



COMPETITION OVERVIEW

FIRST HALF OF 2025

DEMAREST

ADMINISTRATIVE COUNCIL FOR ECONOMIC DEFENSE ("CADE")

MAJOR EVENTS – FIRST HALF OF 2025

CADE'S TRIBUNAL UNDER NEW LEADERSHIP



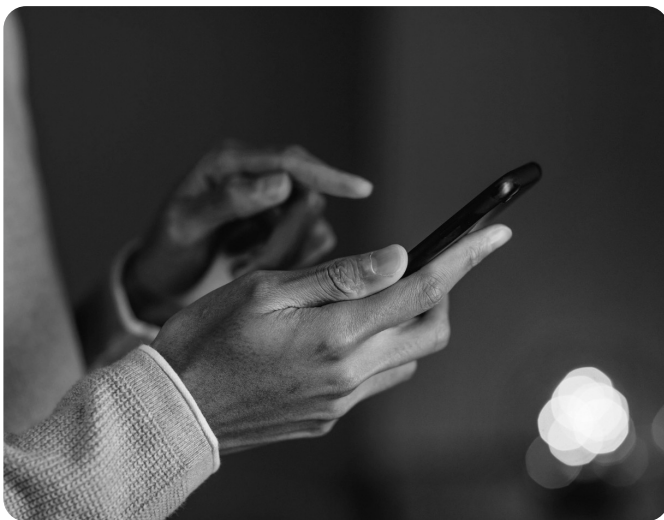
On July 14, 2025, Commissioner Gustavo Augusto Freitas de Lima assumed the presidency of CADE's Tribunal as interim President. The Commissioner filled the vacancy left at the end of Alexandre Cordeiro's term, who remained in charge of CADE for four years.

The Tribunal is currently composed of one president and five commissioners. According to CADE's Internal Regulations, the appointment of the new President falls under the authority of the President of Brazil and must be submitted for approval by the Federal Senate. The term of office is four years, and reappointment is prohibited. In case of vacancy, the presidency is temporarily assumed by the longest-serving Commissioner in office or, in the absence of a time criterion, by age, until the new president is formally appointed and approved.



PUBLIC HEARING ON COMPETITION IN DIGITAL ECOSYSTEMS

On February 19, 2025, CADE held a public hearing to discuss digital ecosystems relating to the iOS and Android operating systems.



- The hearing was part of broader investigations into anticompetitive conduct by big tech companies and was attended by government officials, companies, civil society, and academic institutions.
- This is the first public hearing held by CADE to address the conduct of specific companies.
- According to CADE, contributions will be incorporated into a working document that will subsequently be made available to the public.

DRAFT RESOLUTION ON SETTLEMENT NEGOTIATIONS AND COLLECTION OF FINES

From June 23 to August 07, 2025, CADE conducted a public consultation to receive contributions from society on a draft resolution governing the negotiation of settlements in legal proceedings and the procedures for payment and collection of fines imposed by the agency.

- The document proposes guidelines on installment debt payments, discounts for cash payments with waiver of the right to litigate, governance for consensual solution, and the role of CADE's different units in the process. It also outlines the criteria for joint and several liability and removal of the corporate veil.
- Contributions will be reviewed at the end of the deadline to determine whether they should be incorporated into the final version of the resolution.



CADE'S DIGITALIZATION

CADE has implemented the Digital Transformation Plan for the 2025-2026 biennium, which includes guidelines on digital services and quality improvement. In addition, the plan addresses the integration of digital channels, governance, data management, security, and privacy. The project received BRL 20 million in funding, approved by the Diffuse Rights Defense Fund ("FDD").

- The digital transformation process can already be seen in initiatives such as the creation of the digital merger notification system, implemented at the end of 2023, and the launch of CADE's Case Law Search System in June 2025.

CADE STATISTICS – FIRST HALF OF 2025

MERGER CASES

According to public research on CADE's website, as of July 31, 2025, 428 mergers had been notified to CADE, of which:

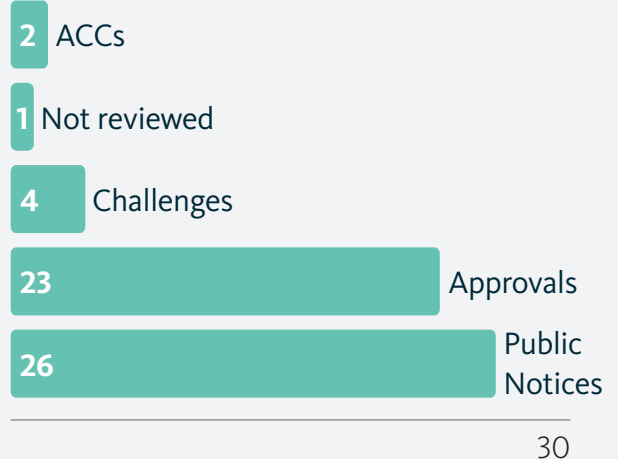
- 402 were under the **fast-track proceeding**, which applies to less complex transactions; and
- 26 were under the **regular proceeding**, which applies to more complex transactions that result in relevant concentrations and require further analysis by CADE.

A total of 419 mergers were unconditionally cleared, of which 396 were reviewed under the fast-track proceeding and the other 23 were reviewed under the regular proceeding. In addition, four mergers reviewed under the regular proceeding were challenged and are now being reviewed by CADE's Tribunal, which will further examine competition issues and may impose restrictions.

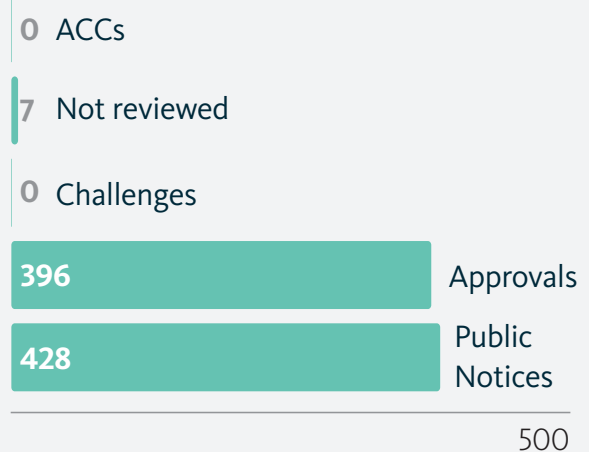
Two of the mergers reviewed under the regular proceeding were approved subject to the execution of Merger Control Agreements ("ACCs") between the parties and CADE to mitigate the competitive risks identified. ACCs generally provide for restrictions on mergers to reduce the market power of the applicants.

Finally, seven of the mergers did not meet the requirements for mandatory notification and, as a result, were not reviewed by CADE.













Regular Proceeding



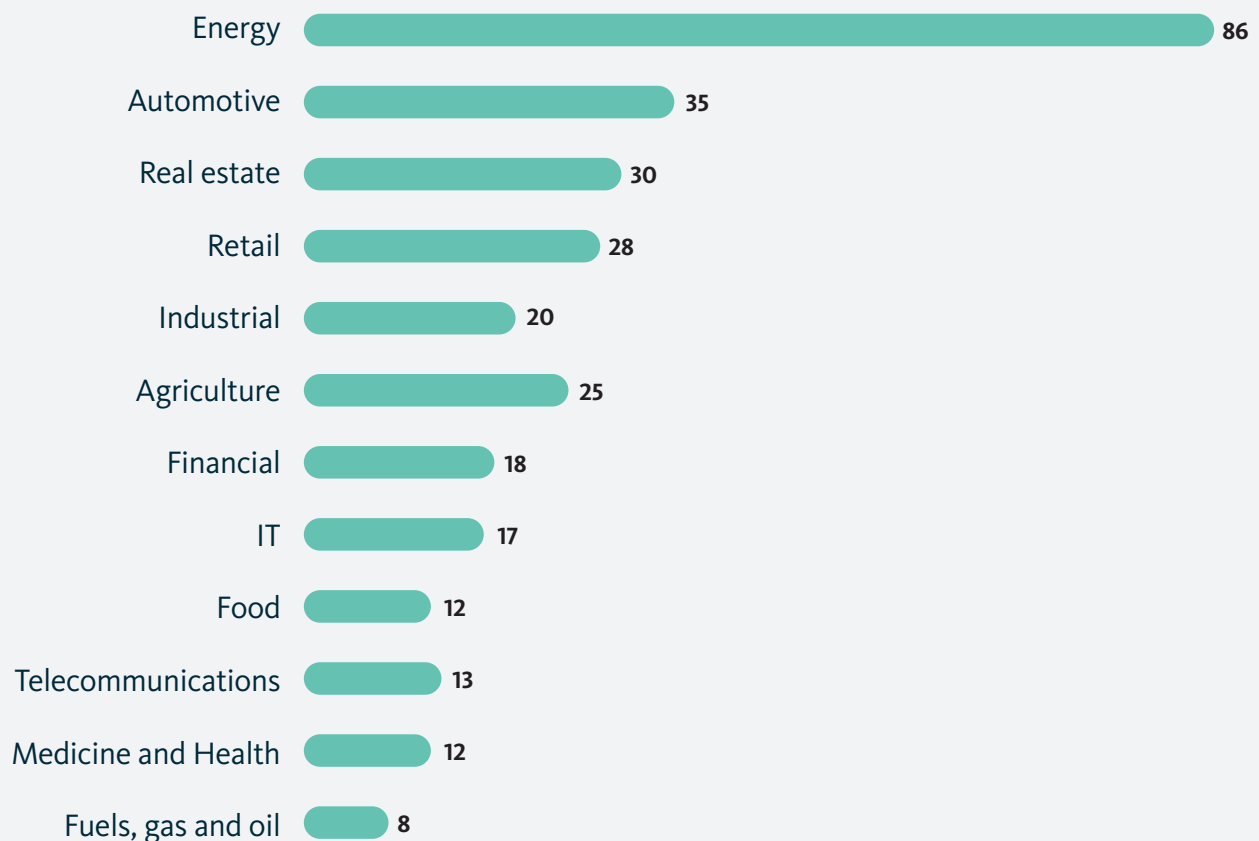
Fast-track Proceeding



Considering the 428 mergers notified between January 01 and July 31, 2025, the main economic sectors involved in the transactions were:

| | |
|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
|  Energy |  Financial |
|  Automotive |  Information Technology ("IT") |
|  Real estate |  Food |
|  Retail (especially supermarkets) |  Telecommunications |
|  Industrial |  Medicine and Health |
|  Agriculture |  Fuels, gas and oil |

Notes: The agricultural sector included fertilizers, pesticides, grains, cattle trade, meatpacking plants, and animal production. The health sector included medicines, healthcare plans, and medical and dental services.



ADMINISTRATIVE PROCEEDINGS

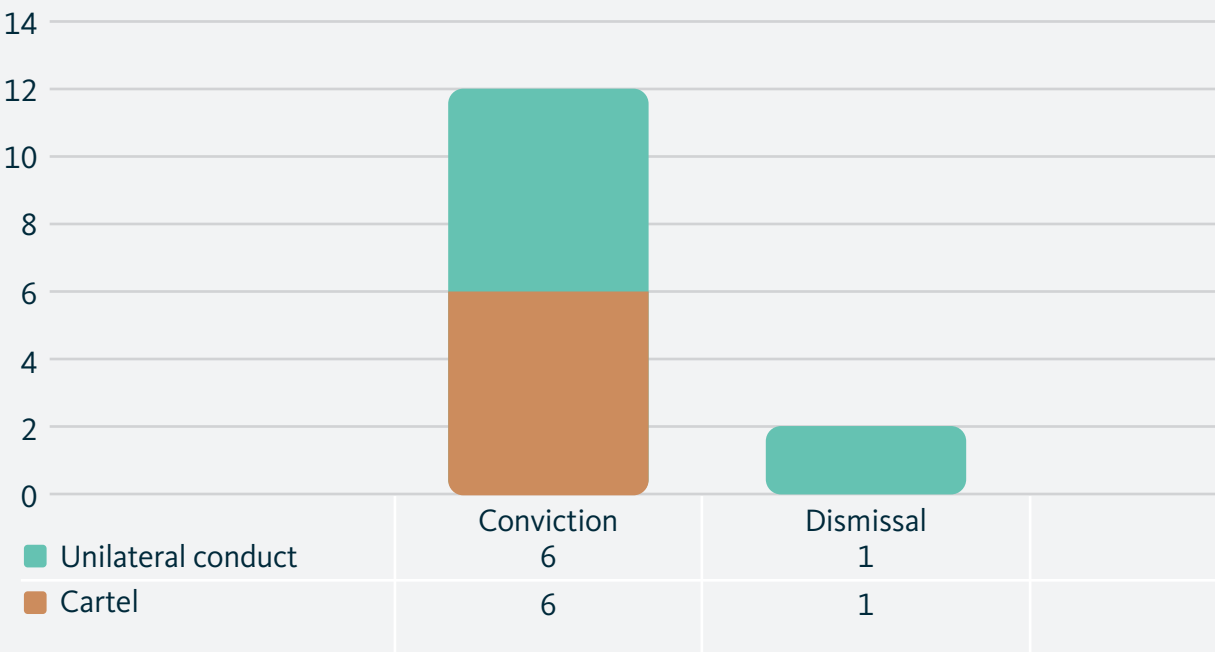
By July 31, 2025, 13 administrative proceedings had been ruled on by CADE’s Tribunal during regular ruling sessions held between February and June. All administrative proceedings, whether in cases of conviction or dismissal, must be reviewed by CADE’s Tribunal before they can be closed.

In administrative proceedings, CADE exercises its power to impose fines and other penalties on individuals. During the first half of 2025, 12 cases resulted in convictions from CADE. Of this total, 6 involved cartels (coordinated conduct) and the other 6 involved unilateral conduct, that is, conduct harmful to competition by an economic agent that holds a dominant position in the market analyzed. The total amount of fines imposed during the first half of the year was BRL 184,172,519.60.

In addition to the 12 convictions, CADE’s Tribunal also dismissed 2 cases involving alleged influence to adopt uniform conduct and refusal to contract in the health insurance market, and cartel in public tenders.



Administrative Proceedings ruled on by the Tribunal



INVESTIGATIONS OPENED

According to public data, CADE launched 20 new investigations in the first half of 2025 (by July 31, 2025).

CADE's investigations are divided into three phases:

“PP”

Preparatory Procedure

“IA”

Administrative Inquiry

“PA”

Administrative Proceeding

In general, proceedings are initiated as PPs and evolve into PAs, unless they are dismissed before that. However, there are cases in which investigations are initiated directly as IAs or PAs.

In the first half of 2025, the following were initiated:

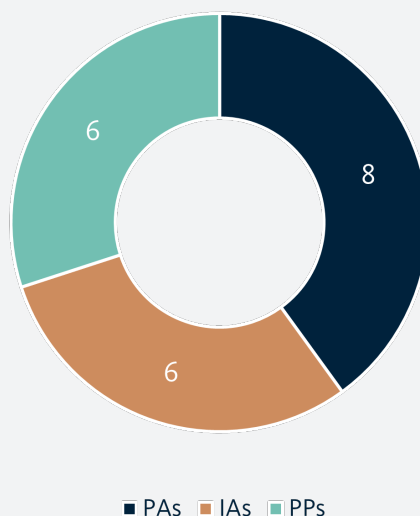
Eight administrative proceedings, of which **only one** was a new investigation, the others resulted from IAs and PPs already in progress.

Six administrative inquiries, of which two were new investigations.

Six preparatory procedures.

Among the new investigations, all preparatory proceedings investigate unilateral conduct, including the two new and unprecedented administrative inquiries initiated. However, the only unprecedented **administrative proceeding**, that is, one that did not evolve from a PP or IA, concerns an investigation into cartels formed in public tenders.

Only one of CADE's ongoing administrative proceedings as IAs or PPs involves coordinated conduct.



ADMINISTRATIVE PROCEEDING TO INVESTIGATE MERGER CONDUCT (“APACS”)

CADE investigates transactions that have not been notified as merger cases using APACs. CADE can analyze, on an exceptional basis, any transaction that generates competitive concern for the market, even if it does not fall within the scope of mandatory notification.

If a transaction under investigation meets the criteria for mandatory notification or generates a competitive concern, CADE can determine that it be notified for analysis, declare it null and void, or impose fines ranging from BRL 60,000 to BRL 60 million.

It is common for some investigated parties to enter into agreements with CADE during these investigations. In these agreements, the parties seek to reduce the fine and accept the conditions for notifying the transaction. Two agreements were concluded in APAC in the first half of 2025 - in both cases, one of the parties was the same.

In other cases, CADE may order the parties to the transaction to notify the merger and reject it if it harms competition. In the first half of 2025, three merger notifications and three convictions were handed down for gun jumping, which consists in the failure to notify transactions that meet the mandatory notification criteria.

SETTLEMENT AGREEMENTS (“TCCS”)

TCCs are agreements signed between CADE and the parties investigated in administrative proceedings. The parties confess to participating in the conduct under investigation and must contribute to CADE’s investigation by providing an account of the facts and additional evidence. In return, the parties are offered better conditions for paying the financial penalty. Thus, they can pay the fine in installments and reduce the rate applied.

During the first half of 2025, until July 31, 2025, 11 TCCs were ratified by CADE, accounting for approximately BRL 242 million in fines resulting from such agreements.

The amount collected from the fines and allocated to the Fund for the Diffuse Rights Defense Fund (“FDD”), linked to the Ministry of Justice and Public Security (“MJSP”) and the National Consumer Secretariat (“SENACON”), aims to repair damage caused to the environment, the consumer, goods and rights of artistic, aesthetic, historical, tourist, landscape value, the economic order and other diffuse and collective interests.



TIMELINE – FIRST HALF OF 2025

APAC – NEXUS AND SERVTEC

FEBRUARY 12, 2025

CADE's Tribunal closed the gun jumping investigation related to the transfer of 19.62% of the shares of wind power generator BVSII from Servtec to Nexus.

- The companies under investigation notified the transaction in 2021, but a complaint was filed the following year, alleging that it had been consummated before CADE's approval. After the investigation, CADE's General Superintendence ("GS") understood that there had been prior consummation due to the buyer's exercise of political rights.
- The Tribunal dismissed GS's conclusions and decided that the transaction preserved shared control and did not alter market dynamics.
- The case sparked broader discussions within CADE about reviewing notification criteria.

BOMPREÇO CONSULTATION – NOTIFICATION OF ACQUISITION OF REAL ESTATE ASSETS

FEBRUARY 12, 2025

CADE's Tribunal responded to a consultation from Bompreço Bahia Supermercados Ltda. regarding the mandatory notification of real estate transactions.

- The Tribunal held that merely transferring real estate assets without an operational purpose does not constitute a merger. However, notification is mandatory when there is:
 - i. Transfer of additional assets (such as brands, machinery, or personnel);
 - ii. Use of installed capacity; or
 - iii. Relationship with the purchaser's activity.
- In this specific case, the property had ceased to operate as a supermarket before the sale and did not have any usable productive capacity, thus removing the requirement for notification.

PROVISIONAL MEASURE AGAINST UBEM - MUSIC SYNCHRONIZATION MARKET IN AUDIOVISUAL PROJECTS

FEBRUARY 13, 2025

The GS opened an administrative proceeding against the Brazilian Music Publishers Association ("UBEM") for collective bargaining and price fixing in the music synchronization market.

- The complaint was filed by the Brazilian television network Sistema Brasileiro de Televisão (SBT), claiming that UBEM negotiated licensing prices and conditions on behalf of its members, causing uniform commercial conduct and harming competition.
- The GS granted a provisional measure prohibiting UBEM from negotiating collectively and from using minimum price lists, given the risk of irreparable damage to the market.
- After UBEM filed an appeal, CADE's Tribunal decided to uphold the measure. The reporting commissioner, José Levi, rejected UBEM's arguments about the measure's illegality and violation of due process, reinforcing the legality of CADE's provisional action.

INQUIRY AGAINST ERICSSON – LICENSING OF 5G PATENTS

APRIL 23, 2025

CADE's Tribunal initiated an administrative inquiry to investigate Ericsson for possible abuse of dominant position in the licensing of patents essential to the 5G standard.

- The investigation resulted from an appeal from Motorola and Lenovo, alleging that Ericsson refused to license patents in Brazil independently and demanded global agreements with unfair conditions.
- Despite approving the withdrawal of the appeal after an agreement between the parties, the Tribunal found evidence of anticompetitive conduct, such as price discrimination and the imposition of abusive conditions.
- CADE highlighted this matter's importance for the 5G technology and infrastructure market and the need for guidelines on the use of standard essential patents (SEPs) in 5G infrastructure projects.

PROVISIONAL MEASURE AGAINST APPLE – APP DISTRIBUTION MARKET

MAY 14, 2025

CADE's Tribunal unanimously upheld a provisional measure imposed on Apple, requiring the company to cease alleged anticompetitive practices, under penalty of a daily fine of BRL 250,000.

- The investigation was opened after a complaint filed by Mercado Livre and Mercado Pago, alleging abuse of dominant position in the app distribution market on iOS devices, with restrictions on alternative payment systems.
- The reporting commissioner, Victor Fernandes, pointed out the plausibility of the tied sales thesis and highlighted the negative effects of Apple's 30% fee, such as increased costs and harm to innovation.
- The measure has a 90-day compliance deadline and is part of a global context of similar investigations against Apple in various jurisdictions.
- On June 30, 2025, the GS recommended Apple's conviction, concluding that the imposition of exclusive use of its payment system by application developers would create artificial barriers to entry for competitors in markets related to the iOS system. The case will be reviewed by CADE's Tribunal, and has been assigned to Commissioner Victor Fernandes.

CONVICTION OF FEDERAL PROFESSIONAL COUNCILS – PROFESSIONALS TRAINED THROUGH DISTANCE LEARNING

MAY 14, 2025

CADE's Tribunal convicted the Federal Councils of Veterinary Medicine ("CFMV"), Dentistry ("CFO"), and Pharmacy ("CFF") for anti-competitive practices related to restricting the professional registration of graduates from distance learning university courses.

- The entities issued regulations and guidelines that exceeded their legal powers, hindering access to the respective professional and educational markets, thus disputing diplomas recognized by the Ministry of Education ("MEC").
- The fines imposed exceeded BRL 2.1 million. Of this amount, BRL 1.3 million was imposed on the CFF, BRL 200,000 on the CFMV, and BRL 581,000 on the CFO. In addition, the entities were prohibited from issuing new regulations with the same content.

BIMBO/WICKBOLD TRANSACTION - REMEDIES RECOMMENDATION

MAY 27, 2025

The GS challenged the acquisition of Wickbold's bakery sector by Bimbo, and recommended structural as a condition to clear the transaction..

- Due to the high concentration and low interchangeability between products, the analysis identified competition concerns in specific categories of industrialized breads, such as grain breads and wraps, with Brazilian and regional reach.
- The GS concluded that the transaction could generate risks to competition in certain markets and recommended the sale of assets as a condition for clearance.
- The case is under review by CADE's Tribunal, and Camila Pires is the reporting commissioner.

SINTOKOGIO/ELASTIKOS TRANSACTION - GUN JUMPING INVESTIGATION RESULTED IN REMEDIES

JULY 4, 2025

The GS recommended the approval with restrictions on the acquisition of the company French Elastikos by the Japanese company Sintokogio. The transaction involves the Brazilian unit Winoa Brasil and was considered complex due to the high concentration of metallic abrasives in the Brazilian market.

- The review identified competition concerns in the cast steel shot segment, with low rivalry, low import volumes and a lack of new players, as well as high idle capacity.
- The transaction was notified as a result of an APAC, in which elements justified the need to notify the transaction, even though the applicants had not reached the minimum turnover requirement established by law.
- The case was referred to CADE's Tribunal, which may approve, reject, or impose additional conditions on the transaction, with a legal deadline for a decision of August 09, 2025, extendable for a further 90 days.

CREDENTIALIALS

HIGHLIGHTED CASES – JANUARY TO JUNE 2025



Innovative complaint

We represented SBT in drafting a complaint against uniform commercial conduct in the music industry. The complaint was converted into charges and CADE's Tribunal granted and upheld a provisional measure.



First complex notification in the tire distribution market

We represented Cantu and GP Pneus in the combination of their businesses in the tire distribution and resale market the first complex transaction in this market, notified to CADE and unconditionally cleared.



High-profile transaction in the healthcare market

We represented DaVita in the acquisition of its competitor Fresenius' operations in Brazil. The transaction was one of the largest in recent years, and it was cleared subject to remedies.



Intervention in network sharing transaction

We represented the Brazilian Telecommunications Infrastructure Association (“ABRINTEL”) in the opposition to a network sharing agreement between Tim and Telefônica.



Participation in all cases involving Human Resources complaints

We represented several clients in all new investigations initiated by CADE related to the exchange of information involving the human resources area, actively participating in the definition of the standards for investigating such practices.

MAIN CONTACTS



BRUNO DRAGO

PARTNER

bdrago@demarest.com.br
+55 11 3356 1776



DANIEL ANDREOLI

PARTNER

dandreoli@demarest.com.br
+55 11 3356 1679



MARCELO GUARANY

PARTNER

mguarany@demarest.com.br
+55 61 3243 1162



MARCO ANTONIO FONSECA

PARTNER

mafonseca@demarest.com.br
+55 61 3243 1182

DEMAREST

demarest.com.br/en