2025 Industry Update – Protein

October 2025

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Table of Contents

I. North Inlet Overview

Firm Overview

- North Inlet Advisors is a boutique investment bank based in Charlotte, NC that provides strategic advisory services to food, forestry, and agribusiness clients to drive accelerated growth via mergers and acquisitions. Our process is systematic, but also personal, and our senior professionals are intimately involved on a day-to-day basis. Advisory is our focus: we are patient and willing to invest the time needed to find the right outcomes for our clients

Sector Experience

- Coffee / Beverage
- Co-Manufacturing
- Conservation / Land
- Distribution
- Food Processing Equipment
- Food Safety
- Forestry Biomass
- Grains
- Ingredients / Flavors
- Material Handling Equipment
- Nut Growing / Processing
- Precision Livestock
- Private Label Manufacturing
- Protein Growing & Processing
- Produce Growing & Processing
- Seed & Forestry Genetics
- Spices, Seasoning, & Sauces
- Waste-to-Value & Recycling

Experienced Team

John Burlingame
Managing Partner

Asher Begley
Vice President

Marshall Burlingame
Vice President

Ian Bjuro
Associate

Recent Illustrative Transactions

Buy-side Advisory
TOMRA
Has acquired
CLYNK
2025

Sell-side Advisory
Fresh Express
Has acquired
McEntire Produce
2024

Buy-side Advisory
Pitman Farms
Has acquired
Cooks Venture
2024

Sell-side Advisory
The In Vitro business of
ArborGen
Has been acquired by an undisclosed buyer
2024

Growth Financing
AgriWebb
Received investment from
Munters
2024

Buy-side Advisory
Circle S Ranch
Has acquired agricultural property in North Carolina from
Jordan
2024

II. Economic Outlook

Consumer demand for protein remains stable amid shifts toward better-for-you and value-add products

Beef

- **Strong demand despite high prices:** Beef consumption remains at a 25-year high per the USDA, reflecting strong consumer preferences
- **Premiumization and segmentation:** Willingness to pay more for "better-for-you" beef products (i.e., grass-fed, organic, locally raised)
- **Shift to "at-home dining":** As inflation and economic pressures continue, demand for value cuts continues to remain elevated

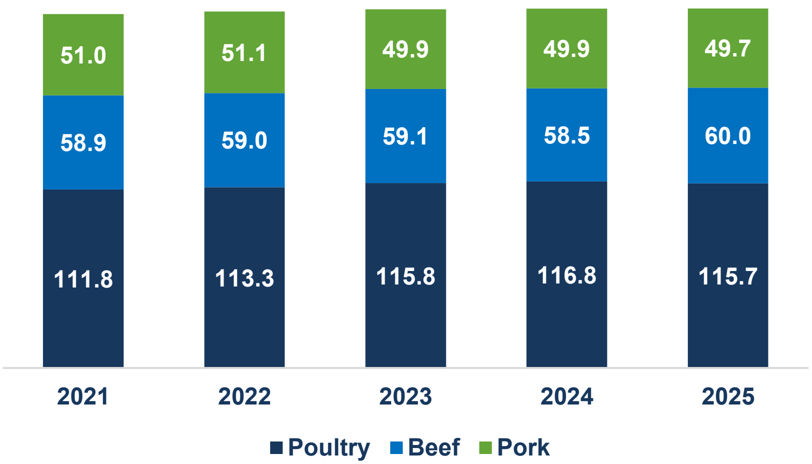
Poultry

- **Dominant Market Share:** Product availability and accessibility have greatly contributed toward poultry's growth and dominant market share at ~50% of total protein production. QSR demands continue to shift from beef to poultry as QSR poultry sales grew 8.9% last year compared to 1.4% for beef
- **Affordability:** Poultry continues to remain the preferred protein option when price is a decision factor
- **Health Narrative:** Consumers continue to view poultry as a healthier protein alternative to beef & pork

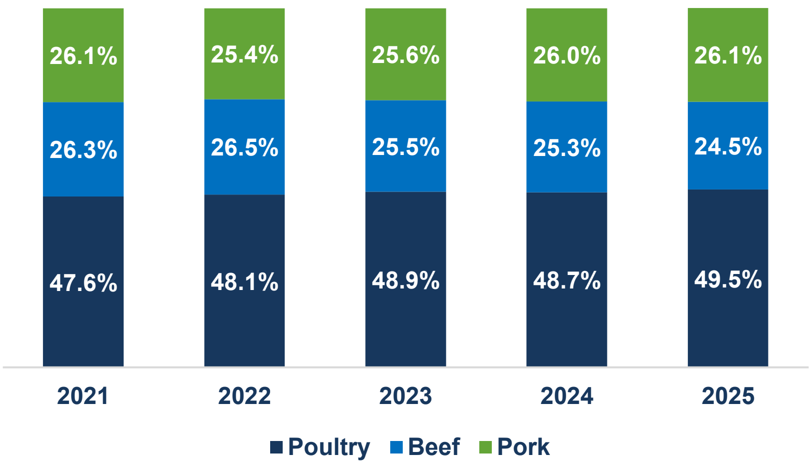
Pork

- **At-home preference:** Remains as an item to be consumed at-home vs. dining out
- **Premiumization and segmentation:** Like with beef, consumers continue to seek out premium better-for-you products
- **In the middle:** Pork remains a middle-ground option - capturing trade down demand from beef yet lacking the perceived health benefits of poultry

Consumption (USDA Lbs. per Person)



Market Share (USDA Lbs. Produced)



Sources: FRED, Drovers, Urner Barry, USDA, Press Releases, Stock Exchange Filings

Immigration Impact to Labor

Stricter enforcement of U.S. immigration policy is highlighting labor shortages, especially in protein

Current Impact to Protein

- **USDA estimates that undocumented workers make up ~42% of the total U.S. farm workforce:** Protein processing, estimates run as high as 50% of frontline staff which translates to ~270,000 workers who currently handle everything from live animal intake to cutting, trimming, packing, and sanitation
- **Protein processing is one of the most affected sectors in food:** Size, labor intensity, and lack of automation alternatives are key drivers
  - These jobs are in slaughter plants, cold rooms, and feedlots where the job requirements are physically demanding, and often dangerous
- **Automation remains a leading topic:** Robotic solutions continue to struggle with handling the variability of animal carcasses
  - For instance, poultry processing lines move too quickly for machines to consistently replicate human dexterity
  - Ryan Jacobsen of the Fresno County Farm Bureau stated, “A fresh peach still requires a pair of hands.” The same is true for much of the protein sector

USDA Labor Estimates			
Sector	**Anticipated Loss**	**Replacement**	**Remaining Gap**
Crop Agriculture	~680K	~350K	~330K
Protein Processing	~160K-270K	~100K	~60K-170K
Livestock	~100K	~50K	~50K
Food Processing	~100K-150K	~75K	~25K-75K
Total	**~1.1MM-1.3MM**	**~575K**	**~525K-725K**

Sources: FRED, Drovers, Urner Barry, USDA, Press Releases, Stock Exchange Filings

Industry Insider Commentary

Industry insider tone remains cautiously optimistic – most foresee an improved operating environment

Current State

Protein is winning, particularly animal protein as it is seen as an essential part of people's diets more so now than ever

Tyson Foods COO Devin Cole
Sep-25 Barclay's Conference

Despite an increase in egg sets, hatchability remains at historical lows. Production growth was driven by improved livability

Pilgrim's Pride CEO Fabio Sandri
Q2 2025 Earnings Call

Consumers are cautious but resilient, showing loyalty to trusted protein brands

Smithfield Foods President of Packaged Meats Steven France
Q2 2025 Earnings Call

Outlook

We think the worst part of the beef cycle will be over within the next 3 - 4 quarters, with recovery starting in 2027–2028

JBS COO Wesley Mendonca Batista Filho
Q2 2025 Earnings Call

We believe heifer retention has now begun, and cattle availability should improve in coming years

Tyson Foods CEO Donnie King
Q3 2025 Earnings Call

Lower feed prices are currently flowing through the value chain, supporting increased industry profitability

Rabobank Analyst Nan-Dirk Mulder
Q4 2025 Poultry Report

Sources: Earnings Transcripts, Press Releases

III. Protein Sector Overview

U.S. Protein Overview

Protein sustains strong volume and value amid shifting consumption patterns and cost pressures

Market Update

- **Domestic supply chains remain constrained:** More so in beef / cattle while beef, poultry, and pork imports are at all time highs
- **Pricing environment remains strong:** Demand maintaining its resilience is a leading factor
- **Consumer preferences shift:** Demand for better-for-you and value-add products continue to drive consumer spending
- **Innovation, particularly automated solutions, remain a focal point:** Labor shortages are a leading driver
- **Outlook:**
  - **Prices:** Likely to stay elevated, particularly for beef
  - **Production:** Poultry will remain a bright spot, while beef recovers
  - **Margin Pressure:** Though grain prices continue to decrease, rising costs of inputs will continue to put pressure on margins
  - **Competition:** Will increase from shift to value-add and further processed products

Protein Intake Expands

- Protein has expanded from a dinner staple to a key element in meals and snacks throughout the day
  - The meat snack industry is expected to grow at a ~6.4% CAGR to ~$8B over the next decade
- According to Cargill's 2025 Protein Profile, 61% of consumers increased their protein intake in 2024, up from 48% in 2019
  - This growing focus is reflected in 57% of consumers checking protein content on nutrition labels
- For Millennials and Gen Z, protein extends beyond traditional meals, with on-the-go formats like meat snacks and bars becoming essential

Greenfield Expansion

- Given resilient protein demand and the shift toward better-for-you products, companies are meeting that demand through major investments in new production capacity and capabilities

Recent Investments

$ in MMs

American Foods Group: *$800*

Lincoln Premium Poultry: *$1,000*

Sustainable Beef: *$400*

Perdue: *$60*

Marfrig / BRF Merger

- In September of this year, Marfrig / BRF received approval to merge, becoming one of the largest publicly traded global protein companies
- Marfrig, which specializes in beef, and BRF, which specializes in poultry, combine to represent an enterprise value of $14B
- Marfrig currently operates in the U.S. under the subsidiary National Beef, while BRF only exports into the U.S. market
- This merger could represent an opportunity for Marfrig / BRF to continue its expansion into the U.S. both through beef and poultry acquisitions

Marfrig

Has merged with

brf

2025

Sources: FRED, Drovers, Urner Barry, USDA, Press Releases, Stock Exchange Filings

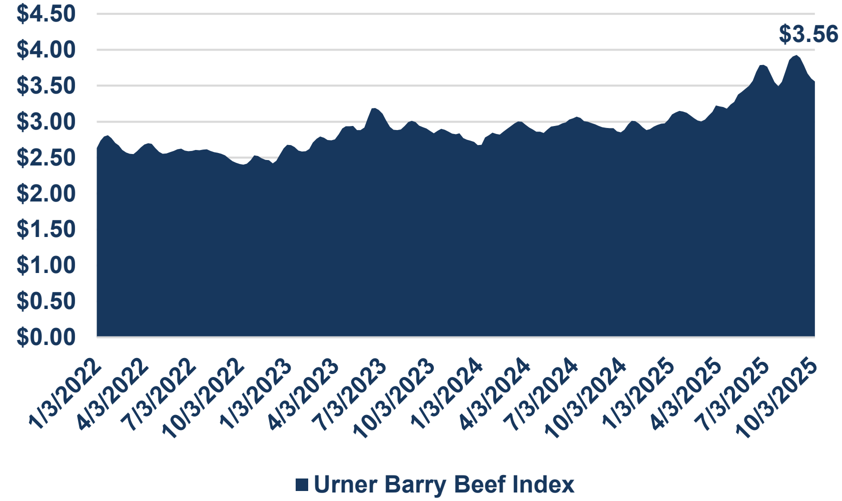
Protein Overview – Beef

Beef faces supply tightness but remains supported by strong demand and premium positioning

Market Update

- **Beef production continues to be under pressure as the USDA trimmed its year-end beef output at a slower-than-expected pace, while simultaneously beef imports are rising to help meet demand:** July imports climbed ~13% year-over-year
- **Prices are reaching new highs:** Steer prices have averaged $347/cwt.[1] year-to-date, up 21% YoY
  - Feeder prices are $281/cwt., up 17% YoY
  - Fed cattle prices are $215/cwt., up 16% YoY
  - Choice boxed beef cutout prices are $342/cwt. up 13% YoY
- **Outlook:** Production gains will be modest as rebuilding the herd is slow but some gains from heavier carcass weights may offset lower slaughter counts

Beef Price Index

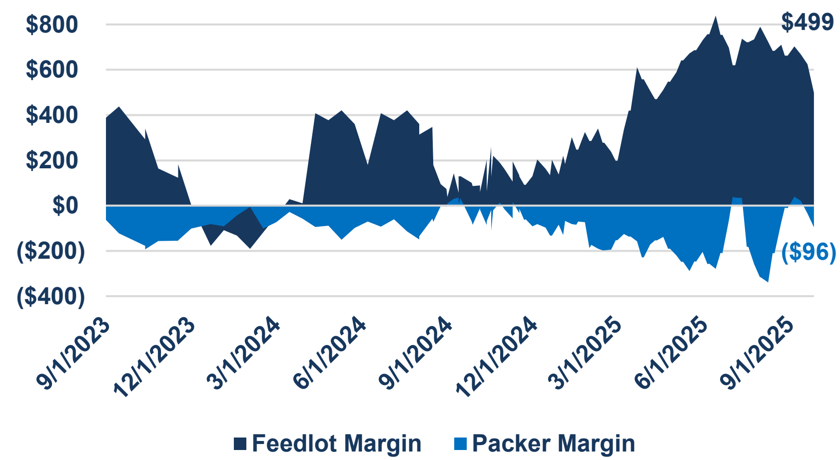


JBS NYSE Listing

- In early 2025, JBS S.A. received approval to become dually listed on the New York and Brazil Stock Exchanges
- Strategic rationale for the dual listing was primarily driven by the need to access U.S. markets, optimize capital structure, and gain enhanced governance oversight
- The approved listing drew media backlash from various outlets regarding the Company's allegations of environmental and market competition concerns – *"Environmental groups blast JBS's US listing approval; Wall Street praises it" - Reuters*

JBS
Dual listing on
NYSE
2025

Beef Margins ($/Head)



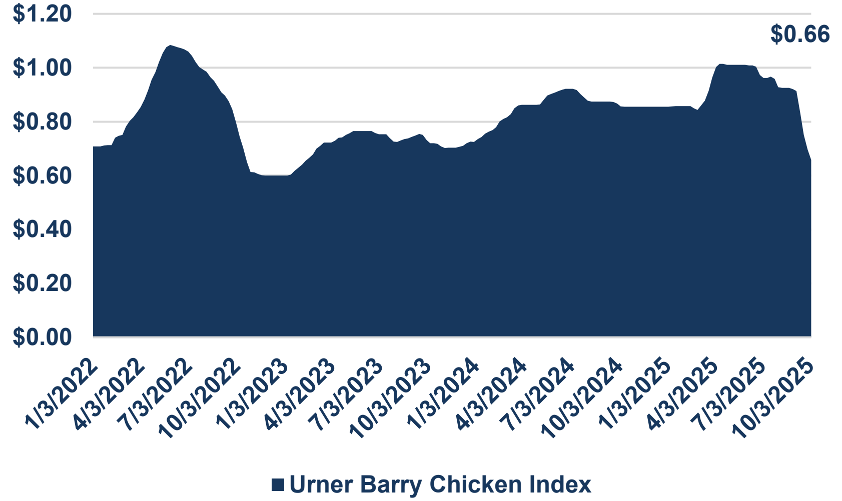
Sources: FRED, Drovers, Urner Barry, USDA, Press Releases, Stock Exchange Filings
(1) Hundredweight ("cwt"): price per 100 pounds

Poultry remains the cornerstone of protein – adapting to cost pressures and evolving market trends

Market Update

- **USDA upgrades its broiler production forecast for the remainder of 2025:** Citing strong hatchery data
- **Turkey production outlook was revised lower:** Due to weaker hatchery indicators and tighter margins
- **Despite increased supply expectations, wholesale broiler prices are projected to soften in 2025 and 2026:** Primarily due to competitive pressures and expanded output
- **Turkey prices are under pressure as price forecasts remain restrained:** Drivers include production weakness and demand softness
- **Continued innovation in product forms (value-add, further processing, ready-to-cook, marinated lines):** Offer a clear path to higher margins

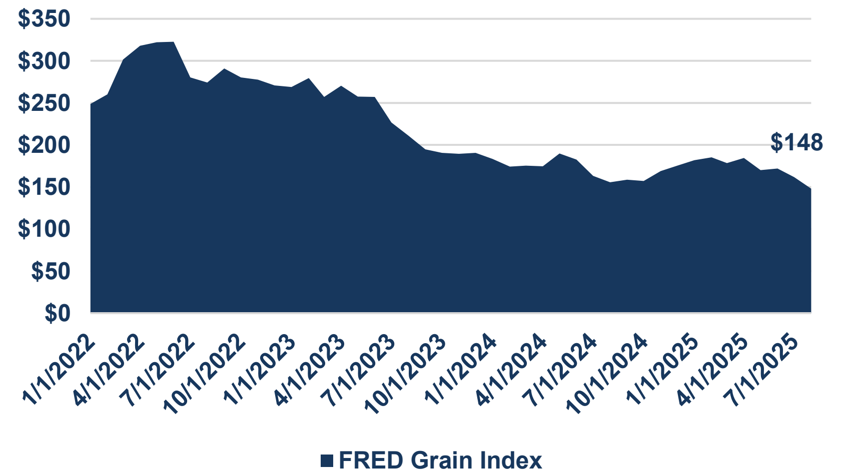
Chicken Price Index



Regulatory Environment

- Following DOJ approval of several transactions involving companies named in settled and ongoing broiler litigation suits, market M&A appetite is expected to rapidly pick up

Grain Price Index



Sources: FRED, Drovers, Urner Barry, USDA, Press Releases, Stock Exchange Filings

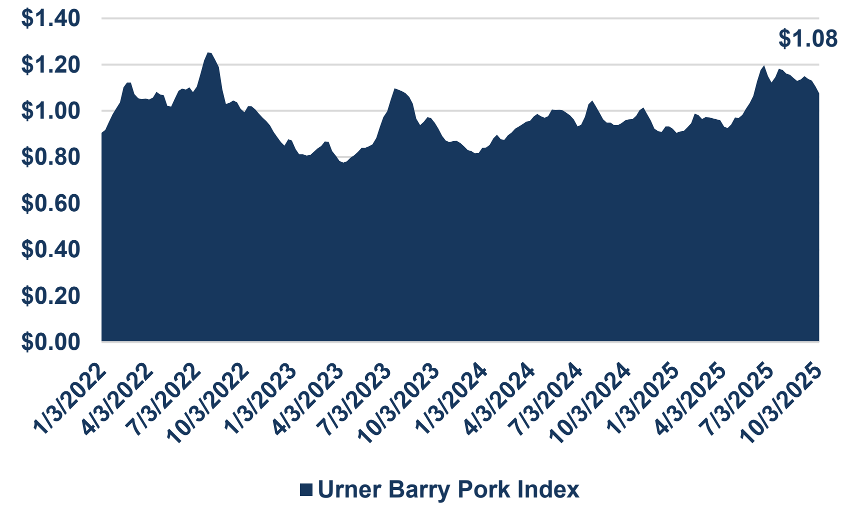
Protein Overview – Pork

Pork faces profitability headwinds but eyes recovery through export recovery

Market Update

- **USDA downgrades its pork production forecast for the remainder of 2025:** A slight decline (less than 1%) from 2024, due to lower-than-expected availability of slaughter-ready hogs and marginally reduced dressed weights
- **Continued strong demand for pork:** Stemming from the recovery of exports supports the current firming of prices
- **"Relative-value" substitute:** As beef prices continue to rise, pork demand will benefit
- **2025 export volumes are modestly below 2024 levels:** USDA forecasts expect the spread to narrow in 2026

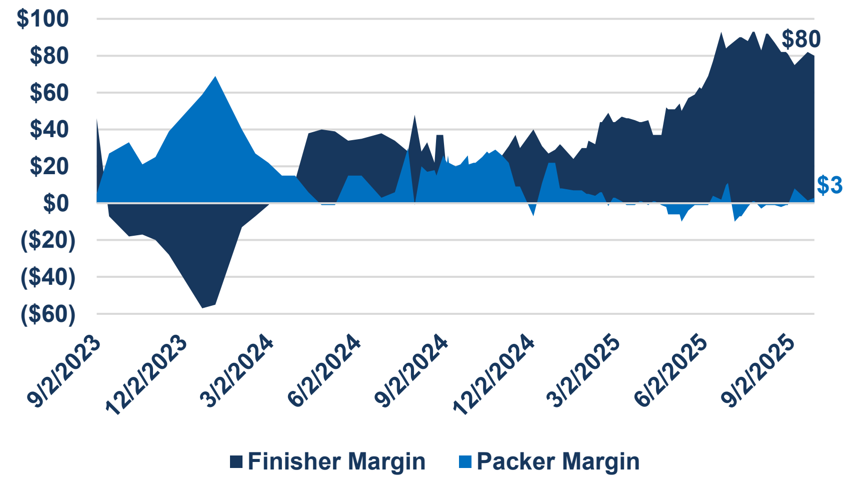
Pork Price Index



Smithfield Foods Spin-Off

- In January of this year, Smithfield Foods received approval to spin-off from WH Group (SEHK:288) and list on the NASDAQ
  - WH Group to retain a super majority share in Smithfield Foods
- Strategic rationale for the spin-off was primarily driven by the need for growth capital and to position Smithfield as a U.S.-centric equity relative to its China-based owner
- While the spin-off represents an opportunity for the Company to appeal as a U.S. traded equity, WH Group's supermajority stake remains a topic of discussion

Pork Margins ($/Head)



Sources: FRED, Drovers, Urner Barry, USDA, Press Releases, Stock Exchange Filings

IV. Protein Public Company Performance and M&A Activity

Public Company Performance

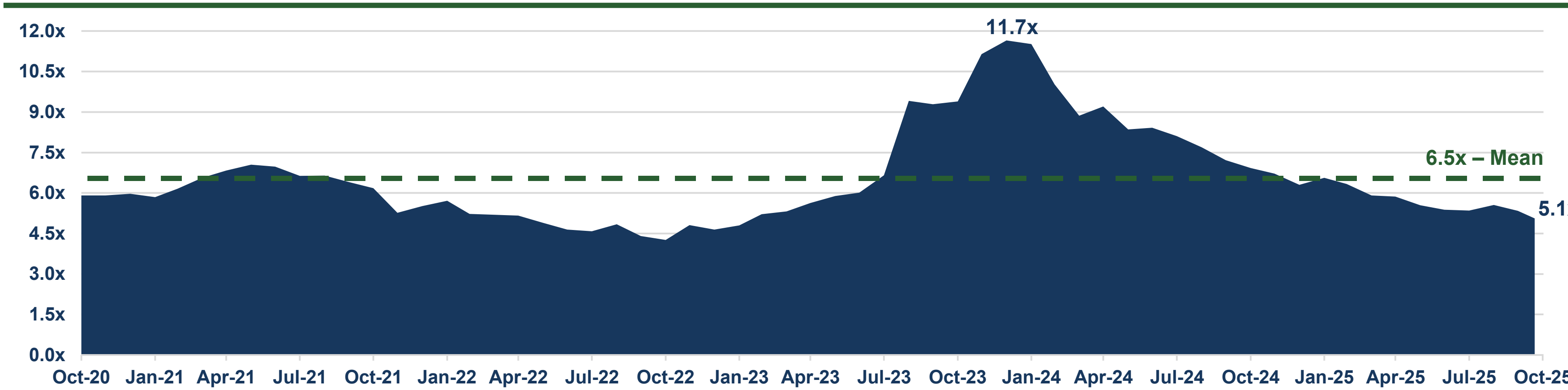
Protein multiples remain suppressed amid market uncertainty

Public Comparables – Protein

$ in millions, except share prices

					LTM Financials				TEV / Revenue		TEV / EBITDA	
Company	10/21/25 Price	% 52W High	TEV	Mkt Cap	Revenue	EBITDA	EBITDA Margin	Net Debt / EBITDA	LTM	2026E	LTM	2026E
Protein												
JBS N.V.	$13.08	73%	$35,154	$14,506	$84,477	$7,423	8.8%	2.8x	0.4x	0.4x	4.7x	5.6x
Tyson Foods, Inc.	$52.48	80%	26,203	18,671	54,146	4,110	7.6%	2.2x	0.5x	0.5x	6.4x	7.7x
WH Group Limited	$0.94	82%	14,641	12,119	27,035	3,491	12.9%	0.4x	0.5x	0.5x	4.2x	4.6x
Marfrig Global Foods S.A.	$2.93	57%	13,684	2,448	29,237	2,321	7.9%	3.8x	0.5x	0.4x	5.9x	5.6x
Pilgrim's Pride Corporation	$37.46	66%	11,429	8,899	18,177	2,576	14.2%	1.1x	0.6x	0.6x	4.4x	5.7x
Smithfield Foods, Inc.	$22.10	85%	10,395	8,688	14,844	1,750	11.8%	0.9x	0.7x	0.7x	5.9x	6.7x
Mean		**73%**	**$16,730**	**$9,237**	**$31,493**	**$3,220**	**10.2%**	**1.5x**	**0.5x**	**0.5x**	**5.2x**	**5.9x**
Median		**77%**	**$14,163**	**$10,509**	**$28,136**	**$3,033**	**10.3%**	**1.6x**	**0.5x**	**0.5x**	**5.3x**	**5.6x**

TEV / LTM EBITDA Performance – Protein



Sources: Capital IQ

Notable M&A Activity

North Inlet

2025 marks a resurgence in protein M&A activity as companies pursue consolidation, diversification, and expansion

Closed:	**Feb-25**	**July-25**	**July-25**	**Aug-25**	**Aug-25**	**Sep-25**
Deal Parties	Miller Poultry Acquired Gerber's Amish Farm Chicken	Wayne Sanderson Farms Acquired Harrison Golden Goodness	American Farmers Network Acquired Intermountain Packing	JBS Acquired a Production Facility from Hy-Vee Employee Owned	Case Farms Chicken Acquired the Farmersville Facility from Foster Farms	American Farmers Network Acquired Open Range Beef Gordon, NE
Protein Type	Poultry	Poultry	Beef	Pork	Poultry	Beef
Rationale	▪ Adding eastern Ohio production provides access to North & Southeast markets ▪ Protects the Amish poultry growing communities	▪ A bolt-on acquisition that fits very well within their existing footprint, while presenting multiple synergistic opportunities	▪ Enables AFN to bring cattle processing in-house, which was previously outsourced	▪ Aligns with JBS' long-term strategy of offering more value-add and prepared food products	▪ This transaction represents a significant step in expanding Case Farms' core branded retail and foodservice channels, which are central to the company's strategy	▪ Deepens AFN's capacity and reach and establishes them as a leader in domestic grass-fed and organic beef

Sources: Capital IQ, MergerMarket, Press Releases, Industry Insiders