

BUSINESS DESCRIPTION

Our Client (the “Company” or the “Dairy”) has been in business since 1974 and is engaged in the business of producing dairy milk, replacement stock, growing feed, and generating rental income. The Dairy maintains a milking herd of 1,500-1,600 cows, which can produce up to 49.9 million pounds of milk in a calendar year. The Company has been a reliable partner to one of the largest agricultural cooperatives in the nation, which is the sole purchaser of their milk.

The Company conducts business on its large, state-of-the-art dairy facility, which houses their herd of 3,300+ head of cattle. The facility itself is improved with a variety of structures and equipment that allow for each producing cow to be milked 2-3 times per day, generating over 100,000 lbs of milk per day. Ancillary to the dairy facility is a feedlot and farmstead residence, as well as multiple residential and vacation rental properties held by the Company.

Prices paid to the Dairy are determined by the cooperative they are a member of, in accordance with Federal Milk Marketing Orders. During the COVID-19 pandemic, demand for milk fluctuated significantly, causing the Dairy to dump milk and rely on increased leverage to fund day-to-day tasks. The Dairy took out a Line of Credit and RE Term Loan with their incumbent lender, the former of which matures on September 1st, 2025 and will not be renewed.

The Company has a history of profitability, achieving EBITDA of \$627K, \$581K, and \$1.3MM in FY’22-24. Interest expenses drove down bottom lines, but price stabilization and implementation of cost saving measures drove a strong FY’24 Net Profit of \$530K. The Dairy is poised to continue to realize strong profits in FY’25, recording a net profit of \$434K through Apr’25, 97% to plan and on track to an EBITDA of \$1.7MM. This trend is expected to continue into FY’26, with a projected EBITDA of \$1.6MM. Forecasts were created with conservative estimates on the prices received by the Dairy, which will break even on its product even if milk prices dropped by ~\$4/cwt.

TRANSACTION SUMMARY

The Company is seeking \$5MM to refinance \$3.3MM in real estate debt and a \$5MM LOC, to pay down AP and support growth. The facility will be secured by AR, Herd, Feed, Growing Crop Inventory, and Real Estate (agricultural and residential properties).

SELECT HIGHLIGHTS

1 Profitability Growth

\$000s	2022	2023	2024	Apr’25	2025	2026
Revenue	\$11,640	\$8,672	\$9,126	\$3,340	\$10,298	\$10,173
EBITDA	\$627	\$581	\$1,319	\$569	\$1,696	\$1,611
Net Income	(\$2)	(\$320)	\$530	\$434	\$1,696	\$1,611

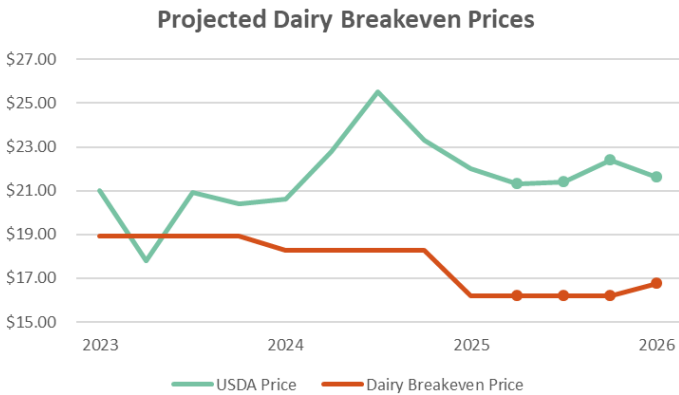
- Consistent profitability since FY’22
- Generated \$434K in Net Income through Apr’25, on track to 28% YoY EBITDA growth
- Operating Income more than tripled between FY’22 and FY’24

2 Strong Collateral Position

\$ in thousands		MAY 2025	
Sources		Refinance Debt	
Cash	\$125	Refinance LOC	\$5,000
Accounts Receivable	\$318	Refinance RE Term Loan	\$3,089
Feed Inventory	\$1,441	Refinance Rental Mortgage	\$166
Dairy Herd	\$4,215	Pay Down AP	\$1,301
Real Estate - Vacation Rental	\$3,183	Transaction Fees	\$287
Real Estate - Dairy	\$7,730		
Growing Crops	\$127		
Total Sources	\$17,139	Total Uses	\$9,843

- Over \$10.9MM of high-quality real estate, \$7.7MM of which was appraised in 2020
- Herd is over 3,300 head of cattle which have been selected by a genetic consultant for optimal production
- Feed Inventory is made up mainly of silage and milo
- AR is high quality, consistently received bi-monthly

3 Dairy Outlook



- USDA projected milk prices are significantly higher than the Company’s breakeven price, indicating strong profit growth into FY’26

TRANSACTION TEAM

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