M&A as a tool to capture value in the dairy industry

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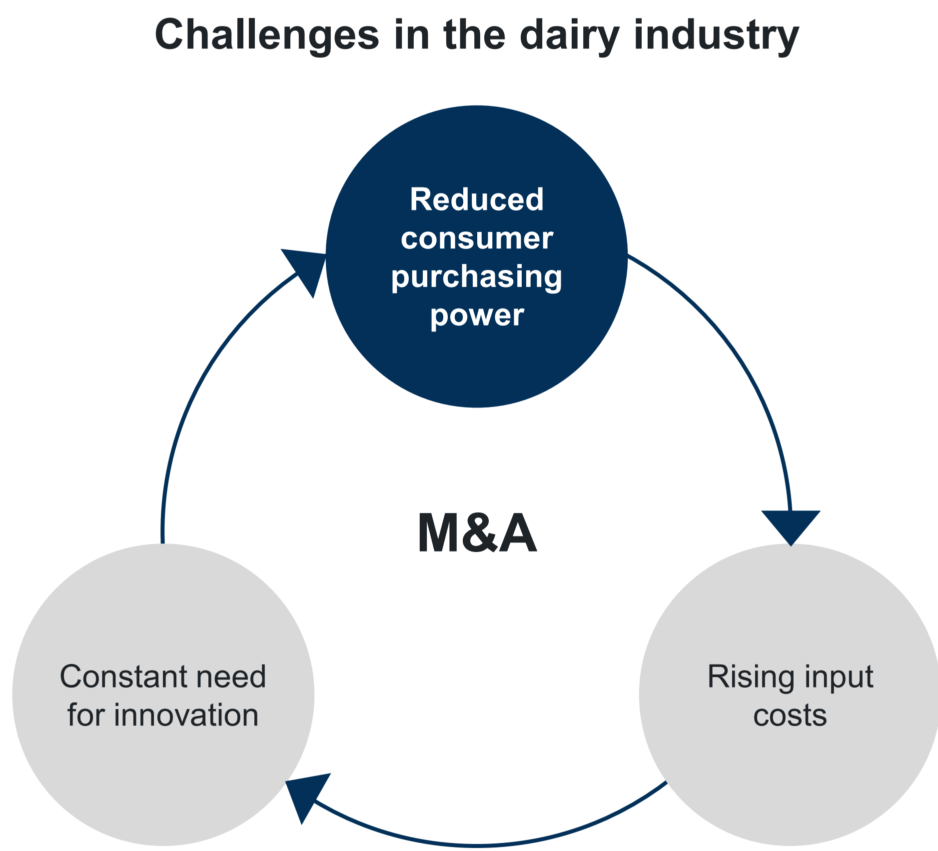
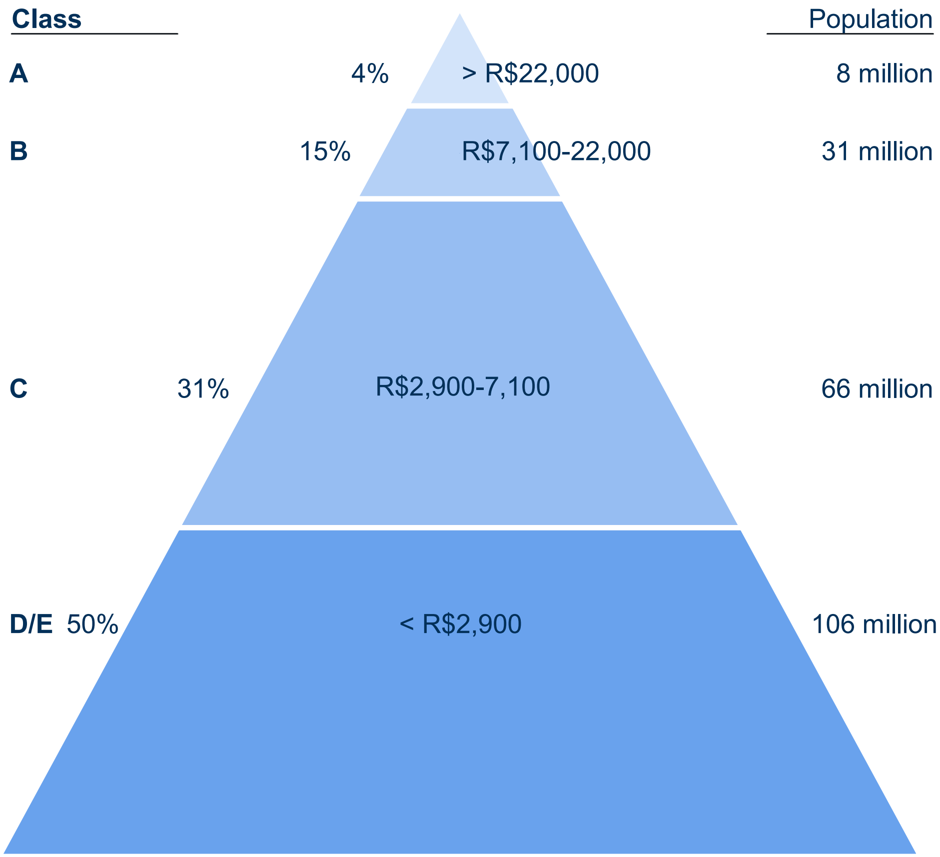
Amid the challenges facing the dairy industry, M&A has emerged as a key tool for strengthening market positioning and value creation



The purchasing power of Brazilian consumers is a challenge for the food industry in general

Monthly household income by socioeconomic class



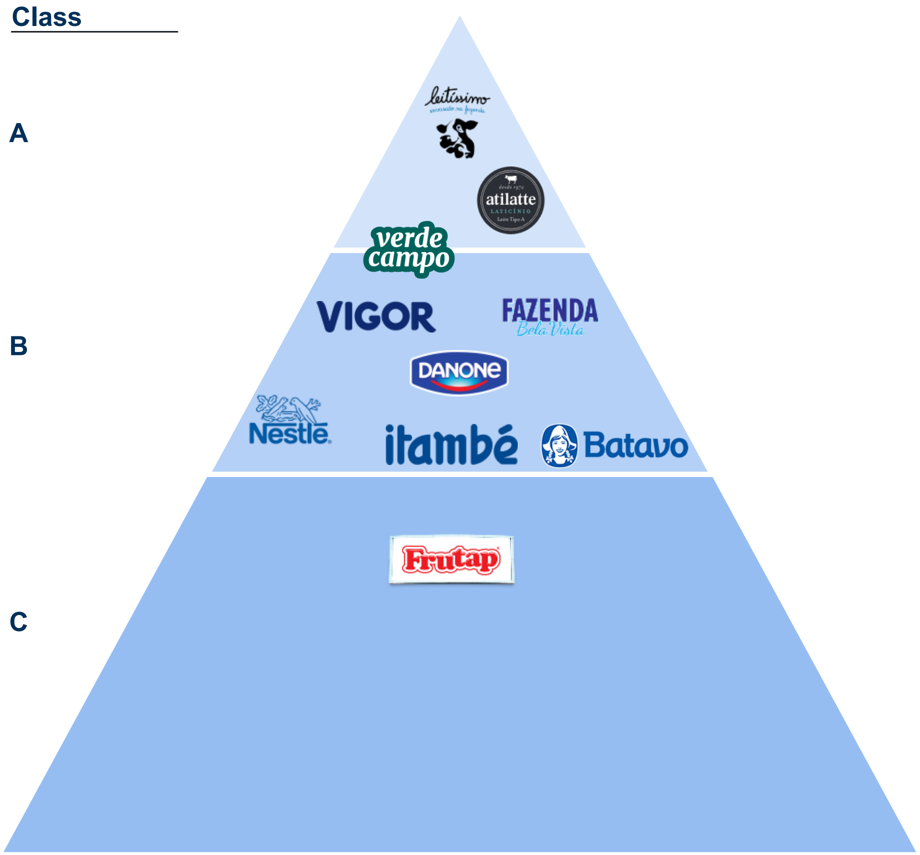
Market size and consumer profile

- 171 million people in classes C/D/E, representing 81% of the population
- Food accounts for up to 23% of household income
- Smaller pack sizes represent 60% of daily-use sales

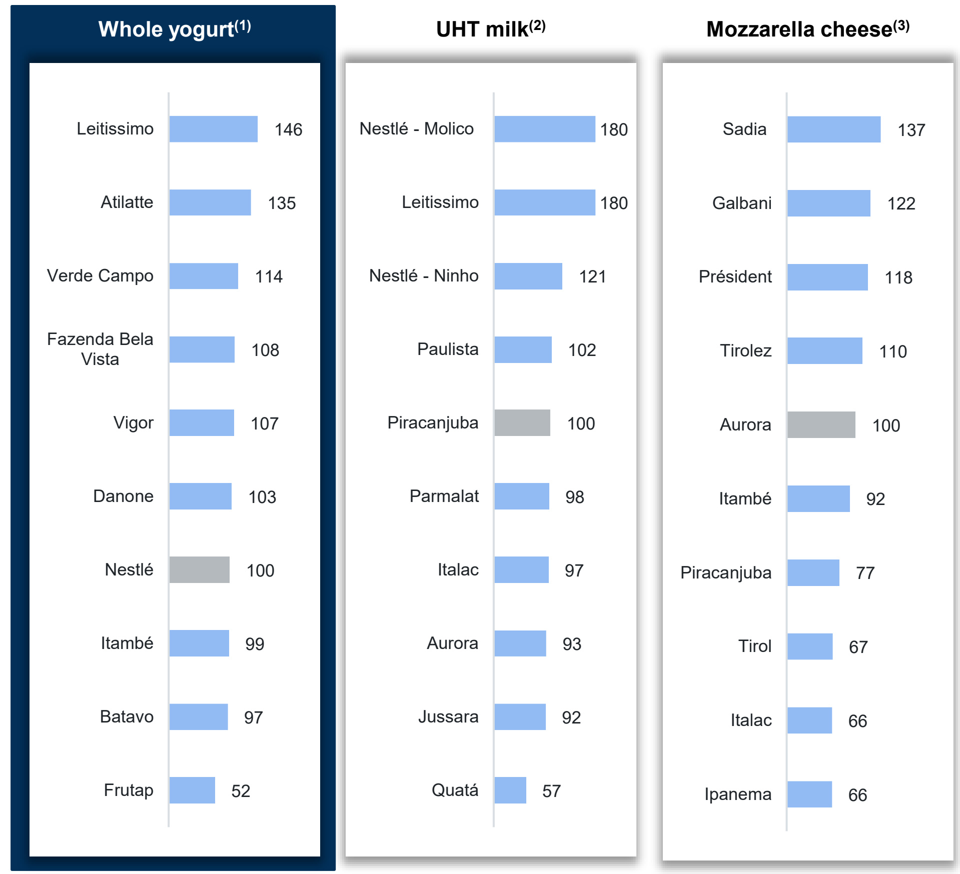
Source: IBGE, Tendências Consultoria, Estadão, FGV, and Dieese “Pesquisa Nacional da Cesta Básica de Alimentos”

In the yogurt segment in Southeast Brazil, brands have been seeking to serve distinct socioeconomic groups, mainly in the A and B classes

Illustrative positioning – yogurt in the Southeast



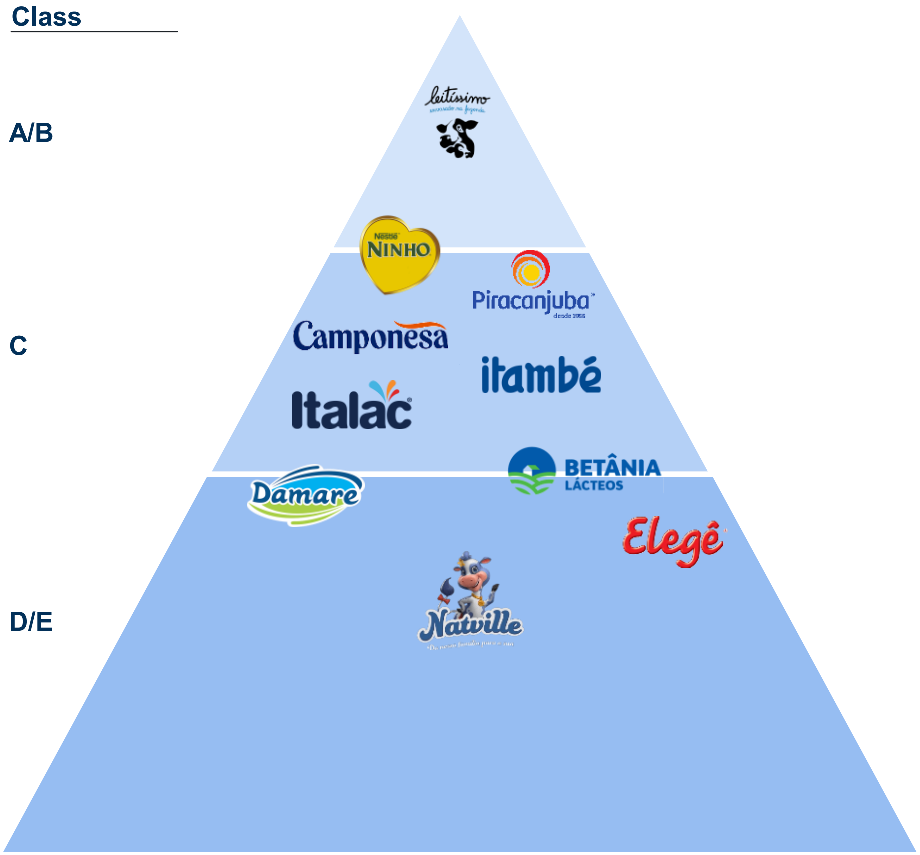
Relative prices



Source: Carrefour, Pão de Açúcar, Atacadão, Zona Sul, St. Marche, Sonda and Brasilpar analysis
(1) Price index built using the price of Nestlé whole yogurt as base 100
(2) Price index built using the price of Piracanjuba UHT milk as base 100
(3) Price index built using the price of Aurora mozzarella cheese as base 100

Meanwhile, UHT milk in the Northeast serves all classes with distinct price positioning …

Illustrative positioning – UHT milk in the Northeast



Relative prices

Whole yogurt[1]

Verde Campo	165
Leitissimo	122
Nestlé	110
Danone	109
Nestlé - Molico	102
Betânia	100
Vigor	94
Batavo	88
Itambé	81
Frutap	52

UHT milk[2]

Leitissimo	160
Nestlé - Ninho	133
Piracanjuba	130
Camponesa	110
Itambé	109
Italac	105
Betânia	100
Damare	98
Elegê	98
Natville	87

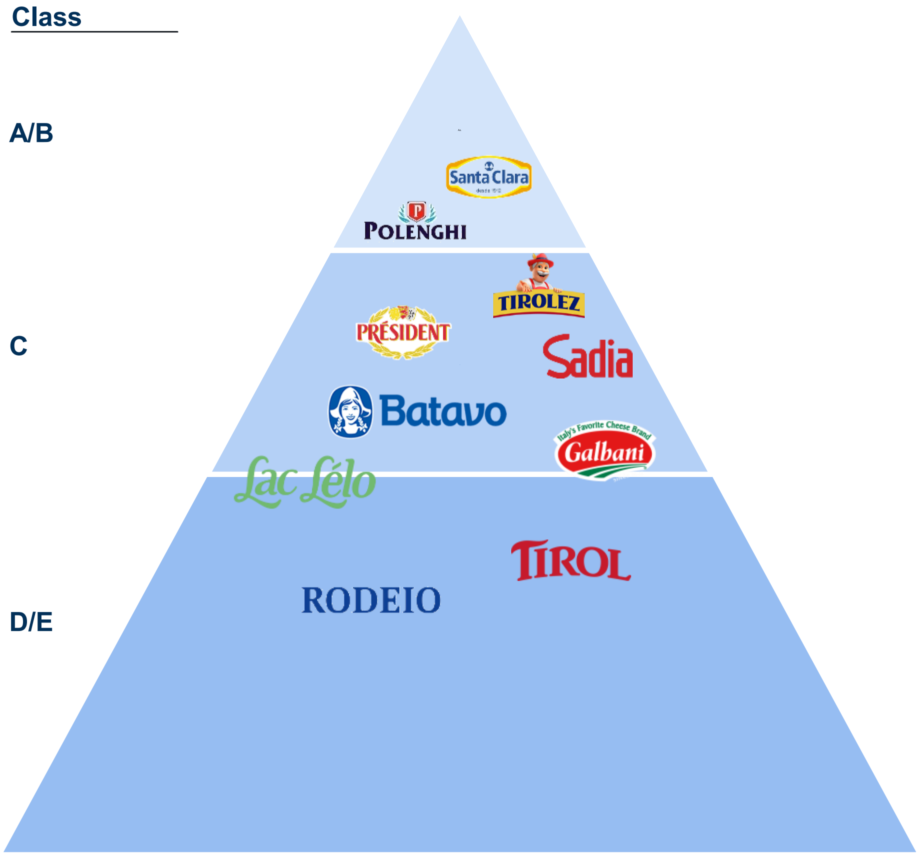
Mozzarella cheese[3]

Sadia	114
Président	112
Piracanjuba	112
Davaca	106
Aurora	100
Galbani	96
Tirolez	91
Ipanema	90
Natville	75
Jurucutu	64

Source: Rede Mix, Supermercados Nordestão, Tenda Atacado, Deskontão Atacado, Hiper Ideal, regional markets and Brasilpar analysis
(1) Price index built using the price of Betânia whole yogurt as base 100
(2) Price index built using the price of Betânia UHT milk as base 100
(3) Price index built using the price of Aurora mozzarella cheese as base 100

… just as mozzarella cheese in the South also serves all classes

Illustrative positioning – mozzarella cheese in the South



Relative prices

Whole yogurt(1)

Verde Campo	118
Danone	109
Fazenda Trevisan	107
Vigor	104
Nestlé	100
Tirol	95
Batavo	93
Holandês	87
Frimesa	84
Salubi	52

UHT milk(2)

Leitissimo	201
Itambé	143
Santa Clara	127
Nestlé - Ninho	126
Batavo	102
Aurora	102
Tirol	100
Elegê	96
Italac	95
Parmalat	94

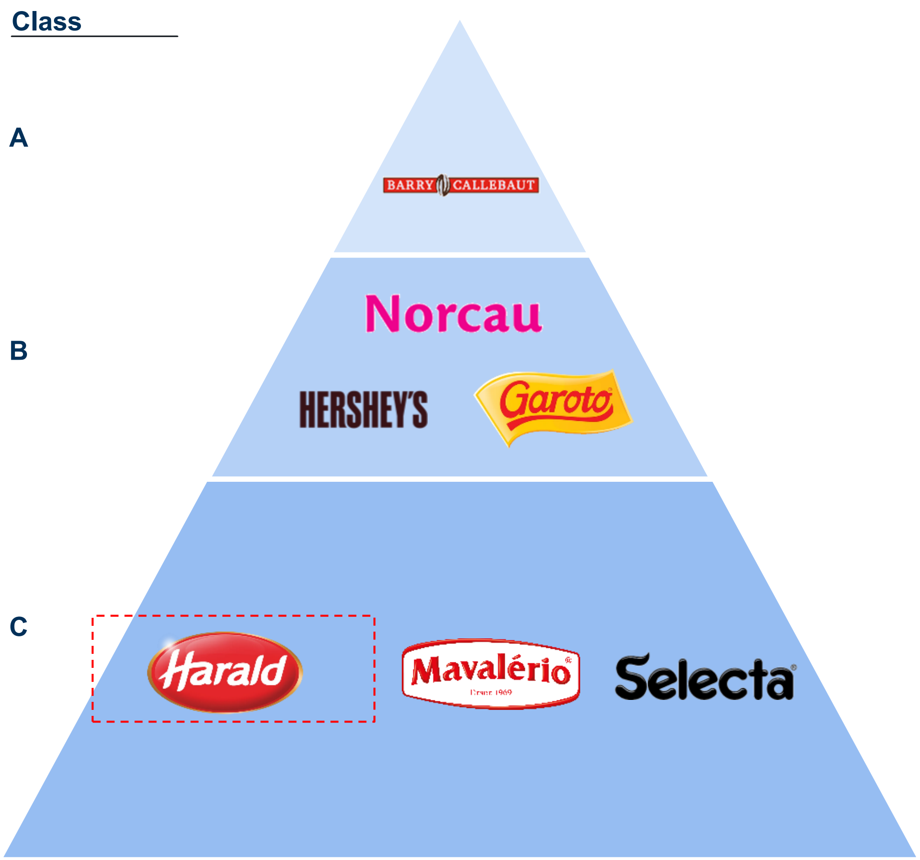
Mozzarella cheese(3)

Santa Clara	200
Polenghi	164
Tirolez	121
Président	100
Sadia	98
Batavo	87
Galbani	86
Lac Lélo	84
Tirol	75
Rodeio	60

Source: Koch, Muffato, Zaffari; and Brasilpar analysis
(1) Price index built using the price of Nestlé whole yogurt as base 100
(2) Price index built using the price of Tirolez UHT milk as base 100
(3) Price index built using the price of President mozzarella cheese as base 100

The acquisition of Harald by Fuji Oil illustrates the opportunity to capture large volumes at the base of the pyramid

Main competitors in chocolates and B2B compounds



Capturing the opportunity at the base of the pyramid

- Leader in B2B chocolates in Brazil
- Widely used by industries, confectioners, and small entrepreneurs
- Recognized among clients with greater price sensitivity

FUJI OIL

acquired

Harald

brasilpar

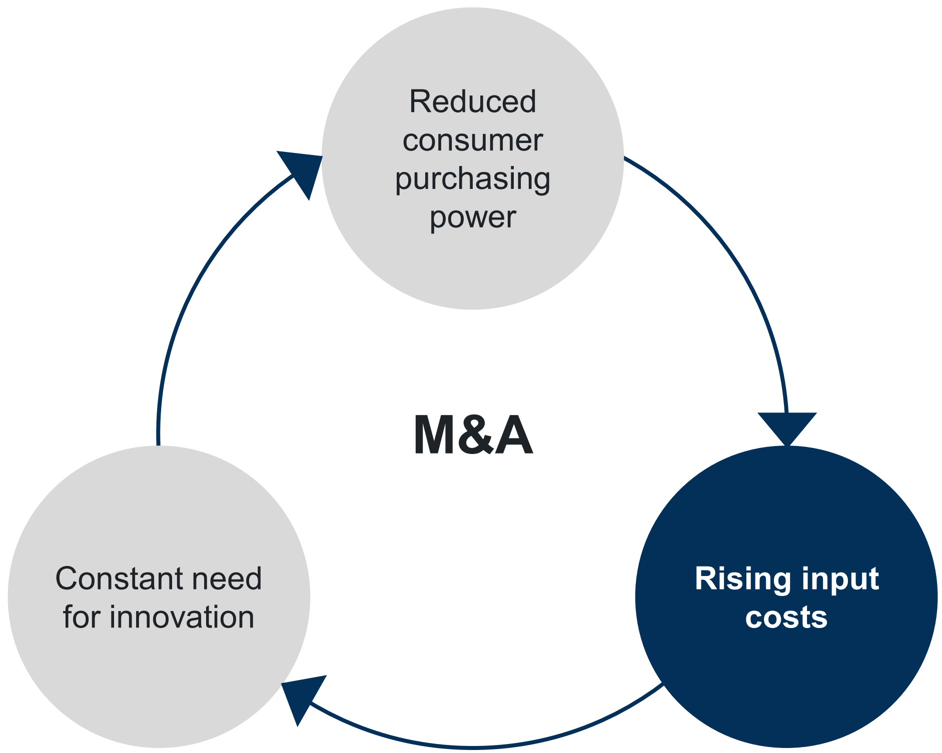
Financial Advisor

Harald products

Source: Company websites and Brasilpar analysis

Rising input costs are another challenge for the industry

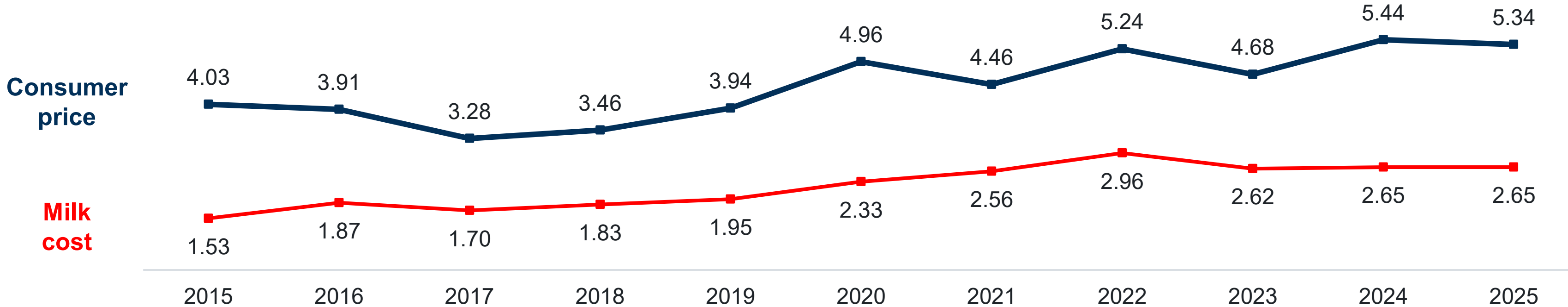
Challenges in the dairy industry



Rising input costs have affected dairy profitability

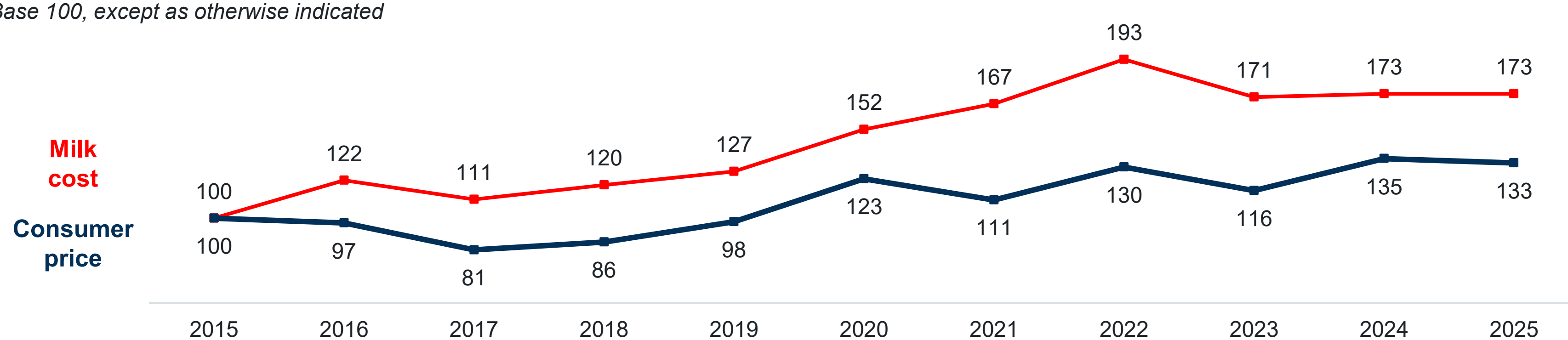
Milk price to consumer vs. producer[(1)]

R$/liter, deflated to 2025 prices, except as otherwise indicated



Milk price to consumer vs. producer[(1)]

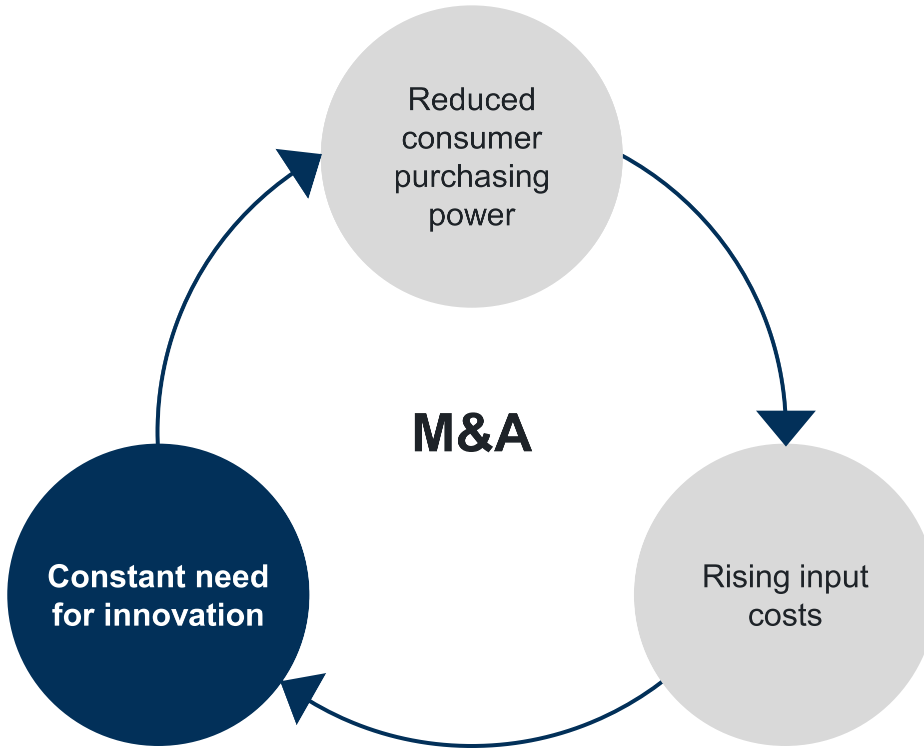
Base 100, except as otherwise indicated



Source: CEPEA-Esalq/USP, IBGE, Procon-SP, and Brasilpar analysis
(1) The end of the period is used as the reference, except for 2025, which is based on July

Constant need for innovation to differentiate and increase margins

Challenges in the dairy industry



Dairy companies are introducing lactose-free, functional, and plant-based solutions to serve different niches and premiumize their products

Lactose-free

- Lactose-free alternatives to serve people with intolerance, allergies, or seeking better digestibility

Functional foods

- Products that offer additional health benefits, such as high protein content, gut health, immunity, probiotics, and energy
- Category growing rapidly in the post-pandemic period

Plant-based

- Foods made with plant-based ingredients replacing animal proteins (e.g., milk alternatives)
- There are differing views regarding the growth potential of plant-based

Source: Reuters and Nielsen

There is already a full lineup of lactose-free products

Nestlé

verde campo

Piracanjuba desde 1955

Source: Company websites

The pursuit of health and nutrition is driving innovation in functional products, especially yogurts with higher protein content

Letti a2

YORGUS
100% yogurte

desde 1970
atilatte
LATICÍNIO
Leite Tipo A

Source: Company websites

There is an offering of plant-based milks made from oat, rice, and nut

Nude.

a tal da castanha®
100% natural

vida veg.

Source: Company websites

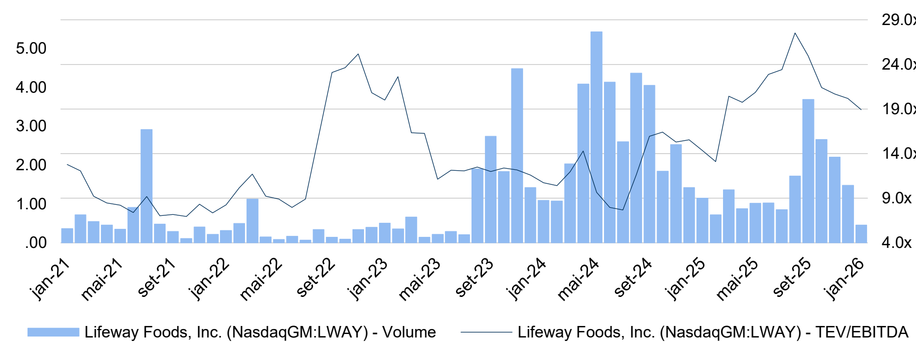
Lifeway: Premium valuation supported by a focus on functional foods and higher value–added products

Overview

- Headquarters: USA
- 2025 Revenues: ~R$1.1 billion
- 2025 EBITDA: ~R$86 million (~8.2% margin)
- Main products: kefir and probiotic derivatives
- Differentiator: operations focused on premium functional foods
- Focus: premium niche (kefir/probiotics) with higher value added

Evolution of trading volume and EV/EBITDA

# of shares in million, except as otherwise indicated



Kefir portfolio

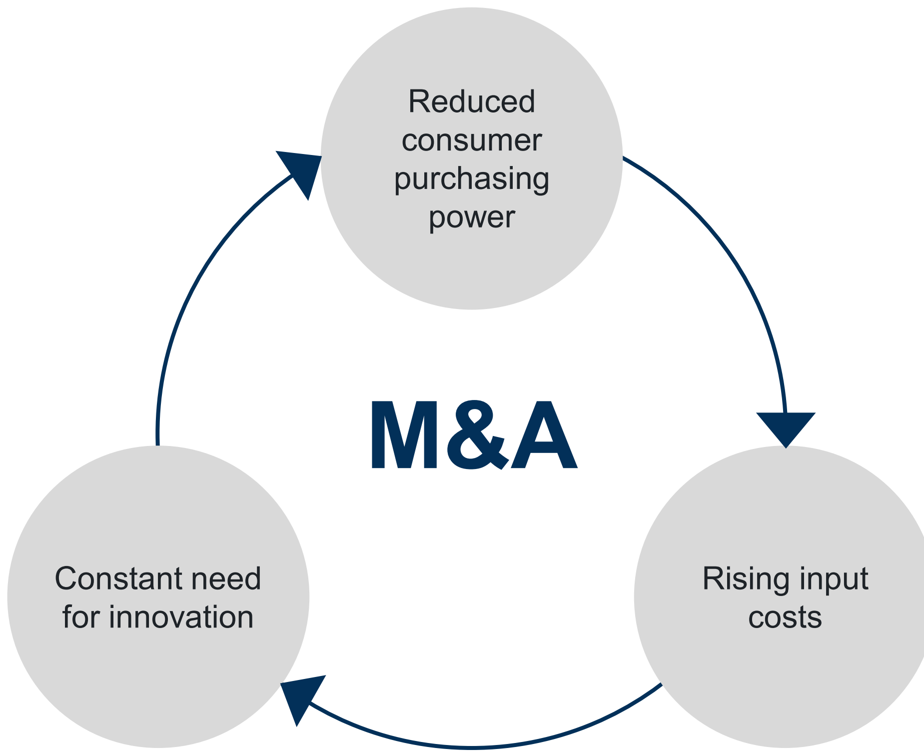
Key takeaways

- Functional foods can command premium multiples in an otherwise mature sector
- The market premium reflects growth expectations and Lifeway's acquisition offers

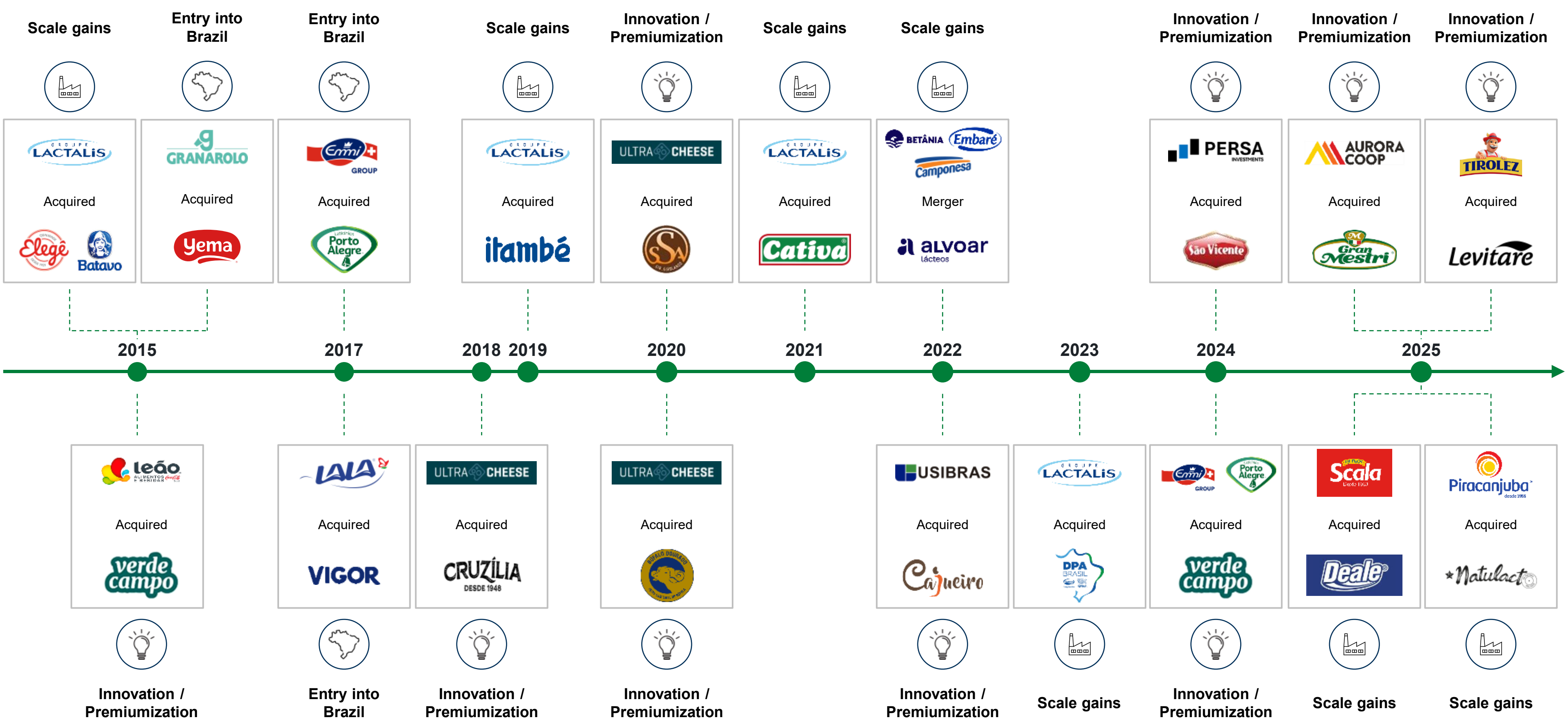
Source: Capital IQ as of 01/13/2026

M&A has been an alternative for companies to better position themselves in the face of major challenges in the dairy industry

Challenges in the dairy industry

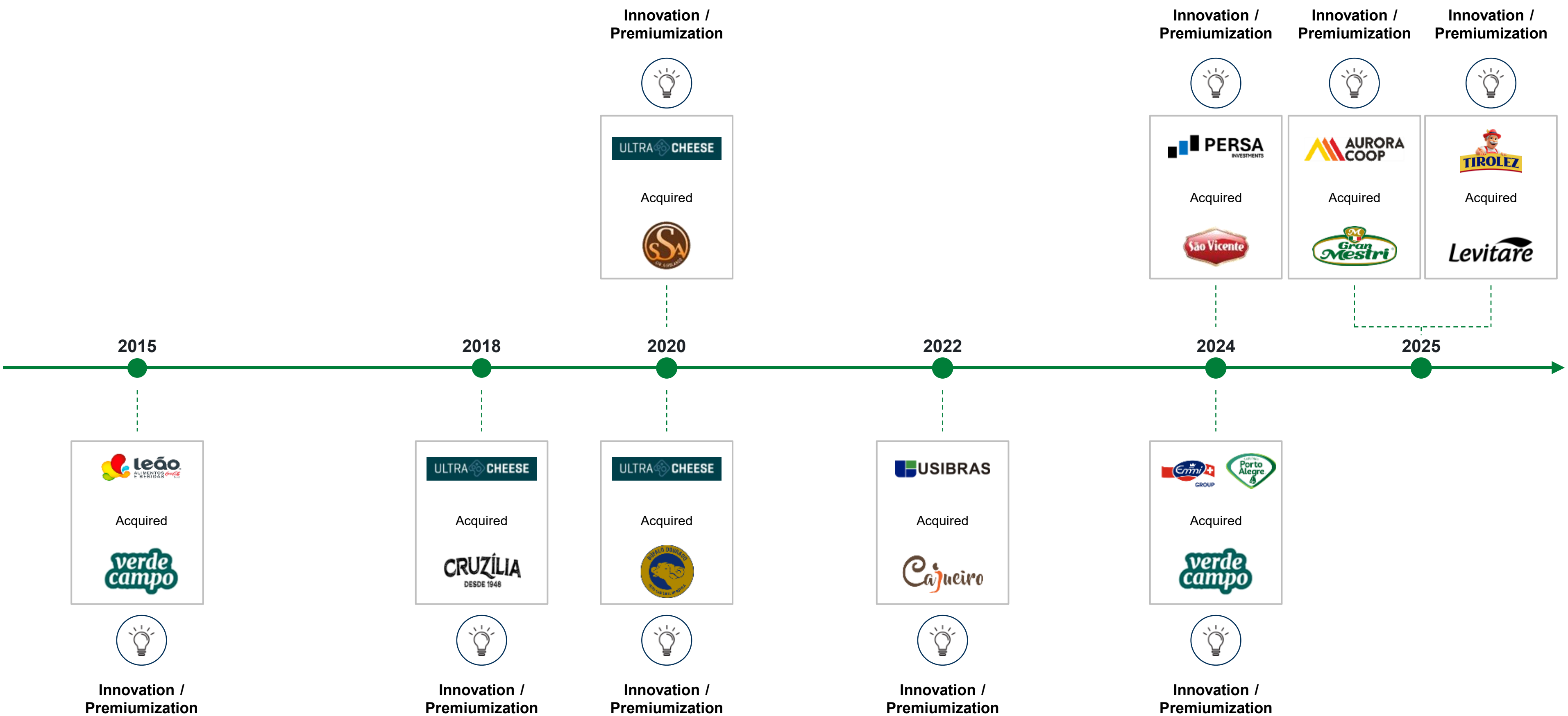


In the last 10 years, there have been nearly 20 relevant transactions in the sector



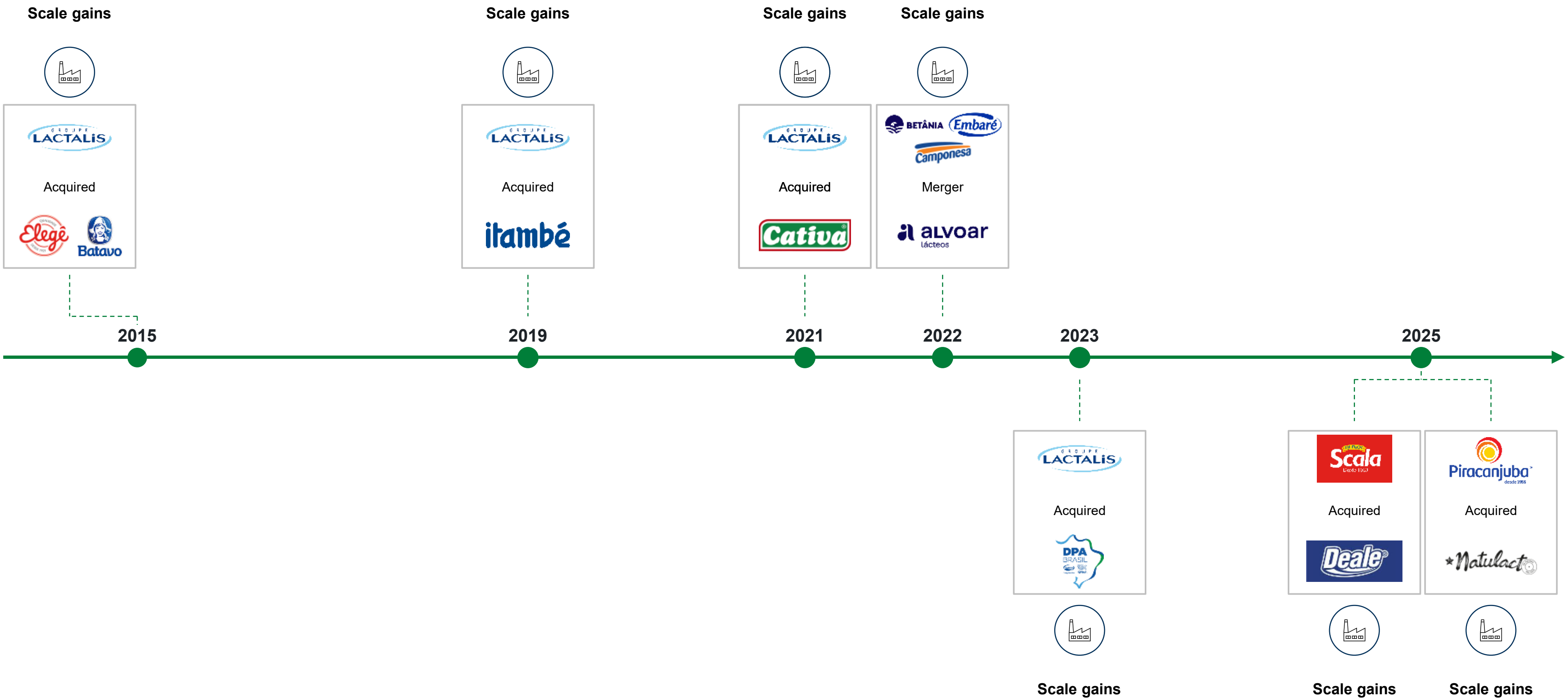
Source: Capital IQ, public news, and Brasilpar analysis

Nearly half of these transactions were driven by the pursuit of innovation/premiumization



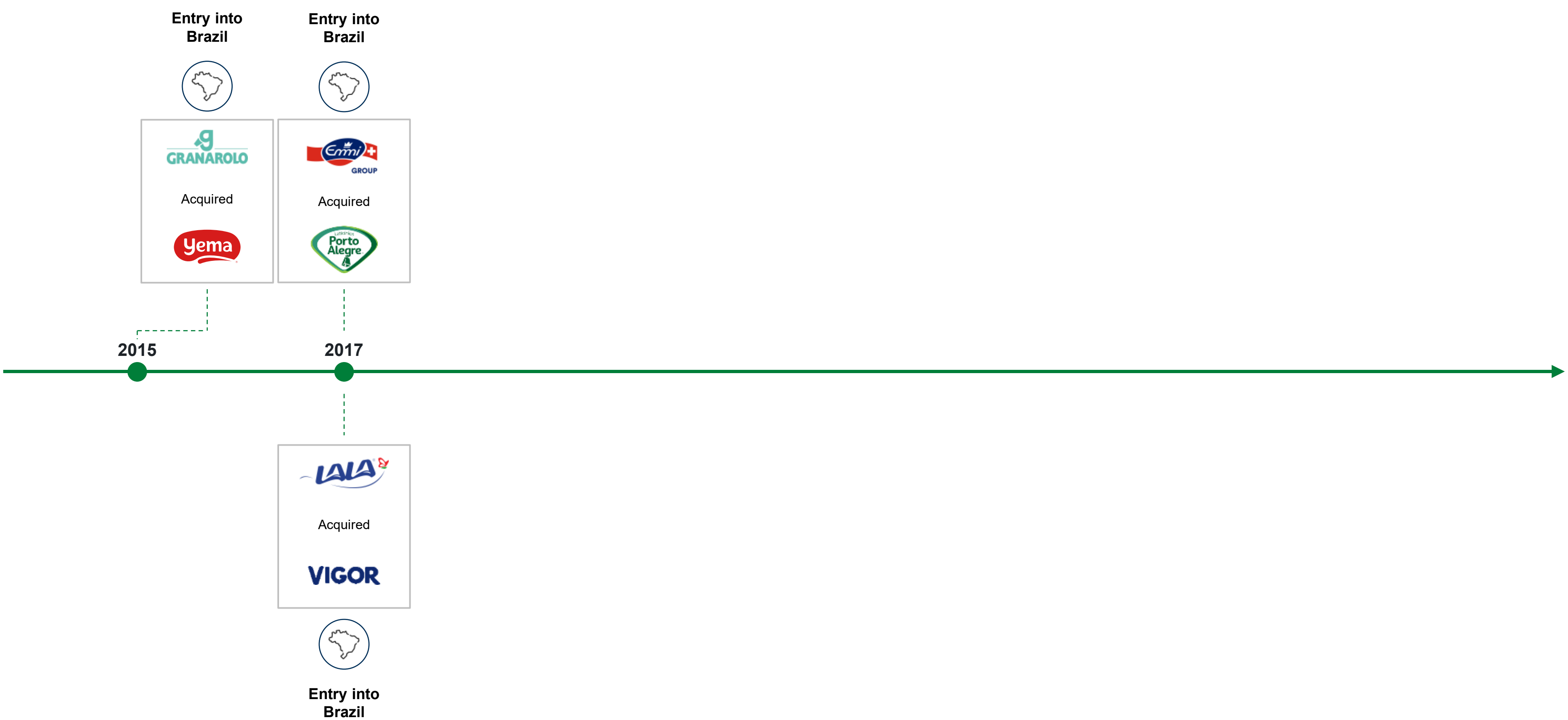
Source: Capital IQ, public news, and Brasilpar analysis

More than a third was driven by the pursuit of scale and the resulting reduction in input and manufacturing costs



Source: Capital IQ, public news, and Brasilpar analysis

The remaining transactions consisted of three market entry moves into Brazil, which continues to be an attractive market



Source: Capital IQ, public news, and Brasilpar analysis

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Tom Waslander is partner at Brasilpar since 2006, where he is responsible for origination and execution of M&A transactions and corporate finance advisory. Prior to joining Brasilpar, Tom worked for Bunge in its food products and agribusiness divisions where he held senior management positions in business development, M&A and finance & administration. Before Bunge, Tom worked for ING Barings in the debt capital markets group and for Booz, Allen & Hamilton as a management consultant. Tom holds a masters degree in business administration (m.sc.) from Rotterdam School of Management in the Netherlands, having spent a semester at NYU Stern School of Business in New York and a semester at Università Bocconi in Milan, Italy

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Fernanda Sodré joined Brasilpar as an Associate Director in 2023 and became a partner in 2025, where she is responsible for the origination and execution of M&A and corporate finance transactions. Before joining Brasilpar, Fernanda was a partner and head of Investor Relations at Treecorp, a partner in M&A Advisory at PwC, and also worked at Rosenberg Partners, Banif Investment Bank, and Deloitte. Fernanda served on the Advisory Board of FOM. She holds a degree in Business Administration from the University of Brasília (UnB) and an MBA from FGV

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