

**NOTICE SEEKING CLEARANCE OF A BUSINESS ACQUISITION PURSUANT TO SECTION
66 OF THE COMMERCE ACT 1986**

17 December 2021

The Registrar
Business Acquisitions and Authorisations
Commerce Commission
PO Box 2351
Wellington

Pursuant to s66(1) of the Commerce Act 1986 notice is hereby given seeking **clearance** of a proposed business acquisition.

MinterEllisonRuddWatts

1. EXECUTIVE SUMMARY

- 1.1 Life Health Foods NZ Limited (**LHF**) seeks clearance to acquire the business and assets of Chalmers Organics Limited (**Chalmers**) by way of a 100 percent asset purchase (**Proposed Transaction**).
- 1.2 LHF and Chalmers both supply a range of vegetarian and plant-based products, including meat alternatives, to various customers in New Zealand, including supermarkets and speciality stores, foodservices and quick service restaurants (**QSR**) and home delivery (i.e. meal kits). The primary area of overlap is in relation to the supply of meat alternatives to retailers.
- 1.3 The Proposed Transaction delivers [].
- 1.4 The Proposed Transaction will not have the effect or likely effect of substantially lessening competition in the meat alternatives market or any related market in New Zealand because:
- (a) a large number of suppliers, both large and small, will continue to constrain the merged entity in the supply of meat alternative products to New Zealand retailers, food service and home delivery customers, including Leader Products, Quorn, Sunfed Limited and Fry's;
 - (b) the meat alternatives market is growing rapidly and barriers to entry and expansion are low. The merged entity will continue to face significant constraint from potential entrants and existing suppliers who could easily expand their capacity and product range;
 - (c) the merged entity will continue to be constrained by imported products;
 - (d) the large supermarkets will continue to wield a considerable degree of countervailing power and impose a significant competitive constraint on the merged entity; and
 - (e) the Proposed Transaction will not result in any coordinated effects given, inter alia, there is a high degree of product differentiation, wholesale pricing is not transparent, the countervailing power of the supermarkets and the low barriers to entry.

2. APPLICANT AND OTHER PARTIES

The Applicant

- 2.1 This notice seeking clearance is given by Life Health Foods NZ Limited.
- 2.2 Contact details for Life Health Foods NZ Limited are:

Postal address: 395 Rosebank Road, Avondale, Auckland, 1026, New Zealand

Physical address: 395 Rosebank Road, Avondale, Auckland, 1026, New Zealand

Telephone: +64 9 829 5709

Web address: <https://lifehealthfoods.co.nz>

Contact person: Bennie Hendricks

Bennie.Hendricks@LHF.net

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- 2.3 All correspondence and notices in respect of this application should be directed in the first instance to:

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15 Customs Street West
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Senior Associate
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jennifer.hambleton@minterellison.co.nz

The other party

- 2.4 The other party is Chalmers Organics Limited.

- 2.5 Contact details for Chalmers are:

Postal address: 628 Swanson Road, Swanson, Auckland, 0612

Physical address: 628 Swanson Road, Swanson, Auckland, 0612

Telephone: +64 9 835 3617

Web address: <https://tonzu.co.nz>

Contact person: Roland Sapsford

chair@tonzu.co.nz, with a copy to dan@tonzu.co.nz and jesse@tonzu.co.nz

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- 2.6 All correspondence and notices in respect of this application should be directed in the first instance to:

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West Harbour
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3. TRANSACTION DETAILS

The proposed transaction

- 3.1 LHF proposes to acquire the Chalmers business by way of a 100 percent asset purchase. Following the Proposed Transaction, LHF will operate the business as part of LHF and the Chalmers' entity will be renamed and cease trading.
- 3.2 Chalmers is currently owned by four shareholders: Elizabeth Chalmers (25%); Daniel Chalmers (25%); Jesse Chalmers (25%); and Stephen Chalmers (25%).
- 3.3 The Proposed Transaction will be implemented under the terms of an asset purchase agreement entered into on 5 November 2021 (**APA**). The APA is confidential. A copy of the APA is at Confidential Annexure 1.
- 3.4 Completion of the Proposed Transaction is conditional on a range of conditions including receipt of clearance from the Commission.¹
- 3.5 The parties are currently targeting a February completion date, noting that completion of the Proposed Transaction is conditional on LHF obtaining clearance under the Commerce Act 1986.

The rationale for the transaction

- 3.6 The Proposed Transaction will combine LHF's and Chalmers' largely complementary meat alternative businesses. It will enable LHF [].

Counterfactual

- 3.7 Absent the Proposed Transaction, the most likely counterfactual is a continuation of the status quo.
- 3.8 LHF understands that, while Chalmers would continue to compete independently of LHF, it has limited potential for expansion with its current resourcing. As explained below, access to capital and expertise is one of the main drivers for the Proposed Transaction from Chalmers' perspective.

Other competition agencies that are being notified

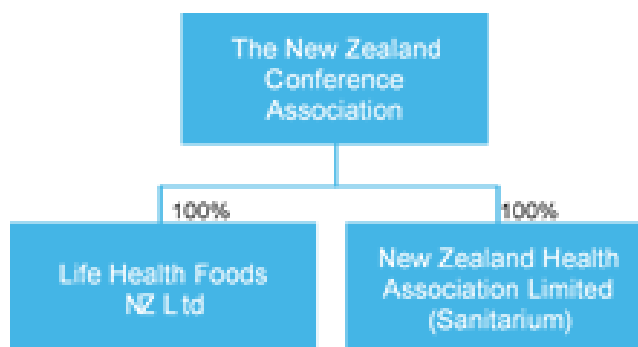
- 3.9 The Proposed Transaction only relates to New Zealand. No competition agencies in other jurisdictions have been or will be notified of the Proposed Transaction.

4. THE ACTIVITIES OF THE PARTIES TO THE TRANSACTION

The Applicant

- 4.1 LHF is wholly owned by the New Zealand Conference Association (**NZCA**), a registered charitable trust (no. 343031). NZCA also owns New Zealand Health Association Limited (**NZHA**). NZCA does not carry on business in its own right. A diagram showing the ownership structure of LHF is below:

¹ See clause 4.1(a) of the APA.



- 4.2 The relevant entity for the purposes of assessing the competitive effects of the Proposed Transaction is LHF as the only overlap with Chalmers' business relates to LHF products. Accordingly, the focus of this application is on the LHF business.
- 4.3 LHF manufactures and supplies vegetarian and plant-based food products in New Zealand. It employs a workforce of [] people and operates a manufacturing facility in Auckland. It supplies [] vegetarian and plant-based products to New Zealand retailers (i.e. supermarkets and, [], speciality stores such as Farro Fresh) and home delivery companies (i.e. meal kits), including:
- (a) meat alternatives, namely burger patties, sausages, mince, bacon, falafel, and tofu. These products are supplied under a range of brands, including the Alternative Meat Co., Bean Supreme, Lisa's and Vegie Delights² brands;
 - (b) hummus dips, under the Lisa's brand;
 - (c) hummus variants, under the Greater Hummmus brand;
 - (d) heat-and-eat meal options, including soups and meal pouches, under the Naked Locals and Naked Kitchen brands; and
 - (e) relishes and emulsions (i.e. sauces and dressings), under the Food by Chefs and Kato brands.
- 4.4 LHF []
- 4.5 LHF also operates a foodservice business, supplying vegetarian products under the brands Prep Kitchen and Food by Chefs to a variety of food service customers, the largest of which are wholesalers such as []. These wholesalers service the wider food service market including restaurants, cafés, hotels, hospitals, and care facilities. Products supplied through this channel include a range of LHF's products (including tofu) sold under its Bean Supreme and Alternative Meat Co brands, condiments and emulsions, including sauces and dressings, aioli, relishes, and hummus products.
- 4.6 LHF also supplies [] of selected products to QSR, which comprises a [] of LHF's foodservice business. Further information about LHF's foodservice business can be found at <https://www.lhffoodservice.co.nz/brands/index.html>.

² On [] LHF acts as Sanitarium Australia's New Zealand agent, supplying New Zealand customers with the Vegie Delights and Alternative Meat Co brands on Sanitarium Australia's behalf.

- 4.7 Further information about LHF can be found at <https://lifehealthfoods.co.nz>.
- 4.8 We provide at Confidential Annexure 2 LHF's total sales revenues and volumes in relation to its meat alternative products and, where relevant, capacity and excess capacity figures. A copy of LHF's most recent management accounts is at Confidential Annexure 3.
- 4.9 Confidential documents prepared for LHF's Board and senior management relating to the Proposed Transaction and market conditions are at Confidential Annexure 4.

The other party

- 4.10 Chalmers is a family owned New Zealand business that supplies the following vegetarian and plant-based products under the Tonzu and Zenzo brands:
- (a) meat alternatives (tofu, tempeh, vegan/plant-based sausages and burger patties);
 - (b) dairy free cheese;
 - (c) coconut yoghurt;
 - (d) sour cream;
 - (e) macaroni and cheese products; and
 - (f) vegan sauces.
- 4.11 Chalmers has also recently been awarded a contract to manufacture the []
- 4.12 Chalmers' manufacturing facility is located in Auckland, New Zealand. Its main distribution channel is direct sales to supermarkets. For the past 2-3 years, []
- 4.13 []
- 4.14 As part of the Proposed Transaction, [].
- 4.15 Further information about Chalmers can be found at <https://tonzu.co.nz>.
- 4.16 We provide at Confidential Annexure 2 Chalmers' total sales revenues and volumes in relation to its meat alternative and dairy alternative products and, where relevant, capacity and excess capacity figures. Chalmers' most recent annual report is at Confidential Annexure 5.

Horizontal overlap between the parties

- 4.17 Both parties manufacture and supply meat alternative products to supermarkets, food service and home delivery channels. The key area of overlap is in relation to the supply of meat alternative products to the retail channel: more than [] of LHF's sales and more than [] of Chalmers' sales are to the retail channel, the vast majority of which are to the two large supermarket chains, Foodstuffs and Woolworths New Zealand.
- 4.18 The parties' products are largely complementary. As shown in table 1 below, LHF (but not Chalmers) supplies meat free mince, bacon, and falafel. Chalmers (but not LHF) supplies tempeh.

Table 1: Product Overlap

Product category	LHF	Chalmers
Meat alternative burgers/patties	✓	✓
Meat alternative sausages/hot dogs	✓	✓
Meat alternative mince	✓	
Meat free 'bacon'	✓	
Meat free 'chicken'	✓	
Tofu	✓	✓
Tempeh		✓
Falafel	✓	
Jackfruit	✓	

- 4.19 Chalmers also manufactures and supplies plant-based dairy alternative products; LHF does not currently participate in this segment but has in the past and, regardless of the Proposed Transaction, []
- 4.20 The area of overlap between the parties at the product level is in relation to the supply of meat alternative burger patties, sausages, and tofu (**Overlap Products**). These products account for approximately half of the vegetarian category sold through the major supermarkets, with other products including meat free 'chicken', mince, 'bacon' and falafel making up the other half.³
- 4.21 The competitive overlap in the supply the Overlap Products to the retail channel is discussed in detail in section 6 of this application. The overlap in the supply of meat alternative products to other sales channels is discussed in section 7 and, for completeness, the potential overlap in the plant based dairy alternative category is discussed in section 8 of this application.

5. INDUSTRY CONTEXT AND RELEVANT MARKETS

Industry overview

- 5.1 There are a broad range of meat and dairy alternative products available in the New Zealand market, including tofu, tempeh, falafel, and jackfruit, as well as vegetarian and vegan sausages, burgers and comparable products (such as mince, schnitzel, and deli cuts), including fresh and frozen products.
- 5.2 Vegan products are usually made from vegetable protein (for example, soy, wheat, or pea) or whole food legumes, while vegetarian products often contain egg protein. Meat

³ By revenue, the remaining products in the vegetarian category total [] of supermarket sales, and burger patties, sausages and tofu combined total [] of supermarket sales.

alternatives are designed to provide alternative options to meat, either through their taste and texture, protein content or via familiar formats that are readily substitutable such as sausages, burgers or mince.

- 5.3 Demand for meat (and dairy) alternatives is growing rapidly due to growing health awareness⁴ and as consumers seek more environmentally sustainable products. Previously, meat and dairy alternatives appealed largely to vegetarian/vegan consumers. However, the composition of consumers of these products, both in New Zealand and globally, has broadened significantly and includes consumers who also eat meat and other animal products, often described as ‘flexitarians’. The global vegan food market stood at [] in 2020 and is expected to grow at a [] Compound Annual Growth Rate (**CAGR**) between 2021 to 2026, to reach [] by 2026.⁵
- 5.4 LHF estimates based on IRI data that New Zealand supermarket sales of meat alternatives have grown at approximately [] by value and [] by units sold per year since 2019. LHF predicts that the category will continue to follow the global trend and grow significantly in the short to medium term.

Plant-based meat alternatives

Meat alternative burger patties

- 5.5 Meat alternative burger patties are patties that are a substitute for animal protein burger patties. Meat alternative patties come in a variety of flavours depending on the ingredients used, such as ‘beef’, ‘chicken’, and whole-food flavours, such as beetroot, kumara, lentils and chickpeas.
- 5.6 Meat alternative burger patties can be made from a variety of ingredients. Common ingredients include vegetable proteins (such as pea, soy and wheat) or whole vegetables, legumes and grains (such as cauliflower, beetroot, kumara, chickpeas, black beans and ancient grains), vegetable oils (such as sunflower, canola oil and coconut oil), binders and fibres (such as flours and starches from wheat rice, maize, vegetable gums, hydro colloids, and vegetable and fruit fibres), and flavourings (such as dehydrated herbs, herb extracts, salt, and pepper).

Meat alternative sausages

- 5.7 Like meat alternative burger patties, meat alternative sausages are sausages that look and cook like the animal alternatives. Similarly, meat alternative sausages come in a variety of flavours depending on the ingredients used, such as red onion, and roasted garlic.
- 5.8 Common ingredients include vegetable proteins (such as pea, wheat, and soy), tofu, vegetable oils, calcium alginate casings, egg whites, binders and fibres (such as potato starch, tapioca starch, xanthan gum and guar gum), natural colours (such as beet and herb extracts), vegetables (such as sauteed onion and soybeans), and natural flavours (such as dehydrated herbs and spices).

Deli Rashers

⁴ IRI NZ Plant-Based Shopper Survey October 2021. The survey identified that a desire to improve overall health is the key motivator for consumers eating less meat.

⁵ IRI *Veganism in CPG Industry* (Information Resources Inc., July 2021) at 7. A copy is provided at Confidential Annexure 15.

- 5.9 Meat alternative deli rashers are products that substitute for animal deli rashers. Meat alternative deli rashers come in a variety of flavours depending on the ingredients used, such as bacon, ham, and chicken flavour.
- 5.10 Meat alternative deli rashers can be made from a variety of ingredients. Common ingredients include vegetable proteins (such as pea, soy, and wheat), binders and fibres (such as potato starch), egg whites, flavourings, and preservatives.

Meat alternative schnitzel

- 5.11 Meat alternative schnitzels are schnitzel products that are substitutes for animal protein schnitzel. Meat alternative schnitzel products can come in a variety of flavours depending on the ingredients used. Meat alternative schnitzel products sold in New Zealand are typically chicken-style.
- 5.12 Common ingredients used in meat alternative schnitzels include vegetable proteins (such as soy and wheat), wheat flour, vegetable oils, binders and fibres (such as flours and starches from potatoes and maize) and flavourings (such as salt, spices, and herbs).

Tofu

- 5.13 Tofu, also known as bean curd, is a food prepared by coagulating soy milk and then pressing the resulting curds into solid white blocks of varying softness; it can be silken, soft, firm, extra firm, or super firm.
- 5.14 It has a subtle flavour, so it can be used in savoury and sweet dishes. It is often seasoned or marinated to suit the dish and its flavours and, due to its spongy texture, absorbs flavour well.
- 5.15 Tofu is a traditional component of East Asian and Southeast Asian cuisines and in modern western cooking, is most often treated as a meat substitute.

Tempeh

- 5.16 Tempeh is a traditional Indonesian food made from fermented soybeans. It is made by a natural culturing and fermentation process that binds soybeans into a cake form. A fungus, *Rhizopus oligosporus*, is used in the fermentation process.
- 5.17 Unlike tofu, tempeh is made from whole fermented soybeans, with different nutritional characteristics and textural qualities. Tempeh's fermentation process and its retention of the whole bean makes it a good source of protein, dietary fibre, vitamins and one of the few vegan sources of vitamin B12. It has a firm texture and a nutty flavour, which becomes more distinctive with aging.
- 5.18 There is significant growth potential for tempeh in the New Zealand market.

Falafel

- 5.19 Falafel is a traditional middle eastern food made from ground legumes like chickpeas and broad beans, shaped in balls or discs, deep fried, and commonly served in a pita or wrapped in a flatbread. Various ingredients are added to the chickpeas and/or broad beans, such as bulgur wheat, parsley, scallions, garlic, cumin, and coriander.
- 5.20 Falafel is sold in supermarkets both as an uncooked 'mix' for shaping and frying at home and as ready-made shaped and fried bites or balls.

Jackfruit

- 5.21 Jackfruit is a very large tropical fruit (it is the largest fruit in the world and is most closely related to figs and breadfruit) grown in Asia, Africa, and South America. Under its thick, bumpy ring is a stringy flesh that can be eaten raw when ripe or cooked in a variety of dishes when it is unripe.
- 5.22 Jackfruit has a slightly sweet but mostly neutral flavour, so takes on the flavours of whatever seasoning or sauce is used in cooking. It has recently become a popular meat substitute because of its texture; the consistency is stringy and tender, like shredded chicken or pork.

Plant-based dairy alternatives*Plant-based cheese*

- 5.23 Plant-based cheeses mimic the dairy alternatives. Plant-based cheese comes in a variety of flavours, including cheddar, tasty, parmesan, and mozzarella. Common ingredients used include potato and pea starch, vegetable oils, corn, macadamia nuts, kumara, and a variety of herbs and spices.

Plant-based yoghurts

- 5.24 Plant based yogurts are made from plant based milk like soy, coconut, almond, oat and pea milk, containing live cultures such as *L. Acidophilus* and *Bifidobacterium* and added ingredients like flavours (such as fruit and flavour extracts), sweeteners (such as sugar or no nutritive sweeteners), and stabilisers (such as starches and gums).
- 5.25 Similar to their dairy alternatives, plant-based yoghurts come in a variety of flavours, such as plain, vanilla, berry and chocolate.

Plant-based sour cream

- 5.26 Plant-based sour creams are typically made of water, vegetable oils, coconut yoghurt, corn starch, apple cider vinegar, mustard, potato starch, lactic acid, xanthan gum, and salt.

Sales channels

- 5.27 Meat and dairy alternative products are supplied to consumers through a range of channels, including retail (supermarkets, specialty stores, and other food retailers), foodservices (cafes, restaurants, and QSR) and home delivery (i.e. meal kits).
- 5.28 The parties' sales of meat alternatives are predominantly through the retail channel, the vast majority of which are to the two large supermarket chains. Table 2 below shows the parties' proportions of total sales by channel.⁶

Table 2: LHF's and Chalmers' sales by Sales Channel

Sales channel	LHF meat alternatives	Chalmers meat alternatives
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⁶ Information regarding Chalmers' sales was provided to LHF as a part of the due diligence for the Proposed Transaction. LHF employees with access to the dataroom, and who have reviewed this response, are subject to an NDA.

	sales channel	by	sales channel	by
Retail (supermarkets)		[]		[]
Foodservice		[]		[]
Home delivery (e.g. Woop, Hello Fresh, My Food Bag)		[]		[]
Export		[]		[]
Other		[]		[]

5.29 The Overlap Products are also sold predominantly through the retail channel. Tables 3 and 4 below show the proportion of the parties' total sales of the Overlap Products by channel.

Table 3: LHF sales of burger patties, sausages and tofu by sales channel

Sales channel	Burger patties	Sausages	Tofu
Retail (supermarkets)	[]	[]	[]
Foodservice	[]	[]	[]
Home delivery	[]	[]	[]
Exports	[]	[]	[]
Other	[]	[]	[]

Table 4: Chalmers' sales of burger patties, sausages and tofu by sales channel

Sales channel	Burger patties	Sausages	Tofu
Retail (supermarkets)	[]	[]	[]
Foodservice	[]	[]	[]
Home delivery	[]	[]	[]

Relevant markets

5.30 LHF and Chalmers both supply meat alternative products. For the reasons set out below, LHF considers the relevant market to be a national market for the wholesale supply of meat alternatives (**meat alternatives market**).

5.31 Chalmers also supplies dairy alternative products, but LHF does not. We discuss these products in section 8 below.

Product dimension

5.32 LHF considers all types of vegetarian and vegan meat alternative products fall within the product dimension of the market.

- 5.33 On the demand side, the various meat alternative products are sufficiently close substitutes for each other, such that switching between products would occur in response to a change in relative prices.
- 5.34 On the supply side, while there is some specialisation within the market, most competitors supply a range of meat alternatives (see Annexure 6) and can readily switch production to other meat alternative products. There are no significant barriers to a manufacturer of other vegetable-based products switching to manufacturing burger patties, sausages, and tofu as:
- (a) the base ingredients are readily available;
 - (b) the same equipment can be used for the manufacture of all three products (with further equipment available to automate production and gain efficiency); and
 - (c) entry level equipment is relatively inexpensive.
- Diagrams showing the process to manufacture Chalmer's Tonzu Tofu and vegan sausages, together with cost estimates for the equipment used, are at Confidential Annexure 7.
- 5.35 Examples of competitors recently expanding into new product ranges/switching between product ranges include the following:
- (a) Sunfed expanded its product range from chicken-style meat alternative products to also include bacon-style products (in mid-2020) and beef-style meat alternative products (in 2021);
 - (b) New Zealand owned Sustainable Foods Co, which launched The Craft Meat Company in late 2018 (which has now been rebranded as 'Plan*t') expanded its product range from meat alternative burgers and mince to also include various types of meat alternative sausages (in 2020) and chicken alternatives (in 2021); and
 - (c) Food Nation expanded its product range in 2021 from meat alternative burgers and mince to also include meat alternative balls and sausages.
- 5.36 While LHF considers that the product market comprises all meat alternatives products, the competition analysis in section 6 focuses on the supply of each of the Overlap Products to retailers.

Geographic dimension

- 5.37 The geographic scope of the market is national.
- 5.38 All the major suppliers of meat alternatives distribute their products nationally. Both Chalmers and LHF supply to retailers and other customers throughout New Zealand from their manufacturing facilities in Auckland. Chalmers uses third party distributors based in Auckland, Christchurch, and Palmerston North.
- 5.39 On the demand-side, the demand for meat alternatives is relatively consistent across New Zealand. Supermarkets and other retailers stock a similar range of meat alternatives across the country, and consumers' tastes do not differ significantly between regions.

Functional dimension

5.40 Both parties supply at the wholesale level and therefore this is the appropriate market dimension.

Customer dimension

5.41 The Commission distinguishes markets by customer group where the requirements for certain customers differ significantly from others.⁷ The Commission has previously considered the customer dimension in relation to the wholesale supply of food products. In its 2018 decision to grant clearance for the acquisition of Cerebos Pacific Limited's food and instant coffee business by H.J. Heinz Company (New Zealand) Limited, the Commission distinguished between retail, food service, and QSR customers when assessing the competitive effects of that transaction.⁸

5.42 While there are some differences in the requirements between the retail and the food service and food delivery channels in relation to meat alternative products,⁹ LHF's view is that these differences are not sufficiently material that each customer channel ought to be considered a separate market for the supply of meat alternatives. Most meat alternative suppliers are able to supply to all these customer channels.

5.43 However, for the purposes of this application, we have analysed the competitive effects of the Proposed Transaction on the retail channel (in section 6) and the foodservice and food delivery channels (in section 7).

5.44 The retail channel includes all food retailers, which includes small local specialty food retailers and large national supermarket chains. While both parties supply the large supermarket chains, there is no distinction between the large supermarket chains and smaller retailers for the purposes of defining the relevant market. Large and small retailers have the same requirements in terms of packaging and supply, and the parties could readily supply to these wholesale customers.

Competitors of LHF and Chalmers

5.45 There are many suppliers of meat alternative products to retailers in New Zealand, many of which are large and sophisticated operators. The major suppliers include:

- (a) Leader Products Ltd. This is a New Zealand based company, which supplies a range of meat alternatives and meat products to retail grocery, food service and QSR throughout New Zealand, Australia, and Asia. Founded in 1998, Leader Products has grown from a small company in East Tamaki to "the largest business of its kind" in New Zealand.¹⁰ Further information about Leader, and its meat alternative products, can be found on its website at <https://www.leadernz.co.nz/food-service>;
- (b) Ingham's New Zealand. Ingham's is an Australian based company and New Zealand's second largest processor and supplier of chicken products. Ingham's launched the plant-based brand Let's Eat in mid-2020. It has already grown to

⁷ H.J.Heinz (New Zealand) Limited and Cerebos Pacific Limited [2018] NZCC 2 at [52] (Heinz/Cerebos).

⁸ Heinz/Cerebos at [52].

⁹ For example, food service and home delivery customers may sometimes have different packaging requirements and may sometimes require some product customisation (although not always). Products supplied to these customer segments only need to be manufactured on a very small scale.

¹⁰ Leader Products <<https://www.leadernz.co.nz/our-story>>

around []% of the supply of meat alternatives to the two large supermarket chains by value and []% by units sold and has entered into a partnership with Burger King to supply a chicken alternative burger (the Rebel BK Chook¹¹) and tenders products. Further information about Ingham's, and its plant-based products, can be found on the Let's Eat website at <https://letseatplantbased.co.nz/>;

- (c) Sunfed Meats. This New Zealand owned company was founded in 2015 and launched its first meat-alternative product in 2017. It has since grown to a share of []% of the supply of meat alternatives to the two large supermarket chains, and also now supplies to Huckleberry, Farro Fresh and Moore Wilson's. Sunfed launched in Coles supermarkets across Australia in 2019.¹² Further information about Sunfed, and its meat-alternative products, can be found on its website at <https://sunfed.world/>;
- (d) Sustainable Foods Co. Sustainable Foods Co is an alternative protein food tech company. It acquired 100% of the Craft Meat Company in 2020 and launched a new product line called 'Plan*t' earlier this year.¹³ The Plan*t product range includes meat alternative chicken, burgers, sausages and mince. Currently, The Craft Meat Company operates predominantly in New Zealand. Expansion into other countries in the Asia Pacific region is planned, however countries like Thailand and Singapore ban the import of hemp at the present time.¹⁴ Further information about Sustainable Foods Co can be found on its website at <https://www.thesustainablefoodco.co.nz/>;
- (e) Fry's. Fry's was founded in 1991 in South Africa as a plant-based food company and is now owned by Swiss-based Blue Horizon Corporation. Its frozen food products, which are manufactured in a custom-built factory in Durban and by a contract manufacturing partner in the United Kingdom¹⁵, are sold to supermarkets around the world, including in New Zealand, Australia and the United States.¹⁶ Fry's product range initially consisted of only a handful of basic meat alternative products including sausages, hot dogs and burger patties. By 2018, its product range had expanded to include more than 35 products that resemble various meat products, including, nuggets, sausage rolls, schnitzels, mince and strips. Blue Horizon Corporation has acquired multiple plant-based food brands internationally and are heavily invested in plant-based research. Further information about Fry's, and its

¹¹ The patty is made from wheat and pea protein. See <https://www.burgerking.co.nz/menu-item/rebel-bk-chook>.

¹² Sharon Masige "New Zealand plant based protein company Sunfed is bringing its 'Chicken Free Chicken' to Australia this week" (20 June 2019) Business Insider Australia <<https://www.businessinsider.com.au/new-zealand-sunfed-launches-in-coles-australia-2019-6>>

¹³ Tanuvi Joe "Plan*t: After Retail Launch, NZ Startup Eyes Australian & Asian Markets for Its Hemp-Based Products" (27 May 2021) Green Queen <<https://www.greenqueen.com.hk/plant-after-retail-launch-nz-startup-eyes-australian-asian-markets-for-its-hemp-based-products/>>

¹⁴ "New Zealand Startup Craft Meat Company to Produce Meat From Hemp as Global Organisations Lobby to Lift Hemp Bans" (18 September 2020) Vegconomist <<https://vegconomist.com/companies-and-portraits/new-zealand-startup-craft-meat-company-to-produce-meat-from-hemp-as-global-organisations-lobby-to-lift-hemp-bans/>>

¹⁵ "Fry's Family Foods: Making Vegan Food that is Good for People, Animals and Planet" (14 September 2018) Vegconomist <<https://vegconomist.com/interviews/frys-family-foods-making-vegan-food-that-is-good-for-people-animals-and-planet/>>

¹⁶ Fry's products are also sold in South Africa, Sweden, Italy, Germany, Portugal, Belgium, UAE, a diverse range of African Countries, Indian Ocean Islands, Hong Kong and Singapore. Fry's Family Foods: Making Vegan Food that is Good for People, Animals and Planet" (14 September 2018) Vegconomist <<https://vegconomist.com/interviews/frys-family-foods-making-vegan-food-that-is-good-for-people-animals-and-planet/>>

meat-alternative products, can be found on its website at <https://www.fryfamilyfood.com/nz/all-products/>;

- (f) Food Nation. Food Nation launched around April 2020 with its Magic Minces range, in part supported by investment from the Ministry for Primary Industries' Sustainable Food and the Fibre Futures fund.¹⁷ Food Nation has since expanded its product range to include meat alternative sausages, Amaze Balls, burger patties and sauces (aioli and tomato sauce). In October 2020, Food Nation won the "Best meat alternative" category at the World Plant-Based Awards.¹⁸ Further information about Food Nation, and its plant-based products, can be found on its website at <https://foodnation.co.nz/>;
- (g) Quorn Foods Inc. Quorn is owned by Monde Nissin Corporation (which is headquartered in the Philippines) and employs approximately 620 staff in the UK, Germany and the US. Quorn's meat-alternative product range consists of meat alternative pieces, mince, nuggets, meatballs, sausages, vegan fillets, burger patties, sausage rolls, and schnitzels. These products are sold primarily to supermarkets in Europe, but are available in other countries across the globe, including New Zealand, Australia, the United States (from 2002), Singapore and the Philippines. In New Zealand, Quorn also supplies nugget and pieces to Hell's Pizza, which are used on their vegan and vegetarian pizzas and sold as vegan sides. Further information about Quorn Foods Inc., and its meat-alternative products, can be found on its website <https://www.quorn.co.nz/>;
- (h) Beyond Meat. Beyond Meat is a Los Angeles-based producer of meat-alternative products. The company offers meat-alternative options in the beef, pork and poultry categories. As of March 2021,¹⁹ Beyond Meat products are available in approximately 118,000 retail and foodservice outlets in over 80 countries, including New Zealand, worldwide.²⁰ The company went public in 2019 and now trades on the US Nasdaq exchange under the symbol BYND.²¹ At the end of the first quarter of 2021, the company's net revenues were \$108.2 million. Further information about Beyond Meat, and its meat-alternative products can be found on its website at <https://www.beyondmeat.com/>; and
- (i) Linda McCartney Foods. Linda McCartney Foods is a British food brand, founded in 1991, specialising in vegetarian and vegan food. Available in the United Kingdom, as well as Norway, Ireland, Austria, the United States, Australia, South Africa and New Zealand, the range includes chilled and frozen meat substitutes in the form of burgers, sausages, sausage rolls, meatballs, stir-fry dishes and pastas. Linda McCartney was purchased by Hain Celestial Group, an American organic foods firm

¹⁷ <https://www.mpi.govt.nz/news/media-releases/new-food-technology-brings-vegetables-centre-stage>

¹⁸ The Country, "New food technology brings vegetables centre stage" (10 May 2021) <<https://foodnation.co.nz/wp-content/uploads/2021/05/New-food-technology-brings-vegetables-centre-stage-NZ-Herald.pdf>>

¹⁹ "[Beyond Meat- Investor Presentation](#)". *Beyond Meat*. 6 May 2021.

²⁰ "[Beyond Meat- Investor Presentation](#)". *Beyond Meat*. 6 May 2021.

²¹ Yahoo Finance "Summary for Beyond Meat, Inc., BYND" (30 July 2019) <<https://web.archive.org/web/20190730082755/https://finance.yahoo.com/quote/BYND?p=BYND&.tsrc=fin-srch>>

in 2006.²² Further information about Linda McCartney Foods, and its meat-alternative products can be found on its website at <https://www.lindamccartneyfoods.co.uk/>.

- (j) There are also private label brands, including:
- (i) Macro, a Countdown private label brand, which successfully launched into the tofu category in January 2019, as discussed further below; and
 - (ii) Pams, a Foodstuffs' private label brand, which launched a plant-based range at the start of July 2021 (Pams Plant Based), including sausages, falafel burgers and a chicken alternative.

5.46 A table showing the meat alternative products supplied by each of the major suppliers is at Annexure 6. Contact details for each of the major suppliers, including those listed above, is at Annexure 8.

5.47 While there is currently no overlap between the parties in relation to dairy alternative products, a table showing the major suppliers of dairy alternative products to retailers is included at Annexure 9 for completeness.

Trade or industry associations

5.48 A list of all trade or industry associations in which one or both of the parties to the Proposed Transaction participate is set out in Annexure 10.

Customers of LHF and Chalmers

5.49 The names and contact details for each party's key customers, and the revenue earned from each in the last financial year, are set out at Confidential Annexure 11.

6. COMPETITION ASSESSMENT – RETAIL CHANNEL

- 6.1 The Proposed Transaction is unlikely to have the effect of substantially lessening competition in the wholesale supply of meat alternatives to retailers because:
- (a) the merged entity will continue to face vigorous competition from the large number of other meat alternative suppliers who supply to the retail channel;
 - (b) the meat alternatives market is growing rapidly, and barriers to entry and expansion are low;
 - (c) the merged entity will continue to be constrained by imported products;
 - (d) the large supermarkets will continue to wield a considerable degree of countervailing power; and
 - (e) the Proposed Transaction will not result in any coordinated effects.

The merged entity will continue to face vigorous competition from other suppliers

²² Katie Allen, "Linda McCartney food empire sold", The Guardian (13 June 2006) <
<https://www.theguardian.com/business/2006/jun/13/money6>>

- 6.2 A large number of suppliers, both large and small, will continue to constrain the merged entity in the supply of meat alternatives to New Zealand retailers.
- 6.3 As explained in paragraphs 5.45 to 5.46 above, current suppliers of meat alternatives to New Zealand retailers include both New Zealand-based companies and large international food manufacturers and distributors. All these suppliers could increase their capacity and grow market share, as discussed below.

Meat alternatives

- 6.4 There is no independent share data available for the supply of meat alternative products to the New Zealand retail channel. While supermarket scan data is available, this data over-states the parties' market shares as:
- (a) it only includes data from the two largest supermarket chains and does not include sales data from the plethora of other retailers in New Zealand, including specialty stores such as Farro Fresh, health food shops, and Asian supermarkets. Consumers purchase groceries from a range of retail outlets, including supermarkets, fruit and vegetable stores, Asian supermarkets, local dairies, and specialty/gourmet stores. A recent IRI survey on New Zealand plant-based shoppers which includes data relating to where consumers choose to buy their groceries is at Confidential Annexure 12. The survey results show that [] of shoppers shop at Asian supermarkets and [] at speciality stores;²³ and
 - (b) the vast majority of the parties' sales are to the two largest supermarket chains in New Zealand, Foodstuffs and Woolworths New Zealand. There are many suppliers that primarily (or only) supply to smaller retailers. For example, photographs of the extensive range of tofu products sold in Asian supermarkets are in Annexure 13 and the table in Annexure 14. Most of brands shown in these photographs are not, to LHF's knowledge, widely available in the two largest supermarket chains.
- 6.5 We have provided in Tables 5 and 6 below, estimates of shares of supply of meat alternatives to the two largest supermarket chains.²⁴ Data showing sales by value and volume to supermarkets for meat alternatives, and for each of the three Overlap Products are provided in Confidential Annexure 16.

Table 5: Shares of supply of meat alternatives to supermarkets by value

Supplier	July 2018 – July 2019		July 2019 – July 2020		July 2020 – July 2021	
	Value	Share	Value	Share	Value	Share
LHF Ltd	[]	[]	[]	[]	[]	[]
Chalmers Organics	[]	[]	[]	[]	[]	[]
Merged entity	[]	[]	[]	[]	[]	[]
Leader Products	[]	[]	[]	[]	[]	[]
Quorn	[]	[]	[]	[]	[]	[]

²³ At page 25.

Supplier	July 2018 – July 2019		July 2019 – July 2020		July 2020 – July 2021	
	Value	Share	Value	Share	Value	Share
Sunfed Ltd	[]	[]	[]	[]	[]	[]
Vegetarian Delights (Fry's)	[]	[]	[]	[]	[]	[]
Private Label	[]	[]	[]	[]	[]	[]
Linda McCartney Foods	[]	[]	[]	[]	[]	[]
Alamir Bakery Ltd	[]	[]	[]	[]	[]	[]
Inghams Group (NZ) Ltd (Let's Eat)	[]	[]	[]	[]	[]	[]
Other Manufacturers ²⁵ (value of sales <\$1m)	[]	[]	[]	[]	[]	[]
Total	[]	[]	[]	[]	[]	[]

Source: IRI Supermarket Scan Sales Data for the 12 months to 29 August 2021

Table 6: Shares of supply of meat alternatives to supermarkets by number of units (nearest 10,000)

Supplier	July 2018 – July 2019		July 2019 – July 2020		July 2020 – July 2021	
	Units	Share	Units	Share	Units	Share
LHF Ltd	[]	[]	[]	[]	[]	[]
Chalmers Organics	[]	[]	[]	[]	[]	[]
Merged entity	[] []	[]	[]	[]	[]	[]
Leader Products	[]	[]	[]	[]	[]	[]
Quorn	[]	[]	[]	[]	[]	[]
Sunfed Ltd	[]	[]	[]	[]	[]	[]
Vegetarian Delights (Fry's)	[]	[]	[]	[]	[]	[]
Private Label	[]	[]	[]	[]	[]	[]
Linda McCartney Foods	[]	[]	[]	[]	[]	[]

²⁵ "Other Manufacturers" is comprised a large number of different manufacturers (more than ten) in the 12 months to 29 August 2021.

Supplier	July 2018 – July 2019		July 2019 – July 2020		July 2020 – July 2021	
	Units	Share	Units	Share	Units	Share
Alamir Bakery Ltd	[]	[]	[]	[]	[]	[]
Inghams Group (NZ) Ltd (Let's Eat)	[]	[]	[]	[]	[]	[]
Other Manufacturers ²⁶ (value of sales [])	[]	[]	[]	[]	[]	[]
Total	[]	[]	[]	[]	[]	[]

Source: IRI Supermarket Scan Sales Data for the 12 months to 29 August 2021

- 6.6 The Proposed Transaction will combine the number one and number two suppliers of meat alternatives to the supermarkets, resulting in a share of circa [] by value, and [] by unit for the merged entity.
- 6.7 However, as explained earlier, the parties' shares of sales to the supermarkets overstates the parties' shares of supply to the retail channel. LHF management estimates that approximately [] of retail sales of meat alternative products are through the supermarkets. As the parties' sales to other retailers are [], LHF management estimates that the merged entity would have a combined share of approximately [] of the supply of meat alternative products to the retail channel.
- 6.8 A number of other suppliers will continue to compete in the market. Leader Products and Sunfed, both New Zealand based meat alternative suppliers, have shares of [] and [] % respectively of sales by value to the supermarkets and will continue to provide a significant competitive constraint on the merged entity. Both suppliers have [] their sales to the large supermarket chains (by both value and unit) in the last three years. This can be compared to LHF, whose sales [] in the same period. LHF's share of supply of meat alternative products to supermarkets has []
- 6.9 Ingham's, another New Zealand manufacturer of meat alternatives, has also gained a meaningful share of [] % of meat alternatives sales by value to the supermarkets since it launched its Let's Eat brand in mid-2020. This has provided a springboard for future expansion in this category.
- 6.10 Quorn, Fry's and Linda McCartney, all large international suppliers of meat alternative products as discussed at paragraph 5.45 above, have shares of [] respectively of sales by value to the large supermarkets and could readily expand their range and presence in New Zealand. All these suppliers have the financial strength and ability to increase market share in response to an increase in price or decrease in quality by the merged entity.

²⁶ "Other Manufacturers" is comprised a large number of different manufacturers (more than ten) in the 12 months to 29 August 2021.

- 6.11 While the parties consider the relevant product market to be meat alternatives, analysis of the supermarket share data for each of the Overlap Products, including the competitive constraint imposed by existing suppliers, is set out below.

Meat alternative burger patties

- 6.12 The Proposed Transaction will result in a small aggregation in the supply of meat alternative burger patties. Chalmers has less than [] share of sales to the large supermarket chains, so the Proposed Transaction would not have a material impact on competition in this product line.
- 6.13 We have provided in Table 7 below, estimated shares of supply of meat alternative burger patties to the large supermarkets.

Table 7: Shares of supply for meat alternative burger patties to supermarkets

Party	Volume (kg)	Share	Revenue (\$)	Share
LHF	[]	[]	[]	[]
Chalmers Organics	[]	[]	[]	[]
Merged entity	[]	[]	[]	[]
Vegetarian Delights (Fry's)	[]	[]	[]	[]
Linda McCartney Foods	[]	[]	[]	[]
Leader Products	[]	[]	[]	[]
Private Label	[]	[]	[]	[]
Quorn	[]	[]	[]	[]
Other manufacturers	[]	[]	[]	[]
Total	[]	[]	[]	[]

Source: IRI Supermarket Scan Sales Data for the 12 months to 29 August 2021

- 6.14 As the table shows, there are several other suppliers who compete for the supply of meat alternative burger patties to supermarkets. All these suppliers have the potential to increase their share of supply. In particular, as explained earlier, Leader Products has been growing at pace and each of Fry's, Linda McCartney and Quorn have the financial strength and ability to increase their market share. Quorn, in particular, is well placed to expand its offering in this product category. It currently offers seven burger patty variants in the United Kingdom which it could readily supply to New Zealand.²⁷
- 6.15 The majority of the private label share in burgers relates to Macro, a private label brand at Countdown. LHF understands that these burgers were temporarily discontinued due to the immediate international supply challenges faced by many entities at present. These products appear to have been recently reinstated,²⁸ albeit in a different pack format to the previous Macro products, which suggests these challenges have resolved. The new Macro

²⁷ See <https://www.quorn.co.uk/products/meat-free-burgers>.

²⁸ <https://shop.countdown.co.nz/shop/searchproducts?search=macro%20burgers>

burgers are made in Australia. LHF also understands that Woolworths New Zealand is considering launching another private label meat alternative product.

- 6.16 Foodstuffs has recently launched the Pams Plant Based range in its stores. Pams Plant Based offers a very comprehensive range of meat alternatives, including burger patties and sausages.²⁹ However, it is too soon to evaluate the performance of this range, given it was only launched in July 2021.

Meat alternative sausages

- 6.17 We have provided in Table 8 below, estimated shares of supply of meat alternative sausages to the supermarkets.

Table 8: Shares of supply for sausages in supermarkets

Shares of supply for sausages				
Party	Volume (kg)	Share	Revenue (\$)	Share
LHF	[]	[]	[]	[]
Chalmers Organics	[]	[]	[]	[]
Merged entity	[]	[]	[]	[]
Vegetarian Delights (Fry's)	[]	[]	[]	[]
Linda McCartney Foods	[]	[]	[]	[]
Private Label	[]	[]	[]	[]
Other manufacturers	[]	[]	[]	[]
Total	[]	[]	[]	[]

Source: IRI Supermarket Scan Sales Data for the 12 months to 29 August 2021

- 6.18 The Proposed Transaction will combine the number one and number two suppliers of meat alternative sausages to supermarkets, resulting in a share of circa [] by revenue and [] % by volume for the merged entity. This overstates the parties' retail market shares for the reasons explained earlier.
- 6.19 Post-Transaction the merged entity will continue to face significant constraint from alternative suppliers. Fry's and Linda McCartney, which have shares of [] by volume of sales of sausages to the large supermarkets could readily expand their sausage ranges in New Zealand. Fry's currently supplies only one sausage variant in New Zealand market. It currently offers eight varieties of sausage in its home market of South Africa.³⁰ Linda McCartney only supplies two sausage variants in New Zealand but supplies at least four variants in its home market in the UK.³¹

²⁹ As noted earlier, Pams Tofu is also expected to hit supermarket shelves within the next week.

³⁰ See <https://fryfamilyfood.com/za/food/#category-sausages>.

³¹ See <https://www.lindamccartneyfoods.co.uk/our-food/vegan-range/>

- 6.20 Further, while Quorn does not currently supply sausages to the New Zealand supermarkets, it supplies sausages to overseas markets.³² Given it is already supplying other meat alternative products to the New Zealand market, it could easily expand into the sausages' product segment.
- 6.21 Finally, there are a number of smaller brands that sell vegetarian sausages in New Zealand through the retail channel who could expand. The NZ Vegan Society runs an annual Vegan Sausage Awards (see <https://www.vegansociety.org.nz/sausage-awards-results/>). In 2021, winners included The Vegetarian Butcher, Howler Hot Dogs (a meat supplier who also sell vegan options) and Plan*t (formerly trading as Craft Meat Co). Other entrants included Couplands, Grater Goods, Kaiaroha Vegan Deli, Logan McLean, Meatless Farm Co., Omahu Rd Deli, Richoux Patisserie, Tart and Timbuktu Nomadic Deli. All of these suppliers have the potential to expand to supply supermarkets and other retailers.

Tofu

- 6.22 We have provided in Table 9 below estimated shares of supply of tofu to the two largest supermarket chains.

Table 9: Shares of supply for tofu in supermarkets

Shares of supply for tofu				
Party	Volume (kg)	Share	Revenue (\$)	Share
LHF	[]	[]	[]	[]
Chalmers Organics	[]	[]	[]	[]
Merged entity	[]	[]	[]	[]
Private Label	[]	[]	[]	[]
Hings Ltd	[]	[]	[]	[]
Other manufacturers	[]	[]	[]	[]
Total	[]	[]	[]	[]

Source: IRI Supermarket Scan Sales Data for the 12 months to 29 August 2021

- 6.23 The Proposed Transaction will combine the number one and number two suppliers of tofu to the supermarkets, resulting in a share of circa [] by revenue and [] by volume.
- 6.24 However, as explained earlier, the shares of the parties' sales to the supermarkets overstates the parties' shares of supply. This is particularly the case for tofu, which is available through many other retailers, including Asian supermarkets.
- 6.25 Post-Transaction there are a number of other suppliers of tofu that will continue to provide a competitive constraint on the merged entity.
- 6.26 In particular, private label tofu products have provided a material constraint in the tofu product category. Private label comprises Countdown's Macro tofu products, which Countdown launched in January 2019. Countdown imports the Macro product from Australia and sells it at a lower price than LHF's and Chalmers' tofu products. Countdown's

³² For example, see <https://www.quorn.com.au/products/quorn-sausages#:~:text=Quorn%20Sausages%20can%20be%20cooked,simmered%20in%20a%20tasty%20stew.>

Macro product successfully captured sales from LHF and Chalmers as well as, importantly, materially growing overall sales of the product (discussed below).

- 6.27 As can be observed from the confidential graph below,³³ Macro was able to quickly take market share from LHF (Bean Supreme) and Chalmers (Tonzu) in tofu while materially growing the size of the category at Countdown. This was initially achieved through lower pricing. LHF understands the dramatic drops in Macro's sales were a result of temporary supply shortages, rather than any reduction in demand.

[]

- 6.28 Post-transaction the merged entity will also continue to be constrained by Hings and Check. As explained at 6.43 below, Hings and Check currently have a small share of supply to the supermarkets, but they outperform LHF and Chalmers in the supermarkets in which they have a presence and could grow their share of supply with support from the major supermarket chains.
- 6.29 As noted above, the share of supply estimates does not include sales through Asian supermarkets. This is significant because several smaller New Zealand manufacturers (including Hings and Check) supply tofu and tofu-based products to Asian supermarkets, which also stock a range of imported tofu products.
- 6.30 While LHF is not aware of any public data on sales through Asian supermarkets, LHF understands that there are approximately [] Asian supermarkets in New Zealand and sales through these supermarkets would account for approximately [] % of tofu sold through the New Zealand retail channel. The extensive range of tofu products available at Asian supermarkets can be seen from the photographs in Annexure 13³⁴ and the table in Annexure 14.

The market is growing rapidly and there are low barriers to entry and expansion

- 6.31 As explained earlier, the market for meat alternatives is growing rapidly as consumers seek to reduce their meat consumption for health and environmental reasons. As noted earlier, the global vegan food market is expected to grow at []% CAGR.³⁵ The US plant-based food market (which excludes tofu) has grown at [] % CAGR between 2018 to 2020. The growth in the category in New Zealand is apparent from the supermarket share data provided above. LHF has estimated that the New Zealand meat alternative market has grown at a rate of approximately [] % by value and []% by units sold per year since 2019. It is expected that the category will continue to grow in New Zealand, following the global trend.
- 6.32 There are low barriers to entry and expansion into the supply of meat alternative products, including meat alternative burgers, sausages, and tofu. Potential new entrants and existing suppliers who could potentially expand will continue to provide a strong competitive constraint on the merged entity.
- 6.33 Greenfield entry into the meat alternative market has similar requirements to entry into other food product markets. To enter the market, a supplier would need to:

³³ Based on IRI Supermarket Scan data for the 48 months to 29 August 2021.

³⁴ Photographs taken at Da Hua Supermarket, Don McKinnon Drive in Albany on 29 September 2021.

³⁵ See Confidential Annexure 12 .

- (a) invest in product development, including product testing. There are no particular barriers or obstacles to engaging in product development activities;
 - (b) source the ingredients. The primary ingredients used in meat alternative products are readily available and accessible in New Zealand. There are no barriers or obstacles to sourcing those ingredients;
 - (c) invest in manufacturing facilities or engage an existing manufacturer to contract manufacture on its behalf. The capital costs of setting up or expanding a manufacturing facility are relatively low and an entrant does not require access to specific proprietary manufacturing equipment or processes; the required equipment is effectively 'off the shelf'. Chalmers' processes for manufacturing sausages and tofu, and the cost of the relevant equipment, is set out in Confidential Annexure 7. A plant that has a greater degree of automation is more expensive, but there is no need to invest in an automated plant to compete in this market;
 - (d) invest in branding and packaging. There are a large number of firms who have expertise in brand and package design, and packaging can be sourced from many providers; and
 - (e) arrange distribution channels and distribution. This can be done directly or by engaging a specialist distributor of which there are many in New Zealand.
- 6.34 None of these activities require particular expertise, or significant sunk investment. Entry into the meat alternative market is even easier for an existing producer of meat products, such as animal protein-based sausages and burger patties. Similar unit operations like size reduction, mixing, emulsification, forming, cooking, and packaging machines are used for both meat and meat alternatives. It is similar to if a commercial bread maker decided to make pizza bases – in that case, the dough is the same and it is just formed into a different shape and a different flavour added. For example, a producer of animal protein-based sausages and burger patties would already have the manufacturing equipment necessary to make meat alternative sausages and burger patties, and existing distribution channels and distribution arrangements which could be leveraged. The ease with which meat producers can enter the market is evidenced by Ingham's expanding into the meat alternative market in 2020.
- 6.35 The growth of the category and low barriers has spurred the entry and expansion of new market participants in recent years, including:
- (a) Food Nation, which entered the meat alternatives market in mid-2020 with its meat alternative burgers and mince products. It now also supplies balls and sausages;
 - (b) Sunfed, which entered the meat alternatives market in 2017 with its Chicken-style strips. It now also produces bacon and beef-style products;
 - (c) Craft Meat Co, which entered the meat alternatives market in late 2018 with its burgers and mince products. It subsequently rebranded to Plan*t and now also supplies various types of sausage and chicken-alternative products; and

- (d) Ingham's, which, as noted in paragraph 6.34 above, entered the meat alternatives market in 2020 through its Let's Eat brand of chicken-style nuggets, burgers and tenders.³⁶

Constraint from imports

- 6.36 There are no significant barriers for the import of meat alternative products and the merged entity will continue to face significant constraint from imported products. Many imported products are manufactured by very large multinational companies which have both the funding and expertise to continue to expand their product ranges and presence in New Zealand.
- 6.37 Meat alternative products may be frozen or have a long shelf life and are easily transportable. Frozen imported products are sold frozen and (a smaller number, such as Beyond Meat products) are defrosted and sold as chilled products, alongside locally manufactured products.
- 6.38 The ease of entry is demonstrated by new imported brands that have entered the New Zealand meat alternative market in recent years. These include:
- (a) the Birdseye Plant Based range. This range was launched in Australia in Coles supermarkets in mid-2021, and supply to New Zealand (through Simplot NZ) commenced in October 2021. Their meat alternative range comprises burgers, mince, tenders, meatballs and strips (<https://birdseye.co.nz/plant-based>). LHF understands that the Birdseye products are manufactured in Australia and imported into New Zealand;
 - (b) Wildly Good Burgers. Wildly Good is a brand owned by Australian food and beverage company Soul Fresh. Soul Fresh currently sells selected vegetable-based burgers from its Australian-made Wildly Good range to New Zealand supermarkets. It started supplying the New Zealand market in 2019. Further information about Wildly Good can be found on their website, <https://wildlygoodfood.com>; and
 - (c) Beyond Meat Burgers. This US-based meat alternative product manufacturer started supplying into the New Zealand market in 2019.
- 6.39 In addition, LHF is aware of multinational/offshore suppliers of meat alternatives which do not currently supply their products to New Zealand retailers but could do so quickly (within approximately 6 months) if the opportunity arose. Examples include:
- (a) Impossible Foods. This US-based meat alternative product manufacturer supplies meat alternative burgers, mince, sausages, and chicken-style products. Impossible Foods were advertising for an ANZ Country Manager in the first half of 2020 and it launched in New Zealand this month. Its meat-alternative burger patties have been added to menus at eateries in Auckland, Mt Maunganui and Christchurch.³⁷ The Impossible Burger had previously been on offer, pre-Covid-19, to travellers in the Business Premier cabin of Air New Zealand's two flights a day between Los Angeles and Auckland. The expansion into New Zealand is Impossible Foods' third international market launch in the past 14 months.³⁸ Impossible Foods could easily

³⁶ See <https://supermarketnews.co.nz/news/plant-based-foods-everyone-can-enjoy/>.

³⁷ See <https://www.stuff.co.nz/business/126877351/impossible-foods-brings-its-meatfree-burgers-to-new-zealand>

³⁸ See <https://www.stuff.co.nz/business/126877351/impossible-foods-brings-its-meatfree-burgers-to-new-zealand>

use this as a springboard to supply its meat alternative products to New Zealand retailers.

- (b) V2 Foods, an Australian-based meat alternative product manufacturer. V2 Foods currently supplies Burger King NZ with their 'Rebel Whopper' plant-based burger.³⁹ V2 Foods supplies a range of burgers, sausages, and mince to retailers in Australia and could enter the New Zealand market. Further information about V2 Foods can be found on their website at <https://www.v2food.com>;
- (c) Amy's Kitchen, which was first established in the United States, and is currently sold in Australia. Further information about Amy's Kitchen can be found on their website at <https://www.amys.com/>;
- (d) Oumph! which was first established in Sweden, then extended to the United Kingdom, and is now sold across Europe and in Australia. Oumph! is now part of the LiveKindly group (which owns Fry's), which was subsequently acquired by Foods United in 2020.⁴⁰ The Oumph! range includes meat alternative strips, mince and burger products;
- (e) Sweet Earth, which was established in the United States. Sweet Earth is owned by Nestlé S.A. the Swiss multinational food and drink processing conglomerate corporation headquartered in Switzerland. Further information about Sweet Earth can be found on its website at <https://www.goodnes.com/sweet-earth/about-us/>;
- (f) The Vegetarian Butcher, a Dutch brand that was acquired by Unilever, in 2018. This acquisition was consistent with Unilever's strategy to expand its portfolio into plant-based foods that are healthier and have a lower environmental impact.⁴¹ Further information about The Vegetarian Butcher can be found on their website at <https://www.thevegetarianbutcher.co.uk/>. In addition to The Vegetarian Butcher, Unilever offers many other plant-based products, such as vegan ice cream from Magnum and Ben & Jerry's, and vegan mayonnaise products from Hellmann's. Further information about Unilever can be found on its website at <https://www.unilever.com/brands/>, and
- (g) LikeMeat, which was established in Europe, is now also sold in the United Kingdom and the United States. LikeMeat is also owned by the LiveKindly group⁴² which, as noted above, also owns Fry's (which is already well established in both Australia and New Zealand).

6.40 Although many New Zealand markets have been affected by supply chain constraints caused by shipping delays and increasing freight costs, LHF considers that these supply chain issues do not impact the meat alternative market to the same degree as other industries. As a large amount of meat alternative products can be shipped in frozen form,

³⁹ See <https://www.burgerking.co.nz/menu/picker-66e4c04c-d6d6-4245-a0ae-768d0e7bb3c8>

⁴⁰ Foods United is a subsidiary of the Swiss private equity company Blue Horizon Corporation, see <https://veconomist.com/marketing-and-media/global-food-brand-foods-united-inc-acquires-livekindly/>. Blue Horizon have also provided funding to Impossible Foods and Sunfed, see <https://www.bluehorizon.com/investments/>.

⁴¹ See <https://www.unilever.com/news/press-releases/2018/unilever-acquires-the-vegetarian-butcher.html>

⁴² See <https://veconomist.com/companies-and-portraits/likemeat-is-100-acquired-by-the-livekindly-collective/>.

they have a longer shelf life allowing more product to be shipped at a time, which mitigates the higher freight costs.

Supermarkets have countervailing power

- 6.41 The parties' primary customers in the retail market are the major supermarket retailers, Foodstuffs and Woolworths NZ. For both parties, the major supermarkets account for more than []% of their meat alternatives sales.⁴³
- 6.42 The NZCC has previously accepted that supermarkets have strong bargaining power vis-à-vis their suppliers.⁴⁴ Supermarkets may use this power to prevent an increase in price or decrease in quality (e.g. by controlling shelf space, promotional activity and use of private label products).
- 6.43 Post-Transaction, the major supermarkets will continue to wield a considerable degree of countervailing power and impose a significant competitive constraint on the merged entity. For example, the major supermarkets would be able to credibly threaten to:
- (a) introduce new, or expand their supply of, private label products. As discussed at paragraphs 6.26 and 6.27 above, Countdown introduced Macro tofu products in January 2019 and quickly took market share from the parties, initially through lower pricing;
 - (b) sponsor the expansion of a current competitor or sponsor entry into the retail market of a new competitor. There is scope for manufacturers who supply products to Asian supermarkets to supply the major supermarket chains. Hings and Check⁴⁵ for example, are two manufacturers who typically supply their tofu to Asian supermarkets, and who now supply some Foodstuffs' supermarkets. Where their products are offered, they have outperformed LHF and Chalmers, as demonstrated at paragraph 6.45 below;
 - (c) reduce shelf space or promotional slots, or delete SKUs; and/or
 - (d) parallel import other meat alternative brands.
- 6.44 The countervailing power of the supermarkets is demonstrated by the outcome of Foodstuffs' recent frozen range review which saw the deletion of several of Sealord's brands. In a media release, Foodstuffs stated that Sealord's "...offered two proposals through the range review process. The first of these had a number of conditions attached, one of which would have resulted in increased average retail prices to our customers. This fell short in providing a competitively priced offer to our customers and was not a scenario we could accept. An alternate proposal was also made by Sealord, which we accepted and in doing so we were transparent in regards to the ranging we could provide in return."⁴⁶ Sealord has stated that the outcome of the review is a 50-80% reduction in the products it

⁴³ See Table 2.

⁴⁴ Burns Philp & Company Limited and Goodman Fielder Limited; Decision No. 487 (21 February 2003) at [124]; Colgate Palmolive Company and Campbell Brothers Limited; Decision No. 529 (20 July 2004) at [208]; Goodman Fielder Limited and River Mill Bakeries Limited; Decision No. 599 (15 March 2007) at [212] and Goodman Fielder New Zealand and Lion – Dairy and Drinks (NZ) Limited [2018] NZCC 12 (9 August 2018) at [119].

⁴⁵ Check is included in the "Other Manufacturers" group.

⁴⁶ See <https://www.foodstuffs.co.nz/news-room/clearing-up-a-fishy-tale>.

sells through Foodstuffs.⁴⁷ It is understood that the intent is to replace these products with a new range of frozen products.

- 6.45 As noted above, while Hings' and Check's products are not currently in as many stores as Chalmers or LHF's products, they have been outperforming LHF and Chalmers in the locations where their products are offered. The confidential Tofu Ranking Report for PAK'nSAVE stores in the North Island set out below⁴⁸ demonstrates that Hings and Check supply [] selling tofu products, ranked by units per store per week (**USW**). While Hings' and Check's share in tofu is currently smaller than LHF because of their smaller supply and less extensive ranging across Foodstuffs' stores, their presence in Foodstuffs' stores could easily be expanded with increased support and encouragement for the brand.

[]

No coordinated effects

- 6.46 The Proposed Transaction does not result in any coordinated effects. It will not make coordination more likely, complete, or stable, including because:
- (a) the Proposed Transaction will not result in the removal of a particularly vigorous or destabilising competitor;
 - (b) there is a high degree of product differentiation, particularly in relation to burger patties and sausages;
 - (c) there are a number of competitors in the market and wholesale pricing is not transparent, as these are negotiated confidentially with retail customers; and
 - (d) the significant countervailing power of supermarkets would inhibit any attempt to coordinate on prices.

7. FOOD SERVICE AND HOME DELIVERY

- 7.1 The Proposed Transaction is unlikely to substantially lessen competition for the supply of meat alternative products to food service or home delivery customers.
- 7.2 There is no independent source of market share information, or sales data in the food service and home delivery customer segment.
- 7.3 However, based on its knowledge and experience in the market, LHF estimates that the parties combined share of supply to these channels is likely to be less than to the retail channel. There are a number of meat alternative suppliers who, as far as the parties are aware, currently supply only to the foodservice channel in New Zealand. For example, Impossible Foods and V2 Foods currently supply to foodservice customers in New Zealand but have not yet entered the retail channel. At the product level, the main area of overlap between the parties is in the supply of tofu. There is no overlap between the parties in relation to the supply of burger patties and sausages to home delivery customers, and limited overlap in the supply of these products to food service customers.

⁴⁷ See <https://www.stuff.co.nz/business/industries/126670095/uncertainty-for-sealord-as-contract-slashed-by-foodstuffs-north-island>.

⁴⁸ Based on IRI Supermarket Scan data for the 12 months to 29 August 2021.

7.4 There are many alternative suppliers who can supply to these customer channels and barriers to entry are low. In particular, products supplied to these channels only need to be manufactured on a small scale.

7.5 In addition, in the food service channel, customers can switch relatively easily to making their own meat alternative products in response to an increase in price or decrease in demand, particularly burger patties and sausages. Indeed, many food service customers prefer to make their own meat alternatives.

8. DAIRY ALTERNATIVES

8.1 As noted earlier, Chalmers also supplies dairy-free cheese, yoghurt, and sour cream products, predominantly to the major supermarket chains.

8.2 LHF does not currently participate in the dairy alternative category.⁴⁹ It made an unsuccessful attempt to enter this category in 2019 with a plant-based cheese product imported from Brazil. It exited after a year as it struggled to ensure consistent quality and supply, and the product was delisted from supermarkets.

8.3 At that point, LHF focused its investment on its core competencies and brands, [] and launching new products across its existing brands⁵⁰ to increase consumer choice.

8.4 In 2019, LHF []

8.5 []

8.6 []

8.7 []

8.8 In these circumstances, the Proposed Transaction is not likely to substantially lessen competition in the dairy-alternative products category.

9. CONFIDENTIALITY

9.1 Confidentiality is requested of the information in this notice that is highlighted in bold and contained in square brackets, and the information set out in the Confidential Annexures, on the basis that disclosure would be likely unreasonably to prejudice the commercial position of the parties providing the information.

9.2 LHF requests that it be notified if a request is made to the Commission under the Official Information Act 1982 for release of the information for which confidentiality has been claimed.

9.3 Confidential and public versions of this Notice have been provided to the Commission.

⁴⁹ Note that NZHA (which, as noted at paragraph 4.1 above, is also owned by NZCA) manufactures plant-based milk and frozen desserts under its So Good brand.

⁵⁰ These products include its Naked Eat Well range, Naked Local Heroes range, Bean Supreme Wholefood Mince, Bean Supreme Mushroom Burger, Alternative Meat Co Chicken-style tenders, Lisa's Marmite Hummus and Lisa's 2 in 1.

DECLARATION

I, Benjamen Hendricks, have prepared, or supervised the preparation of, this notice seeking clearance.

To the best of my knowledge, I confirm that:

- a) all information specified by the Commission has been supplied;
- b) if information has not been supplied, reasons have been included as to why the information has not been supplied;
- c) all information known to me that is relevant to the consideration of this notice has been supplied; and
- d) all information supplied is correct as at the date of this notice.

I undertake to advise the Commission immediately of any material change in circumstances relating to the notice.

I understand that it is an offence under the Commerce Act to attempt to deceive or knowingly mislead the Commission in respect of any matter before the Commission, including in these documents.

I am the Executive General Manager of Life Health Foods NZ Limited and am duly authorised to submit this notice.

Name and title of person authorised to sign:



Benjamen Hendricks
Executive General Manager
Life Health Foods NZ Limited

17 December 2021

Date

Annexures:**Contents**

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CONFIDENTIAL ANNEXURE 1: ASSET PURCHASE AGREEMENT

CONFIDENTIAL ANNEXURE 2: THE PARTIES' SALES REVENUES, VOLUMES, CAPACITY AND EXCESS CAPACITY FIGURES

LHF

Sales revenues and volumes

The table below sets out LHF's total sales of meat alternative products by revenue and units and by sales channel for the last three financial years.

2021 Financial Year		
Revenue Source	Total Meat Alternative Sales Revenue	Total Meat Alternative Units
Retail	[]	[]
Food Service ⁵¹	[]	[]
Export	[]	[]
Other ⁵²	[]	[]
Total	[]	[]

2020 Financial Year		
Revenue Source	Total Meat Alternative Sales Revenue	Total Meat Alternative Units
Retail	[]	[]
Food Service	[]	[]
Export	[]	[]
Other	[]	[]
Total	[]	[]

2019 Financial Year		
Revenue Source	Total Meat Alternative Sales Revenue	Total Meat Alternative Units
Retail	[]	[]
Food Service	[]	[]
Export	[]	[]
Other	[]	[]
Total	[]	[]

The table below sets out LHF's total meat alternative burger, sausage and tofu product revenues and units for the last three financial years.

⁵¹ The figures listed for Food Service channel also include home delivery.

⁵² Other relates to abnormal sales and on charges.

2021 Financial Year		
Product	Total Sales Revenue	Total Units
Burger	[]	[]
Sausages	[]	[]
Tofu	[]	[]

2020 Financial Year		
Product	Total Sales Revenue	Total Units
Burger	[]	[]
Sausages	[]	[]
Tofu	[]	[]

2019 Financial Year		
Product	Total Sales Revenue	Total Units
Burger	[]	[]
Sausages	[]	[]
Tofu	[]	[]

Capacity

The capacity of LHF's plant is approximately [] of meat alternative products per week. It is currently running at [] of meat alternative products per week, producing a range of burger patties, sausages, mince, and tofu. Capacity is based on running the plant on [] shifts per day, [] days per week.

Chalmers

Sales Revenues and volumes

The tables below set out Chalmer's total sales of meat alternative and dairy alternative products by revenue and volume and by sales channel for the last three financial years.

2021 Financial Year				
Revenue Source	Total Meat Alternative Product Sales Revenue	Total Meat Alternative Product Volume (Units)	Total Dairy Alternative Product Sales Revenue	Total Dairy Alternative Product Volume (Units)
Retailer	[]	[]	[]	[]
Food Service	[]	[]	[]	[]
Export	[]	[]	[]	[]
Other	[]	[]	[]	[]
TOTAL	[]	[]	[]	[]

2020 Financial Year				
Revenue Source	Total Meat Alternative Product Sales Revenue	Total Meat Alternative Product Volume (Units)	Total Dairy Alternative Product Sales Revenue	Total Dairy Alternative Product Volume (Units)
Retailer	[]	[]	[]	[]
Food Service	[]	[]	[]	[]
Export	[]	[]	[]	[]
Other	[]	[]	[]	[]
TOTAL	[]	[]	[]	[]

2019 Financial Year				
Revenue Source	Total Meat Alternative Product Sales Revenue	Total Meat Alternative Product Volume (Units)	Total Dairy Alternative Product Sales Revenue	Total Dairy Alternative Product Volume (Units)
Retailer	[]	[]	[]	[]
Food Service	[]	[]	[]	[]
Export	[]	[]	[]	[]
Other	[]	[]	[]	[]
TOTAL	[]	[]	[]	[]

The table below sets out Chalmer's total revenues and volumes by product for the last three financial years.

2021 Financial Year		
Product	Total Sales Revenue	Total Volume (units)
Burgers	[]	[]
Sausages	[]	[]
Tofu	[]	[]
Tempeh	[]	[]
Yoghurt	[]	[]
Cheese	[]	[]
Condiments	[]	[]
Other	[]	[]
TOTAL	[]	[]

2020 Financial Year		
Product	Total Sales Revenue	Total Volume (units)
Burgers	[]	[]

Sausages	[]	[]
Tofu	[]	[]
Tempeh	[]	[]
Yoghurt	[]	[]
Cheese	[]	[]
Condiments	[]	[]
Other	[]	[]
TOTAL	[]	[]

2019 Financial Year		
Product	Total Sales Revenue	Total Volume (units)
Burgers	[]	[]
Sausages	[]	[]
Tofu	[]	[]
Tempeh	[]	[]
Yoghurt	[]	[]
Cheese	[]	[]
Condiments	[]	[]
Other	[]	[]
TOTAL	[]	[]

Capacity

The capacity of Chalmers' plant is approximately [] of meat alternative products per week. It is currently running at [] of meat alternative products per week, producing a range of burger patties, sausages, and tofu. Tempeh capacity is [] over [] days, and Chalmers' manufacture on average [] over [] days. Capacity is based on running the plant on [] hour shifts per day, [] days per week.

CONFIDENTIAL ANNEXURE 3 : LHF'S LATEST ANNUAL REPORT AND FINANCIAL STATEMENTS

CONFIDENTIAL ANNEXURE 4: LHF SENIOR MANAGEMENT DOCUMENTS

CONFIDENTIAL ANNEXURE 5: CHALMERS' LATEST FINANCIAL STATEMENTS

ANNEXURE 6: MEAT ALTERNATIVE SUPPLIERS

	Burgers /Patties	Sausages /Hot Dogs	Mince	Bacon	Turkey	Meatballs	Chicken	Tofu	Tempeh	Falafel	Jackfruit	Ham	Fish	Other
LHF	✓	✓	✓	✓			✓	✓		✓	✓			
Chalmers	✓	✓						✓	✓					
Leader	✓									✓				
Quorn	✓		✓				✓						✓	
Sunfed			✓	✓			✓							
Vegetarian Delights (Fry's)	✓	✓	✓				✓							
Let's Eat	✓						✓							
Alamir Bakery Ltd										✓				
Linda McCartney	✓	✓	✓											
Brelita Foods Ltd										✓				
The Soy Works		✓	✓					✓						
Hings								✓						
Gardein	✓				✓	✓	✓					✓	✓	✓
Beyond Meat	✓	✓	✓			✓								
Naturli-foods	✓		✓				✓							
Morningstar Farms	✓	✓		✓		✓	✓							
Wildly Good	✓													
Berkano	✓	✓	✓				✓							
Danny's												✓		
Tofurkey	✓	✓	✓	✓			✓		✓					
Food Nation	✓	✓	✓			✓								
The Craft Meat Company (trading as Plan*t)	✓	✓	✓			✓								
Best Food Fresh Tofu								✓						
Meatless Farm	✓	✓	✓											

Eaty	✓	✓												
Amino Mantra	✓													
Field Roast	✓	✓												
Uptons Natural											✓			✓
Lupine Tempeh	✓		✓						✓					
Macro	✓							✓						
CJ Bibgo								✓						
Check								✓						
Chongga								✓						
Bonsan	✓							✓					✓	
Nutri Soy								✓	✓					
Birdseye (Simplot)	✓		✓			✓	✓							
Impossible Foods	✓													
Total competitors	25	14	15	4	1	6	11	11	4	4	2	3	3	2

CONFIDENTIAL ANNEXURE 7: MANUFACTURING PROCESS AND COSTS

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ANNEXURE 8: SUPPLIERS OF MEAT ALTERNATIVE PRODUCTS

Competitor	Description	Contact details ⁵³	Website
Leader Products Ltd	<p>Leader Products is a New Zealand based company, which supplies a range of meat alternatives and meat products to retail grocery, food service and QSR throughout New Zealand, Australia, and Asia.</p> <p>Leader's meat-alternative product range consists of 'bites', 'toppas' and patties.</p>	<p>[Phone: +64 9 276 3879</p> <p>Email: food@leadernz.co.nz]</p>	https://www.leadernz.co.nz/leader-range
Quorn	<p>Quorn Foods Inc. Quorn is owned by Monde Nissin Corporation (which is headquartered in the Philippines) and employs approximately 620 staff in the UK, Germany and the US.</p> <p>Quorn's meat-alternative product range consists of meat alternative pieces, mince, nuggets, meatballs, sausages, vegan fillets, burger patties, sausage rolls, and schnitzels.</p>	<p>Phone: 0800 580 224</p> <p>Email: customerservice@mondennissin.com.au</p>	https://www.quorn.co.nz/
Sunfed Ltd	<p>This New Zealand owned company was founded in 2015 and launched its first meat-alternative product in 2017.</p> <p>Sunfed's meat-alternative product range consists of 'chicken', 'bacon', and mince.</p>	<p>Phone: not publicly available</p> <p>Email: hello@sunfed.world</p>	http://sunfed.world/
Vegetarian Delights (Fry's)	<p>Fry's was originally founded in 1991 in South Africa as a plant-based food company owned by Swiss-based Blue Horizon Corporation.</p> <p>Fry's meat-alternative product range consists of nuggets, sausage rolls, schnitzels, mince and strips.</p>	<p>Phone: +64 9 535 8343</p> <p>Email: hello@vegetariandelights.co.nz</p>	https://www.fryfamilyfood.com/nz/all-products/;
Macro (Private Label)	<p>Macro is a Countdown private label brand. The Macro range contains products in every food category in Countdown, and successfully launched into the tofu category in January 2019.</p>	<p>Phone: 0800 40 40 40</p>	Macro: https://shop.countdown.co.nz/shop/productgroup/124511
Pam's (Private Label)	<p>Pam's is a Foodstuffs' private label brand, which launched a plant-based range at the start of July 2021 (Pams Plant Based), including sausages, falafel burgers and a chicken alternative.</p>	<p>Phone: 0800 245 114</p>	https://www.pams.co.nz/product-finder#PamsProduct_e=0&PamsProduct_q=plant-based
Linda McCartney Foods	<p>Linda McCartney Foods manufactures and supplies vegetarian and vegan food.</p>	<p>Phone: 09-218-8682</p>	https://www.lindamccartneyfoods.co.uk/

⁵³ LHF does not have contact information for the competitors listed in this table. Accordingly, the details provided are those published publicly on the companies' respective websites.

	The range includes chilled and frozen meat substitutes in the form of burgers, sausages, sausage rolls, meatballs, stir-fry dishes and pastas.	Email: info@thecrueltyfreeshop.co.nz	
Alamir Bakery Ltd	Alamir Bakery manufactures and supplies authentic Lebanese food and products. Alamir Bakery's meat-alternative product range includes falafel bites and mix.	Phone: 04-3808558 Email: accounts@alamir.co.nz	https://www.alamir.co.nz/
Inghams Group (NZ) Ltd (Let's Eat)	Ingham's manufactures and supplies plant-based products under its brand "Let's Eat" in mid-2020. The Let's Eat range comprises of burger patties, tenders and nuggets.	Phone: 09-2779282	https://inghamms.co.nz; https://letseatplantbased.co.nz/

ANNEXURE 9 - PLANT- BASED DAIRY ALTERNATIVE SUPPLIERS

	Plant-based cheese	Plant-based yoghurt	Plant-based sour cream	Other*
LHF				
Chalmers	✓	✓	✓	
Angel Food				
Veeseey	✓			✓
Anchor	✓			
Naturli' Fods	✓			
Raglan Food Co		✓		✓
The Collective New Zealand		✓		
Kingland International		✓		
Clearwater Farm		✓		
BioFoods Limited		✓		
Savour	✓			
Vegusto Piquant	✓			
Tofutt I Brands, Inc	✓			
Cathedral Cove Natruals		✓		

**"Other" includes other plant-based dairy products manufactured by these suppliers, such as plant-based condiments for example, mayonnaise and aioli.*

ANNEXURE 10: TRADE AND INDUSTRY ASSOCIATIONS

1. LHF is a member of the following trade and industry associations:
 - (a) Employers and Manufacturers Association
 - (b) Food Manufacturing Association; and
 - (c) Food and Grocery Council.

2. Chalmers is a member of Living Wage Aotearoa.

CONFIDENTIAL ANNEXURE 11: CUSTOMERS

LHF

LHF top 5 customers FY21 – Meat Alternatives					
Customer name	Contact details	Rev Incl	Gst	Type	% of total Sales
[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	[]

Chalmers

Chalmers top 5 Customers FY21 – Meat Alternatives						
Customer name	Contact details	Rev	Incl	Gst	Type	% of total sales
[]	[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	[]	[]

**CONFIDENTIAL ANNEXURE 12: IRI ‘Plant-based Foods Project – Consumer perceptions’
October 2021**

ANNEXURE 13: TOFU PRODUCTS AVAILABLE AT DA HUA SUPERMARKET

Images of tofu products available at Da Hua Supermarket: ⁵⁴








ANNEXURE 14: Table of tofu products available at Da Hua Supermarket:⁵⁵

Store	Image	Brand	Flavour	Type	Size	Imported / Local	\$	Storage
njk.co.nz		BF	Japanese Style	Silken Tofu	250g	Imported	\$2.79	Chilled
njk.co.nz		Vegetarian Capital		Tofu Block	380g	Imported	\$5.39	Frozen
njk.co.nz		Chinese	2 pk block	Silken Tofu	800g	Imported	\$3.29	
njk.co.nz		Everbest		Silken Tofu	300g	Imported	\$2.29	Chilled
Da Hua Supermarket (Albany)		Best Food		Silken Tofu	300g	Local	\$2.45	Chilled
Da Hua Supermarket (Albany)		Best Food		Firm Tofu	300g	Local	\$2.45	Chilled
njk.co.nz		Best Food		Firm Tofu	300g	Imported	\$2.69	Chilled
njk.co.nz		Weilong	Spicy Fish	Tofu Cake	180g	Imported	\$5.99	Chilled
njk.co.nz		Xuan	Vegetarian Chicken	Tofu Block	500g	Imported	\$5.49	Frozen
Da Hua Supermarket (Albany)		Check		Silken Tofu	300g	Local	\$2.99	Chilled

⁵⁵ This table does not include all products shown in the photographs in above.

Da Hua Supermarket (Albany)		Check		Firm Tofu	300g	Local	\$2.99	Chilled
www.bestfoodfreshtofu.co.nz/#our		Best Food		Silken Tofu	650g	Local		Chilled
www.bestfoodfreshtofu.co.nz/#our		Best Food		Firm Tofu	850g	Local		Chilled

CONFIDENTIAL ANNEXURE 15: IRI *Veganism in CPG Industry* (Information Resources Inc., July 2021)

CONFIDENTIAL ANNEXURE 16: TIMESERIES GRAPHS⁵⁶

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⁵⁶ Note that the graphs in this annexure report on data to 29 August 2021. The tabulated data for supermarket shares of supply by volume and value in the application show the annual figures to July 2021.