M & A WORLDWIDE

FOOD INGREDIENTS

Agri, Food & Beverages Sector

INDUSTRY REPORT 2023

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1. Food Ingredients in France

Foods ingredients refers to any substance that is added to food to achieve a desired effect. These substances are introduced to improve taste, texture, safety... This industry is fragmented in subsectors.

France has a flourishing food ingredient industry, producing a wide range of ingredients that are used both domestically and exported worldwide. Some key sectors are ingredients in the food industry in France include:

- **Dairy Products:** France is renowned for its dairy industry, producing ingredients such as milk, butter, cream, cheese, and yogurt. These ingredients are used in various applications in the food industry, including baked goods, desserts, sauces, and more.
- **Wheat and Flour:** France is one of the largest producers of wheat in Europe. Flour derived from wheat is a fundamental ingredient in French cuisine, used in bread, pastries, and other baked goods.
- **Wine and Vinegar:** France is globally recognized for its wine production. Wine and vinegar are used as ingredients and flavor enhancers in various dishes, sauces, dressings, and marinades.
- **Herbs and Spices:** France cultivates a wide variety of herbs and spices, including thyme, rosemary, tarragon, parsley, and lavender. These ingredients are used to enhance the flavors of dishes, seasonings, sauces, and marinades.
- **Oils:** France is a significant producer of various oils, including olive oil, sunflower oil, and rapeseed oil. These oils are used for cooking, dressings, and as base ingredients in many food products.
- **Chocolate and Confectionery:** France has a strong tradition in chocolate and confectionery production. High-quality chocolates, cocoa, and confectionery ingredients are produced and used in desserts, pastries, and confectionery products.

- **Seafood:** France's coastline and fishing industry contribute to a diverse range of seafood ingredients, including fish, shellfish, and crustaceans, seaweed. These ingredients are used in various seafood dishes and preparations.
- **Condiments and Sauces:** France produces a variety of condiments and sauces, such as Dijon mustard, mayonnaise, vinaigrettes, and traditional French sauces like béchamel and hollandaise. These products are widely used in French cuisine and exported globally.

Food Ingredient in a context of M&A

In the context of mergers and acquisitions in the food industry, food ingredients can play a crucial role. When a food company is acquired or merged with another, several aspects related to ingredients may be taken into consideration. Here are some examples :

- **Raw Materials:** Food companies may own production facilities or have supply agreements for specific raw materials. This can include ingredients such as grains, fruits, vegetables, animal proteins, vegetable oils, etc. During an M&A, these supply agreements may be evaluated and integrated into the new structure.
- **Additives and Specific Ingredients:** Some food companies may have products that stand out due to specific additives or ingredients. These could be sweeteners, flavors, colorants, preservatives, etc. During an M&A, these ingredients may be examined for their compatibility with the products and relevant regulations.

• **Brand Portfolio:** Acquisitions in the food industry can include the acquisition of well-established brands. In this case, the ingredients used in the products of those brands can be a key factor. It may be important to maintain ingredient consistency to preserve the quality and perception of the acquired products.

• **Technology and Innovation:** Food companies may possess specific technologies related to the production of food ingredients. This can include processing methods, extraction techniques, preservation methods, etc. During an M&A, these technologies can be evaluated for their value and potential integration into the new structure.

It is important to note that food ingredients can be subject to strict regulations, particularly in terms of labelling, food safety, and allergens. During an M&A deal, it is crucial to examine and comply with these regulations to ensure legal compliance and business continuity.

Market Analysis

The food ingredients market in France has been witnessing steady growth in recent years. Factors such as increasing consumer demand for healthy and natural ingredients, advances in food processing technologies, and the rise of convenience foods have contributed to market expansion.

The food ingredients industry encompasses various segments, including flavors, preservatives, sweeteners, emulsifiers, enzymes, colorants, and functional ingredients. Each segment has its own dynamics and growth drivers, depending on changing consumer preferences and regulatory requirements.

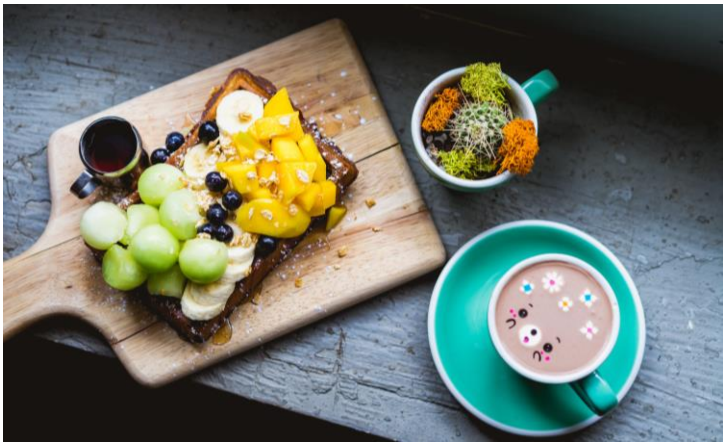
Consumer preferences are shifting towards healthier, natural, and sustainably sourced ingredients. There is a growing demand for clean label products, free from artificial additives and allergens. Producers are also focusing on reducing sugar, salt, and fat content in their products, leading to increased demand for alternative sweeteners, salt substitutes, and healthy fats. Consumers are also concerned about the sustainability and ethical aspects of food ingredients. The industry is responding by emphasizing sustainable sourcing practices, transparency in the supply chain, and certifications for responsible production.

The food ingredients in France is isubject to stringent regulations and standards, including those imposed by the European Food Safety Authority (EFSA) and the French Agency for Food, Environmental and Occupational Health & Safety (ANSES). Compliance with safety, labeling, and traceability requirements is essential for industry players.

The market for food ingredients in France is competitive, with both domestic and international players vying for market share. Major companies in the industry include Lesaffre, Naturex (Givaudan), Firmenich, Symrise, and Ingredion, among others. These companies often focus on innovation, research and development, and strategic partnerships to maintain a competitive edge.

Market Trends

Nowadays growing demand for plant-based alternatives has stimulated the development of a range of plant-based ingredients. Plant-based meat substitutes such as soya, pea, mushroom, and seitan are becoming increasingly popular. In addition, new plant-based sources for ingredients such as sweeteners, emulsifiers and preservatives are also being explored. Consumers are looking for foods that offer health and wellbeing benefits, food ingredients for digestion, boosting the immune system and improving overall health. Foods enriched with specific nutrients continue to emerge on the market. Vitamins and minerals are added to a variety of food products, such as cereals, drinks, energy bars and dairy products, to meet consumers' nutritional needs. With growing awareness of the harmful effects of sugar on health, many companies are working on healthier alternatives. Natural sweeteners such as stevia, agave syrup and coconut sugar are being used to reduce the sugar content of food products without compromising taste.



Sustainability is an important aspect of the food industry. Sustainable ingredients, such as alternative protein sources (insects, algae), biodegradable packaging and environmentally friendly production methods, are gaining in popularity and are the subject of extensive research.

2. German speaking countries D-A-CH

Despite some stock listed international players like Symrise, the newly formed Swiss-Dutch company DSM-Firmenich or Agrana in Austria, the ingredient producer landscape in D-A-CH is still fragmented. SME´s and larger specialists like Doehler are playing an important role. On the other side a big global players like BASF, the world´s largest chemical company, is further strengthening its "nutrition ingredients" and "aroma ingredients" business.

In the recent years we have seen dynamic developments and M&A activities in the ingredient sector due to significant changes in consumer preferences. Consumers are becoming more health- and environmental conscious which leads to changing eating and drinking preferences and habits. One example: The number of vegans in Germany is growing, and more than half of the population wants to reduce meat consumption, considering themselves flexitarian. This makes Germany one of the most important markets for plant-based food worldwide.

The complete value chain in food production is affected and is reshaping itself. In the recent years, this process has already accelerated considerably, but much is still in the early stage with great potential for further development and optimization. In plant-based meat, for example, functional ingredients are essential for taste, texture and color. There is also considerable room in the development of highly efficient mass production, and ingredients play a central role in exploiting this potential.

The food & nutrition team of Brenntag, a world leading distributor of ingredients and chemicals based in Germany, has identified 5 key trends which will fuel food & beverage innovation in 2023 and are most relevant for ingredient producers and distributors:

- Sustainability (e.g. upcycled ingredients)
- Plant based (e.g. plant-meat, plant dairy, fish analogs, hybrid foods)
- Mindfulness and holistic wellbeing (e.g. biotics to boost immunity, vitamin-enhanced alcohol-free flavored cocktails)
- Amplified experiences (e.g. new and extraordinary flavors)
- Innovation and modification (e.g. regarding taste, texture, nutritional composition, shelf-life).

3. The Greek Market

The food ingredients sector in Greece consists of both local and international companies primarily engaged in imports and distribution of raw materials for the food industry. Furthermore, there are other companies active in distributing raw materials across different industries, such as pharmaceuticals and cosmetics.

According to Alpha Bank, the food ingredients sector, including oils & fats, grain mill products and sugar, cocoa, confectionery and condiments, accounts for 25% of turnover and production value in the overall food sector. Additionally, dairy and milk products contribute to 19% of production value and 17% of turnover.

Food ingredients – Overview & Trends

Kallas Inc., local leader in various categories of the food ingredients sector, exerts significant influence over the market through their pricing decisions.
Regarding channels of distribution, some companies distribute their products directly to supermarkets and the food service sector, while others sell directly to the food industry, such as dairy plants or a meat processing facilities engaged in cured meat products.

Commodity and energy prices started rising during the second half of 2021. The situation further deteriorated in 2022 due to the Russo-Ukrainian war. Many companies did not proceed to price adjustments until early 2022. As both Russia and Ukraine are producers of raw materials used in the food industry, such as grain and sunflower oil, prices have experienced a significant surge worldwide. The limited availability of certain raw materials in combination with increased transportation costs posed significant challenges.

In response to inflationary pressures, several Greek companies formed agreements with their suppliers to ensure a consistent supply of products to their customers. They accomplished this by building up substantial inventories, effectively addressing the shortages experienced at the start of 2022. Ultimately, these companies adjusted their product prices in 2022, passing on a portion of the increased costs to the end consumer.

At the start of 2023, the raw materials market for the food sector saw a decline in prices. Companies that had purchased or ordered inventory at higher prices in order to mitigate product scarcity and maintain customer satisfaction are now exposed. Analysts at Nielsen predict that significant price reductions in essential food items are unlikely to take place before October 2023, as costly inventories are gradually depleted.

Key ingredients sectors

Milk & Dairy

Greece is a net importer of raw cow's milk, essential for the production of dairy products. At the same time, Greece is a net exporter of dairy products, with total exports of dairy and milk products, including yoghurt, reaching approximately 600,000 tons in 2020.

In 2022, Greek milk producers supplied a total of 1.5 million tons of raw milk, of which 643,000 tons cow's milk, 715,000 tons sheep's milk, and 160,000 tons goat's milk to the milk and dairy industries. Total dairy production for 2022 is estimated at 200 thousand tons of which, around 130 thousands tons concern feta cheese production (65% of which exported). As per the Hellenic Agricultural Organization – ELGO, the average price of raw cow's milk, sheep's milk and goat's milk in 2022 stood at 0.51€/kg, 1,24€/kg and 0.76€/kg, respectively.

The rise in milk prices had a notable impact on the retail prices of dairy products. According to IRI's 2022 report, the average retail price of milk reached €1.57/kg (compared to €1.27/kg in 2021), with sales totaling €313.34 million. Feta cheese had an average retail price of €9.85/kg (compared to €8.06/kg in 2021), while white cheese was priced at €9.33/kg (compared to €7.92/kg in 2021). Cheese sales in 2022 reached €850.08 million, and yogurt sales amounted to €263 million, with a retail price of €4.46/kg (compared to €3.99/kg in 2021).
At the beginning of 2023, many milk and dairy industries faced an excess of milk inventory due to reduced retail sales. Consequently, they are attempting to sell this surplus to companies that import milk for their production needs.

Milk concentrate

To address the escalating prices, dairy companies have resorted to purchasing imported milk concentrate—an extruded mixture of fat and water—instead of raw cow milk for yoghurt production. This serves as a cost-effective solution for the industry, as 1kg of milk concentrate can yield approximately 4kg of milk, and its current price stands at €0.90/kg. The decline in milk concentrate prices (Spring 2022: €1.20/kg, 2021: €0.60/kg) has been advantageous for the industry. Further reductions in prices for both milk concentrate, and cow's milk would result in a deflation of yoghurt prices.

Flour

Flour, affecting the nutrition of 2,5 billion people worldwide, can be produced from various sources such as wheat, corn, semolina or rice. It serves as a vital raw material in multiple sectors, including artisan bakeries (accounting for 55% of total flour production), industrial bakeries, biscuit and rusk production, supermarket bakeries, and home use. In Greece, the flour sector consists of 100 companies and flour mills. The domestic market can be characterized as concentrated, with the top 10 companies holding an 80% market share by volume in 2020.

Recent developments in Ukraine, coupled with elevated energy costs, have resulted in a significant increase in flour prices. As of May 2023, the price stands at €0.99/kg, nearly double the previous rates, as reported by the Greek Bakers Federation. It is important to note that in March 2022, the market witnessed a monthly increase of approximately 15%-16%.

Oils & Fats

This sector encompasses the production of oils and fats, including margarine and similar products. These items are sold both as end products in retail (such as olive oil, butter, and margarine) and as raw materials for the food industry. It is worth noting that the sector is characterized as fragmented, with 97% of enterprises being small firms that collectively contribute 32% of the total turnover (€200 million in 2018).
In 2022, the producer's price of extra virgin olive oil ranged from 4,00€/kg to 4,90€/kg, with premium olive oil sold in small quantities reaching prices as high as €5.20/kg. Greek olive oil production for the 2022/2023 period is projected to reach 280,000 tons, securing its position as the second-largest producer globally, as the International Olive Council reported.
In terms of exports, approximately 76% of Greek olive oil production was shipped to Italy in 2021. Italian importers acquire Greek olive oil at a rate of 3€/kg.

Spices & Sweet Ingredients

This sector includes a diverse range of products, including sugar, cocoa, chocolate and sugar confectionery. In May 2023, the price of sugar stood at €1.40/kg. The price of cocoa butter, essential to chocolate production, has experienced a 20% increase in the past year, coupled with a record high sugar price in the last 11 years, resulting in a 14% rise in retail chocolate prices, as reported by Nielsen. Severe weather conditions in cocoa-producing countries have also contributed to lower cocoa stocks, thus influencing the price increase, as noted by S&P Global.

The sweet snacks sector has witnessed notable growth in recent years, driven by consumer's inclination towards processed products, food, snacks and confectionery. This trend is expected to persist without any significant decline. While domestic consumption of confectionery products shows a steady upward trend, per capita consumption is still at low levels, compared to other European countries, indicating substantial growth potential. Consequently, there is a corresponding increase in demand for confectionery raw materials. Moreover, as consumers increasingly prefer higher-quality sweets and preparations, the food industry has responded by prioritizing the quality of the raw materials while introducing new product categories to cater to these preferences.

In recent years, the emergence of new consumer standards favouring low-fat and minimally processed materials has played a crucial role in shaping the confectionery raw materials market. This shift in preferences has opened up significant growth opportunities within the industry.

Company Name	Activity	Company Financials € mil. Revenue	EBITDA (reported)	Headcount	FY
Kallas Inc. Group	Active in imports and distribution of raw materials for the food industry (dairy products, confectionery, bakery, biscuits, ice cream, chocolate, puff pastry, sausages, etc.) to Super Market chains and Food Service/HORECA (branded & PL products). Exports in Cyprus, Balkan countries, Poland, Russia, Egypt & Tunisia.	197,46	9,73	226	2021
Alinda - Velco Group	International Group active in the production and sales of branded (milk proteins) and PL products for the food & beverage industry (dairy,wine, beer, non-alcoholic, bakery & confectionery), artisan industry (technical & ingredients support), retail (servicing Super Markets with home care PL & branded products) & HORECA.	81,03	3,65	151	2021
Astron Group SA	Distribution of specialty products, starting materials & ingredients for the food, pharma, cosmetics, animal feed, paints & varnishes industries and the consumer (pet food & accessories).	59,14	5,95	103	2021
OXEA Ltd.	Imports and distribution of chemicals for a wide range of sectors including the food sector	35,54	3,52	31	2021
Puratos Hellas SA	Distributor of ingredients for bakery (enzymes, additives, egg substitute, doughs, etc.), pastry (vegan & animal creams, fillings, etc.) and confectionery (belgian chocolates, pralines, chocolate substitute, etc.) sectors.	31,95	3,1	94	2022
Stellios Kanakis SA	Imports and distribution of confectionery, bakery & ice-Cream ingredients (branded products). Represents exclusively Greece, Cyprus & the Balkans.	25,84	3,5	72	2022
Azelis Hellas (subsd. Azelis Group)	Active in the production and distribution of food ingredients, auxiliary products and additives (flavour, colour & performance ingredients), as well as chemicals and synthetic products for the Pharma, animal nutrition, Agri & Chemical industries.	16,92	0,8	26	2021
Provil SA	Active in the production of flavor-enhancing food ingredients & supplements (spices & herbs, seasonings, colourings, auxiliary materials) for the food industry, food service & meat retailers (butcher shops)	5,05	1,82	94	2021
Univar	Distribution of chemistry and related products for a wide range of sectors including the food sector.				

4. Food Ingredients in Ireland

The manufacturing of food and drink ingredients is Ireland's most important indigenous industries with annual revenues of c. €27.5 bn and exports of €13 bn in 2022. In addition to servicing the domestic grocery and food service markets, the industry has become a global leader, exporting to over 180 countries with substantial market positions in the UK, EU and other international markets. Ireland has built a strong global reputation in the food ingredients sector by consistently producing high-quality and innovative products.

The country's rich agricultural resources, stringent food safety regulations, and commitment to sustainability provide a solid foundation for this thriving industry. Ireland is home to several leading food ingredient companies, such as Kerry Group, Glanbia, Ornua, Dole, Greencore all of whom have successfully expanded into international markets. As a result, the Irish food ingredients sector has become an essential contributor to the country's economic growth.

According to the Bord Bia (an Irish state agency with the aim of promoting sales of Irish food in Ireland and abroad) the breakdown of our agri-food and drink exports by sector are dairy products and ingredients (34%), meat and livestock (30%), prepared consumer foods (18%), beverages (11%), seafood (2%), and horticulture (2%).

Sector Overview

Dairy

In 2022, Irish dairy industry produced over 8.7 bn litres of milk, which was then processed into over 1.7m tonnes of high-quality butter, cheese, infant formula, powders, and functional ingredients. The total value of Irish dairy exports reached a record €6.8 bn in 2022, making it the largest food and drink export category in Ireland.

The main dairy products exported from Ireland include butter, cheese, fat-filled milk powder ("FFMP"), casein specialised nutritional powders, skim milk powder, whey, and milk and cream. In 2022, the EU remained Ireland's largest destination for Irish dairy, accounting for c.34% of all value exports (~€2.3 bn) whilst exports to North America reached ~€800 m, with the balance evenly split between Africa and Asia.

Key market Participants

- **Kerry Group** with its origins as an Irish cooperative, the business is now a global leader in taste & nutrition innovation.

  Revenues ⟶ ~€8.8 bn p.a.

- **Glanbia** is a global nutrition group with operations in 32 countries, leading market positions in sports nutrition, cheese, dairy ingredients, speciality non-dairy ingredients and vitamin and mineral premixes

  Revenues ⟶ ~€5.6 bn p.a.

- **Ornua** is an Irish agricultural cooperative, which globally markets and sells dairy products on behalf of its members.

  Revenues ⟶ ~€4.0 bn p.a.

Sector Overview

Meat

The meat sector in Ireland covers the entire value chain, from farming and raising livestock to processing, packaging, and exporting products. Over 120,000 individual farmers are involved, and the sector generates exports of over €3 bn per annum. Irish meat exports primarily include beef, sheep meat, and pig meat. Ireland is the fifth-largest net beef exporter globally, the fourth-largest net sheep meat exporter in the world and the second largest in the EU.

The EU and the UK are the primary destinations for Irish meat exports, accounting for around 90% of all value exports. Ireland is the largest supplier of beef to the UK, with a market share of c. 43% (~€1.1 bn in 2022). Other export markets include China, with the recent lifting of the suspension on frozen, boneless beef exports, and other Asian markets such as Thailand.

Key market Participants

- **ABP Food Group** is an Irish based meat processor, with 51 locations across Ireland, UK and Europe..

Revenues ⟶ ~€4.0 bn p.a.

Horticulture

The horticulture sector is the 4th largest sector within Irish agriculture, with a farm gate value of ~€467 million (2020). The sector is divided into seven sub-sectors: field crops, protected crops, soft fruit, top fruit (primarily apples), amenity, potatoes, and mushrooms.

Currently, most horticulture output is consumed domestically. Only mushrooms and amenity horticulture are significant exporters, with about 85% of Irish mushroom production being exported (80% of which is exported to the UK). Ireland imports approximately 83% of its fruit and vegetables, including high-value exotic fruits that cannot be grown domestically.

Key market Participants

monaghan

- **Monaghan** Mushrooms is a leading Irish mushroom producer and export with operations in the UK, Germany, the Netherlands and Canada.

Revenues → ~€285m p.a.

Seafood

The value of the Irish seafood industry increased to ~€1.3 bn in 2022 (up 4% compared to 2021). Ireland's seafood sector is involved in multiple stages of the value chain, including fishing, aquaculture, processing, and exporting. The sector has seen significant growth in recent years, with Irish seafood value exports totalling ~€530m in 2022 (key exports for Ireland include Irish organic salmon, mackerel, langoustines, brown crab, and organic mussels – shellfish account for almost 40% of Irish seafood exports).

Conclusion

The Irish food ingredients sector is one of the most successful sectors of the Irish economy, with several established global companies leading the sector. The sector is also experiencing substantial growth, particularly in milk and meat production. However, the sector faces many challenges including sustainability (e.g., high crop yields) concerns and its impact on climate change (e.g., dairy / beef herd). Technological advancements, a focus on alternative protein sources and emerging market trends provide opportunities for growth and development. Overall, the Irish food ingredients sector is poised for continued expansion and success.

5. Food manufacturing industry in Japan

What and how is the Japanese food manufacturing sector's market size?

According to the "2020 Confirmed Report Statistics Table by Industry" of the Industrial Statistics Survey conducted by the Ministry of Economy, Trade and Industry, the outline of the market size of the food manufacturing industry ("METI") in 2020 (Reiwa 2) in Japan is as follows.

*Market size (manufacturing and shipment value): 29,857,188 million yen (up 0.3% from the previous year)

*Number of establishments: 23,648 establishments with four or more employees (down 3.2% from the previous year)

*Total number of employees (establishments with four or more employees): 1,136,951 (down 0.8% from the previous year)

(Reference: Ministry of Economy, Trade, and Industry "2020 Confirmed Report Statistics Table by Industry" released and published on August 13, Reiwa 3, Competitors & Alternatives)

In the food industry in Japan, complex factors on a global scale cause change, so it is essential not only to pay attention to the products that the company manufactures, but also to form a product portfolio for a stable business.

Industry Trends in Japan

The main trends surrounding food manufacturers and food companies are as follows.

- Stagnant market growth
- Price increase due to rising prices of raw materials/ingredients
- Growing awareness of safety through falsification of food labels, etc.
- Emergence of diverse needs such as health boom and consideration for the environment
- Impact of the COVID-19 on the food industry

In particular, the domestic market in Japan is shrinking due to the increase in food prices, the declining birthrate, and the ageing population. In addition to the shrinking market, consumers are becoming more inclined to save money due to sluggish income levels and prolonged deflation. As price competition intensifies, companies must develop more competitive products and improve productivity.

In recent years, income levels have been sluggish. As the domestic market shrinks due to the consumption tax hike, competition among companies becomes increasingly intense. Small and medium-sized food manufacturers and companies must develop a detailed management strategy to survive.

Price increase due to rising raw material prices – Since food products rely on imports for most of their raw materials, they are greatly affected by price fluctuations and exchange rate trends for wheat, soybeans, and meat.

One of the topics in the global food ingredient market in recent years is the expansion of the Chinese market. As a result, raw material prices are soaring, and costs are rising due to the yen's depreciation. For food manufacturers finding it challenging to raise prices, such price fluctuations can be said to be a significant management issue.

What Is the Most Common Ingredient in Japanese Dishes?

Let's have a look at other essential Japanese ingredients listed below. You must stock your pantry with proper ingredients if you want to try Japanese cooking at home. Several leading players and producers of some food ingredients organize each segment, like Soy source, Miso, Soup stocks and Rice vinegar.

1. Soy Sauce – 醤油

Soy sauce is made from fermented soybeans and can be used as a dipping sauce. Usually, it's mixed with rice vinegar, mirin, and spring onions to create a base for Japanese dishes. Soy sauce is a must-have ingredient in many Japanese dishes. A good quality soy sauce has a delicate taste and blends easily with other ingredients. It's also an all-purpose ingredient to keep in your kitchen for Sashimi (sliced raw fish), stir-fries, or any hotpot dishes.

2. Miso – 味噌

Miso is made from fermented soybeans, salt, rice, and koji. There are different types of miso, which come in different colours, light brown or reddish brown. Usually, the lighter the color is the milder the taste becomes. As you can understand from its name, it is the main ingredient of miso soup.

3. Soup stock – 出汁

Japanese dashi is made from kelp, dried sardines, bonito flakes, etc. Japanese soup stock is key to determining Japanese meals, and the taste varies depending on each chef and region. There are many soup stock producers in Japan. Soup stock for hot pot dishes is a not negligible market in the Japanese food sector.

4. Rice Vinegar – 米酢

Vinegar is also important for Japanese dishes like Sunomono (Japanese vegetable pickles). Rice vinegar is generally used to make sushi rice but is also used in some Japanese salads and dipping sauces. It has a very delicate taste compared to other common vinegars overseas.

5. Mirin – みりん

Japanese mirin is a sweet rice wine or sweetened sake containing a shallow alcohol rate compared to sake. It is used only for cooking in Japan. It adds slightly sweetness to Japanese dishes such as soup stocks and dumpling fillings. Mirin is also used for dishes of baked chicken or fish.

6. White Rice – ご飯

Japanese white rice is a type of short-grain rice that sticks together easily when cooked, so it's perfect to eat with chopsticks. Rice is the staple food in Japan. Onigiri (rice ball) is sometimes made with Japanese white rice wrapped by Nori (seaweed).

7. Noodles – 麺

Noodle dishes are trendy in Japanese cuisine. Soba and Udon as typical noodle-dish ingredients in Japan. Soba is made from buckwheat flour, while Udon is made from wheat or udon flour. In Japan, instant noodles and cup noodles production have become a significant market.

8. Sake – 酒

Japanese sake is an alcoholic drink made from rice and widely used in Japanese dishes. Japanese people use sake in the same way wine is used in Europe. Cooking with sake adds depth to the taste of Japanese dishes.

9. Tofu – 豆腐

Different kinds of tofu are available in Japanese markets, including silken tofu, which is perfect for salads and soups, and cotton tofu (firm tofu) is generally used in hotpot dishes and stir-fries. Fresh chilled tofu can also be eaten with Soy sauce.

10. Japanese Seven Spice – 七味

It is called Shichimi Togarashi in Japanese. This excellent collection of seven spices adds an exciting dimension to a dish's taste and extra nutrition, as each spice has different health benefits. Seven species are red pepper, green dried seaweed, paper powder, black sesame, white sesame , perilla, hemp seed.

M&A trends of food manufacturing companies and food manufacturers in Japan

The quality demanded by consumers is increasing year by year. For food manufacturing and food companies, it is necessary to operate a business that can meet the needs of consumers, and M&A is often used to achieve this.

The food manufacturing industry is broadly classified into material types and processing types, each of which has the following characteristics.

Material/Ingredient type: The main business is the supply of raw materials to processing manufacturers and the restaurant industry (sugar refinery, flour milling, oil refinery, feed, etc.)

Processing type: The main business is to purchase raw materials, manufacture processed products, and supply them to households (bread, confectionery, seasonings, frozen foods, noodles, etc.)

There have been many M&As among each material/Ingredient producer. Significant and leading players have acquired and/or integrated their competitors or middle/small producers in each segment.

The example of a cross-border M&A transaction conducted by a leading Japanese food ingredient producer

Ajinomoto aimed to expand its sales channels in the North American market through the acquisition described below by combining its ingredients and seasonings and leveraging its connections with More Than Gourmet Holdings' processed food manufacturers and food service companies.

The acquisition of More Than Gourmet Holdings by Ajinomoto, a Turtle Island Foods, Holdings, Inc. subsidiary. US

Timing: August 2019	
Target: More Than Gourmet Holdings	
Seller:	Turtle Island Foods, Holdings, Inc.
Acquirer:	Ajinomoto Group, Japan
M&A scheme	Share purchase
Value	Approximately 3.8 billion yen

(Source: Ajinomoto Co., Ltd.)

Ajinomoto is the largest seasoning manufacturer in Japan. Ajinomoto sells various seasonings such as Ajinomoto (originally developed monosodium glutamate), other seasonings and processed foods. More Than Gourmet Holdings was engaged in the food ingredient and liquid seasoning business, such as broth sauce for dashi soup, and its strength is in seasonings in the high price range that meet the tastes of people in the United States.

SELECTED TRANSACTIONS

Food ingredients cross-border transactions:

Buyer	Description	Target	Description	Deal/Value	Date
SEPAL France	Food Products trading	Centraliaa France	Distribution of food ingredients to professionals	Acquisition N/A	July 23
Malteries Soufflet France	Commerial malt manufacturer	United Malt Group Australia	Commercial malt manufacturer	Acquisition 915 M€	July 23
SOFIPROTEOL France	Agriculture & food	COSUCRA Germany	Production of ingredients derived from chicory and peas	Acquisition 45 M€	July 23
Wacker Chemical Group Germany	Modern Chemistry	ADL Biopharma Spain	Fermentation	Acquisition 100 M€	May 23
DSM Netherlands	Ingredients, scents and supplements for nutrition, health and beauty businesses.	Firmenich Switzerland	Innovation in Nutrition	Merger	May 23
Innovad Belgium	Animal Nutrition	Herbonis Switzerland	Feed Ingredients	Joint-venture	April 23
J. RETTENMAIER & SOEHNE (JRS) Germany	Vegetable fibres	ALGAIA France	Production of seawood derivatives	Acquisition 40 M€	March 23
Symrise Germany	Integrated poultry processors	Sunner China	Chicken breeding and farming, feed processing and meat processing	Joint-venture	Feb 2023
PAI Partners France	PE Fund	International Flavors & Fragrances Austria	FMCG Food - Meat and vegetables delicatessen	Fund Raising 848 M€	Dec 22
DKSH China	F&B ingredients Provider	GBFT Georg Breuer Germany	Sustainable Food Solutions	Acquisition N/A	July 22
Beneo Germany	Ingredient Producer	Meatless B.V. Netherlands	Textures foods with raw materials	Acquisition N/A	May 22
ROQUETTE France	Plant-based ingredients & vegetal proteins	Sethness Products Company UK	Caramel Colourants	Acquisition N/A	Sep 18

SELECTED TRANSACTIONS

Significant transactions in the Irish F&B sector 2022

Buyer	Description	Target	Description	Deal/Value	Date
Chiquita Brands	Swiss-domiciled American producer and distributor of bananas and other produce	Dole Plc	US fresh vegetables division		
IRCA Group	Italian manufacturer of ingredients and base foods for pastry and ice-cream	Kerry Group	Kerry Group's sweet ingredients portfolio		
Melior Equity Partners	Irish PE Fund	Rose Confectionery	Irish manufacture range of snacks, & savoury sweets	Acquired through LBO	2022
BGF	UK PE Fund	Swift Fine Foods	Producer of frozen and fresh meals with local ingredients	Acquired through LBO	2022
Ferrero International	Global chocolates, sweets and drinks manufacture	Fulfil Nutrition	Irish producer of healthy chocolate snacks & bars	Acquired for an undisclosed amount	2022

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AGRI, FOOD & BEVERAGES SECTOR

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