

# EMERGING FOOD/AGRI TECHNOLOGY - PUTTING YOUR MONEY WHERE YOUR LIFESTYLE IS

By Nicky Grant on Tuesday 30 March 2021



Commentary

Plant-based food tech

Lab meat tech

Dairy substitutes

Horticulture



## **Nicky Grant, Head of Corporate Advisory at investment house Ocean Wall, shares her new found excitement for the sector.**

Food and Agriculture Technology first came into our vista in the form of a passing anecdote from a research colleague. We were talking about the incredible rate of change and growth in various technology sectors and he stated an area he felt was overlooked was Food/Agri Technology and cited a recent presentation he had been at where the management of Memphis Meat were talking about a cash raising they had done (in Jan 2020). Their CEO said that they had first discussed doing a raising in mid 2019 and decided that the broader investment market was not ready to understand and invest in cell-based protein and it was probably a 5 year ambition. Yet six months later they raised \$161m. In 2018, it was estimated that it was costing them \$2,400 to produce a pound of Memphis Meat. As of December 2020, that was down to \$9. Their aim is to bring that to under \$5 in 2021. This change and growth has exceptional speed.

And they aren't alone. The number of Venture Capital speciality investors and Food and Agri Tech Funds are exploding and this is being driven by the numerous starts ups emerging. Not only that but the R&D of many of the large food companies – which used to be R light and D heavy – are rapidly deploying more capital to keep up with the changes and to embrace innovation. The impossible is here and coming to your supermarket much sooner than anyone thought.

What is fascinating is how each country seems to be developing its own speciality – driven by its culture and history, and some of them, who have always had an eye on sustainability, are leading the way with ideas and already existing projects. Across Europe, there are numerous examples of this development;

More than 2 decades ago the Netherlands committed to a sustainable farming future – “Twice as much good using half as many resources”. As well as almost eliminating the use of chemical pesticides in greenhouse plant production and substantially reducing the use of antibiotics in livestock farming, they started experimenting with indoor, vertical and urban farming. Their use of Agritech in farming has brought incredible success and put them as the second biggest farming exporter in the world – behind the US. And now their example is being replicated around the world. On 1st February 2021, AppHarvest (APPH) became a public company (via Novus SPAC) – valued at nearly \$1bn – and at launch saw their share price jump by 40%. AppHarvest have taken the Netherlands prototype and brought it to USA – creating 3 massive indoor farms (some of the largest structures in the world) – initially concentrating on tomato production. Their stated strategy is to gain 30x yield whilst using 90% less water. They also believe they can bring their products to consumers at the same price as those from ‘dirty agriculture’. And this farming is not limited to the vast plains of Kentucky - if you live in London –

Waitrose and M&S with salad leaves.

Ireland – the ‘Emerald Isle’ – with its culture of farming and fresh, local, produce is finding the core behind its innovation is agricultural sustainability. Most of the larger food companies – such as Kerry – are making labels more ‘clean’, using ‘better for you’ ingredients whilst ensuring their supply changes adhere to their principles of lowering its environmental footprint and upholding human rights. As you might expect, farming innovation is front and centre with the likes of Origin Digital Farming and Cainthus. But being an island, there is also a nod to the sea – with BeoBio Teoranta producing agricultural products from seaweed and Nutramara – the marine biorefinery specialists.

In the UK, consumer trends seem to be driving priorities in new ingredients and we are leading the way in many areas including the production of plant-based meat products (strange for a country whose population are known as ‘the Roast Beefs’ by our friends across the channel) and we are seeing retail investors getting involved to support this society change and their own lifestyle changes. After seeing 700% growth in one year THIS – the uber trendy, hyper-realistic plant-based food for meat lovers involved Seedrs in a £2m raise – only to find their customers and supports pile in and the final investment was nearly £4.5m – all completed in a record breaking 2 ½ days and ePOS Hybrid – Food Technology – Hospitality hardware and software – raised more than 60% its intended Crowdfunding target. In the UK we love our start-ups and the pandemic hasn’t dampened the enthusiasm to support those fresh shoots – in June 2020, Tropic Biosciences raised \$28.5m in their Series B round and more recently Hoxton Farms raised £2.7m in seed funding to produce animal fat without animals.

What excites us about this sector is the variety of opportunities to invest – globally and in so many ways, in amazing inventions and things that we never thought could be possible. You can ally your investments with your lifestyle and invest in your background, culture and the future - as well as what you believe in.

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