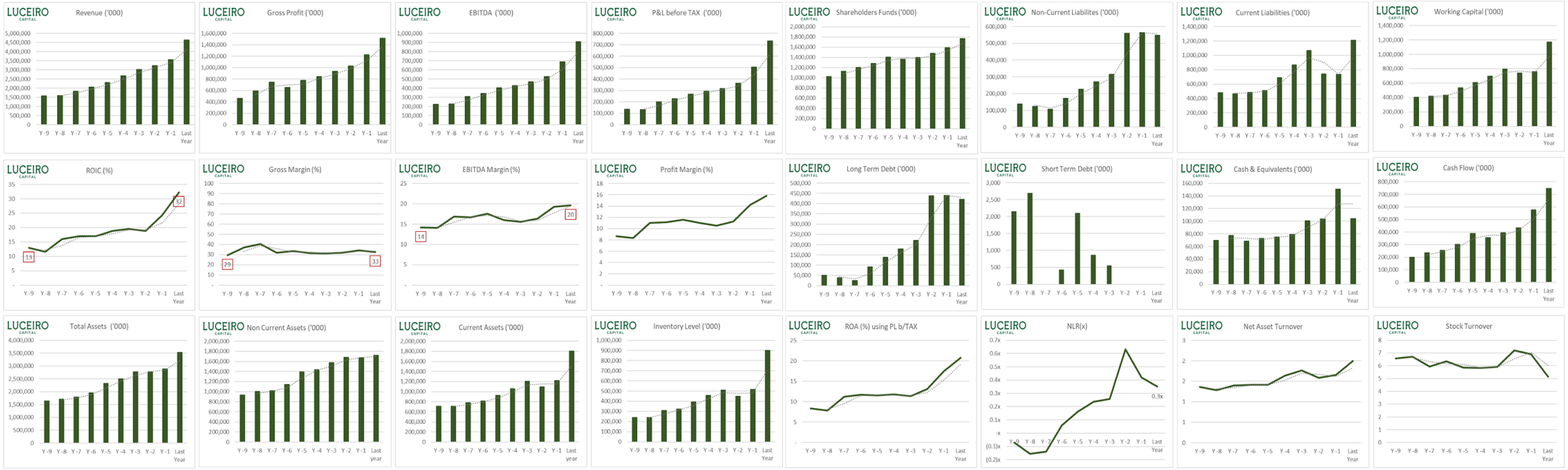
Screening

Luceiro Dashboard

In the screening phase, we use the Luceiro Dashboard to identify good companies through a rigorous analysis of their fundamentals. These are some of the ratios we evaluate (10-year historical data).

GRUPA KETY SA	L9Y	L5Y	L3Y
Revenue CAGR	12.7%	15.0%	15.4%
Gross Mg Average	33.4%	32.3%	33.0%
EBITDA CAGR	16.8%	17.5%	24.7%
EBITDA Mg CAGR	3.7%	2.2%	8.1%
CF / EBITDA	85.8%	83.1%	82.7%
Net Leverage Ratio	0.2x	0.4x	0.5x

	Last Available: 2021
Revenue	4,634,926
Gross Mg	32.7%
EBITDA	909,332
EBITDA Mg	19.6%
CF / EBITDA	82.3%
NLR	0.3x
ROIC	32.3%



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Company purchase

Our experience managing corporate operations allows us to implement a robust, predictable, and efficient process that facilitates business decisions, with well-defined steps and timelines.

Duration: 4 to 6 months

Due Diligence

Complete collection of business information. Independent financial and legal evaluation. Presentation of a binding offer and resolution of any queries.

Structure Agreement

We introduce clauses that protect and maximize investor returns: **Roll Over** (seller reinvestment), **Earn-Out** (deferred payments based on company's performance), and **Carve-Out** (asset spin-off to release capital), among others.

Financing

We structure the purchase using a **Leveraged Buyout** strategy, in which the buyer contributes only a portion of the capital, while the remainder comes from bank loans, bond issues, or other forms of financing.

Sale Purchase Agreement

Signing of the agreement, execution of payment for the purchase in the agreed manner, and initiation of the transition process to the next stage of the company.

Leveraged Buyout (LBO) | The acquisition of a company through a leveraged buyout involves financing part of the purchase with debt (approximately 50%), using the acquired company's assets and cash flow as collateral. Therefore, an LBO substantially increases the investor's return.

Value creation

We implement multiple improvements in various areas, resulting in increased revenue, improved operating margin, and an increased valuation multiple.

Operations

Management professionalization, creating a financial management system and implementing operational improvements in areas such as manufacturing and logistics. The result is an **operating margin improvement**.

Go to market

We are committed to strengthening our sales network. We develop and execute internationalization plans. The result is **revenue increase**.

Technology

Driving the company's digital transformation by automating processes in pursuit of increased efficiency. The result is **productivity rise**.

Acquisitions

We actively seek **Add-Ons** (complementary acquisitions) with clear synergies. The goal is for the resulting company to have higher EBITDA but also a **higher valuation multiple**.

We work to generate value | We have experience implementing operational improvements and the support of a great team to expand your business.

Success case: Safetop - FY 2022-2025

SAFETOP®

Details of the participating company

- Company name: Safetop Innovative Protection, S.L.
- Location: Oleiros, A Coruña
- Object: Personal protective equipment
- Acquisition: 2022
- Δ Sales: +36.5% (from 10.4 to 14.2 M€)
- Δ Operating Profit: +42% (from 4 to 5.68M€)

2022-2024

+36.5% Sales | +42% Profit

Management Professionalization → Commercial Network Expansion → Technological Improvements → Product Development

Success case: Safetop - FY 2022-2025

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SAFETOP®

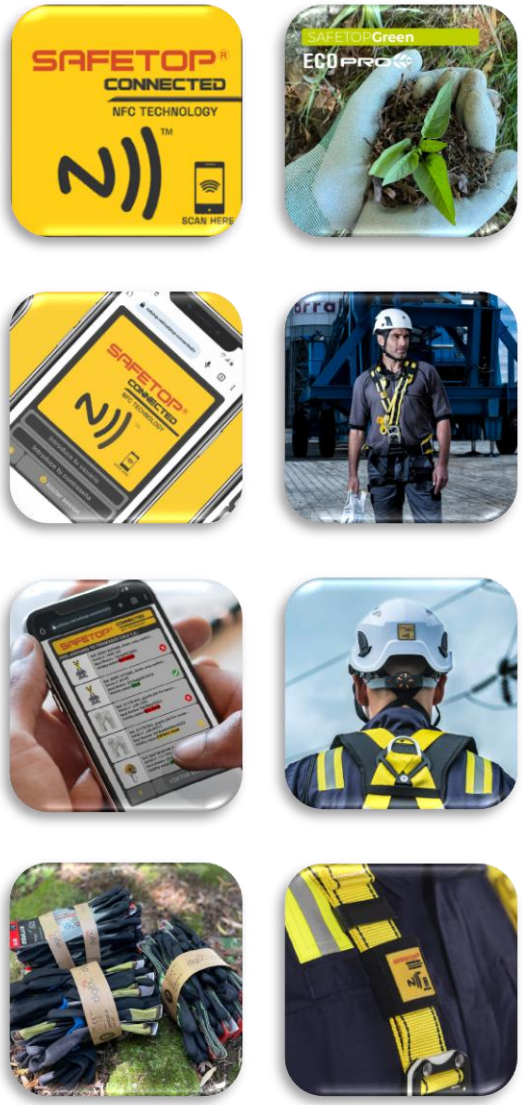
Management Professionalization
+ Financial Director
+ Marketing Director
+ International Business Development Director

Commercial Network Expansion
+ International Business Development Director
+ Review of target and incentives
+ 3,000 clients

Creando Valor

Technological Improvements
+ Safetop Connected (NFC)
+ Analytics Implementation
+ PPE Management App

Product Development
+ Sport Line
+ Eco Pro Range
+ 60 new references



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Why invest in SMEs from a limited company (SL)?

Simplicity

Holding companies via S.L. have the following advantages:

- Low cost and quick assembly
- Zero regulatory requirements
- Governance through statutory agreements and shareholders' agreements

Tax advantages

For SL:

- 95% exemption in Corporate Tax on flows from the investment

For participants (meeting requirements):

- 95% exemption on Corporate Tax for national investors with more than 5%

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Why invest in SMEs from a SCR?

Regulated vehicle

SCRs are regulated by the CNMV:

- Transparency
- Protection for participants
- Professional management
- Access to exclusive opportunities

Tax advantages

For SCR:

- 100% exemption from Corporate Tax

For participants (meeting requirements):

- 100% exemption from Corporate Tax
- Total/partial exemption from Wealth Tax
- 95% reduction in Inheritance Tax

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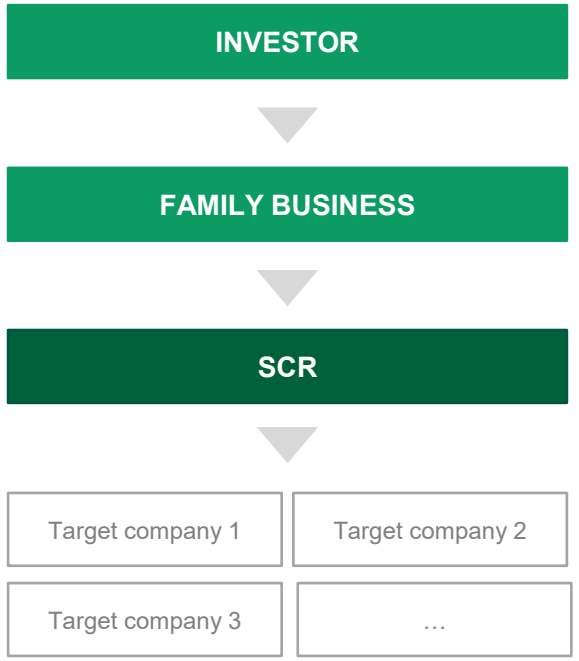
Taxation for SCR

Corporate Tax (Impuesto Sociedades)

Articles 21 and 50 of the Corporate Tax Law

- SCRs and FCRs are taxpayers of Corporate Income Tax (IS), and the general rules for quantifying tax bases apply almost entirely.
- Article 21 establishes a **100% exemption** on dividends and capital gains from holdings exceeding 5% (if other requirements are also met).
- Article 50 establishes the specific treatment of investments in ECRs.

  99% exemption on income from the transfer of holdings that cannot benefit from the exemption provided for in Article 21 of the LIS, provided that the transfer occurs no earlier than the second year and no later than the fifteenth year from the date of acquisition or delisting.



The information provided should not be considered tax advice under any circumstances.

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Taxation for SCR Shareholders

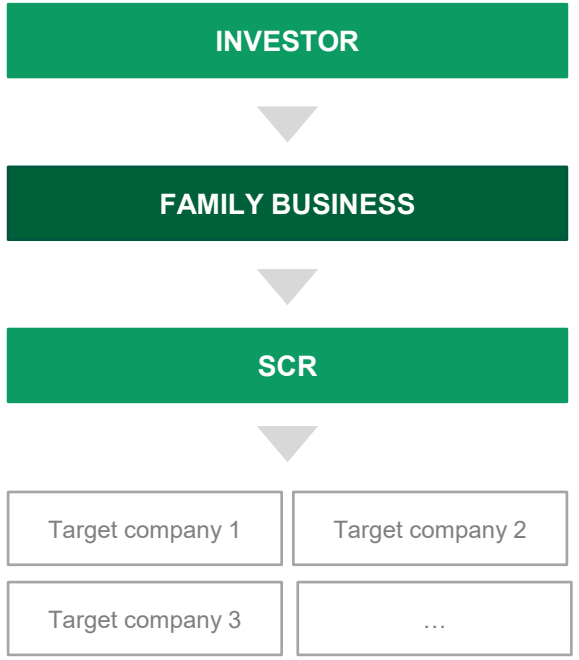
Corporate Tax (Impuesto Sociedades)

Shareholder taxpayer of Corporate Tax (Impuesto de Sociedades)

- Dividends: **100% exemption** (Art. 21 LIS).
- Capital Gains (Reimbursement of Shares): **100% exemption** (Art. 21 LIS).

Shareholder taxpayer of Personal Income Tax (IRPF)

- Dividends: Income subject to withholding.
- Capital Gains (Repayment of Shares): Savings income not subject to withholding.



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Taxation for SCR Shareholders

Wealth Tax (Impuesto de Patrimonio)

Requirements for the **Total or Partial Exemption** of Participations in Entities. Art. 4. Eight. Two of Law 19/1991 on Wealth Tax.

Requirements

- Investment in the ECR equal to or greater than 5% (20% for joint participation by Family Groups).
- Performing management duties in the company.
- Receiving more than 50% of total business, professional, and personal income from such management duties.

Activity-related requirements:

- The entity's primary activity must not be the management of movable or immovable assets. More than 50% of the assets must be allocated to economic activities.
- The mandatory investment ratio for a SCR is 60% in this type of assets.

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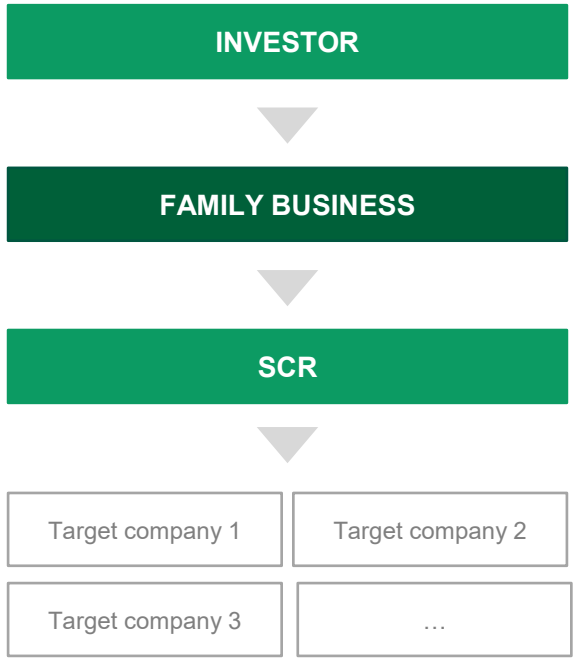

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Taxation for SCR Shareholders

Inheritance and Gift Tax (Impuesto de Sucesiones y Donaciones)

Article 20. 2 c Law 29/1987: **reduction in the tax base of 95%** of the value of the acquisition of shares in entities transferred "mortis causa" or donated "inter vivos", to which the exemption regulated in the eighth section of article 4 of Law 19/1991, of June 6, on the Wealth Tax applies.

Requirements

- Investment in the ECR equal to or greater than 5% (20% for joint participation by Family Groups).
- Performing management duties in the company.
- Receiving more than 50% of total business, professional, and personal income from such management duties.

Activity-related requirements:

- The entity's primary activity must not be the management of movable or immovable assets. More than 50% of the assets must be allocated to economic activities.
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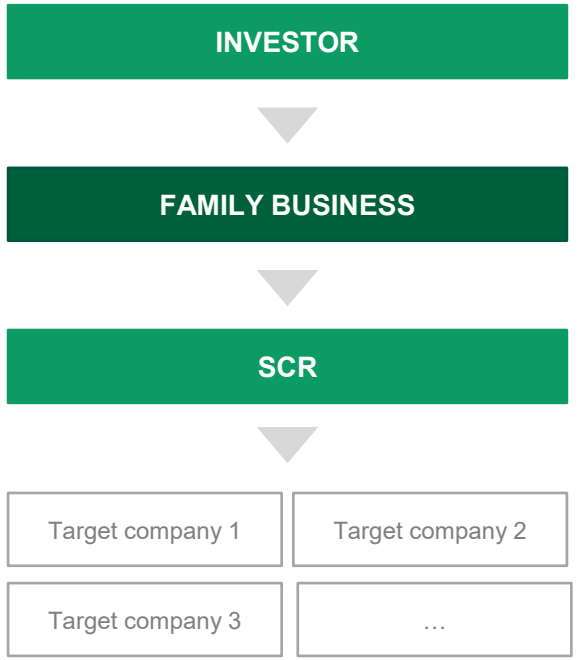

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