



FoodTech in Finland

Review of FoodTech company
landscape and funding development in
Finland

Scope of the Study



Background & demand

- Several studies on FoodTech have been published with both global and European scopes providing different analyses of the sector (e.g. FoodTech funding trends and development in different subcategories)
- While some of the studies have also included Finland as a part of the overall analysis, there hasn't been a study focusing solely on the Finnish FoodTech. This is the first study on Finland covering the funding environment and corresponding company landscape in more detail.
- The study is inspired by reports and work by DigitalFoodLab and Forward Fooding



Objectives

- The primary goal of the study is to create an understanding and provide an overview of the Finnish FoodTech ecosystem, including:
 - High-level overview of Finnish FoodTech company landscape
 - Analysis of FoodTech funding development in Finland focusing on venture capital and growth equity funding rounds between 2015 – H1/2023
 - Snapshots of investor landscape and food innovation ecosystem



Limitations

- Analysis and conclusions are Tesi's own
- We recognize that our study does not include all FoodTech companies in Finland. However, we would like to cooperate within the industry in coming years to create a public, up-to-date and more holistic list.
- Tesi's data model is used as the main data source. The data model includes multiple different data sources, including Pitchbook, Dealroom, Talouselämä, Mergermarket, and other data sources.
- The data utilized may be partially incomplete or faulty. Research also includes already bankrupted and acquired companies.

Key observations

Diverse mix of FoodTech companies

- Finnish FoodTech landscape can be considered as a diverse mix of companies with various products, technologies and business models in different parts of the food value chain
- Measured by the number of companies, the largest FoodTech categories are AgTech and Next-Gen Food. The latter consists mainly of companies providing plant-based products and cellular agriculture companies that can also be considered as part of AgTech category.

Growth in funding amounts & emergence of larger rounds

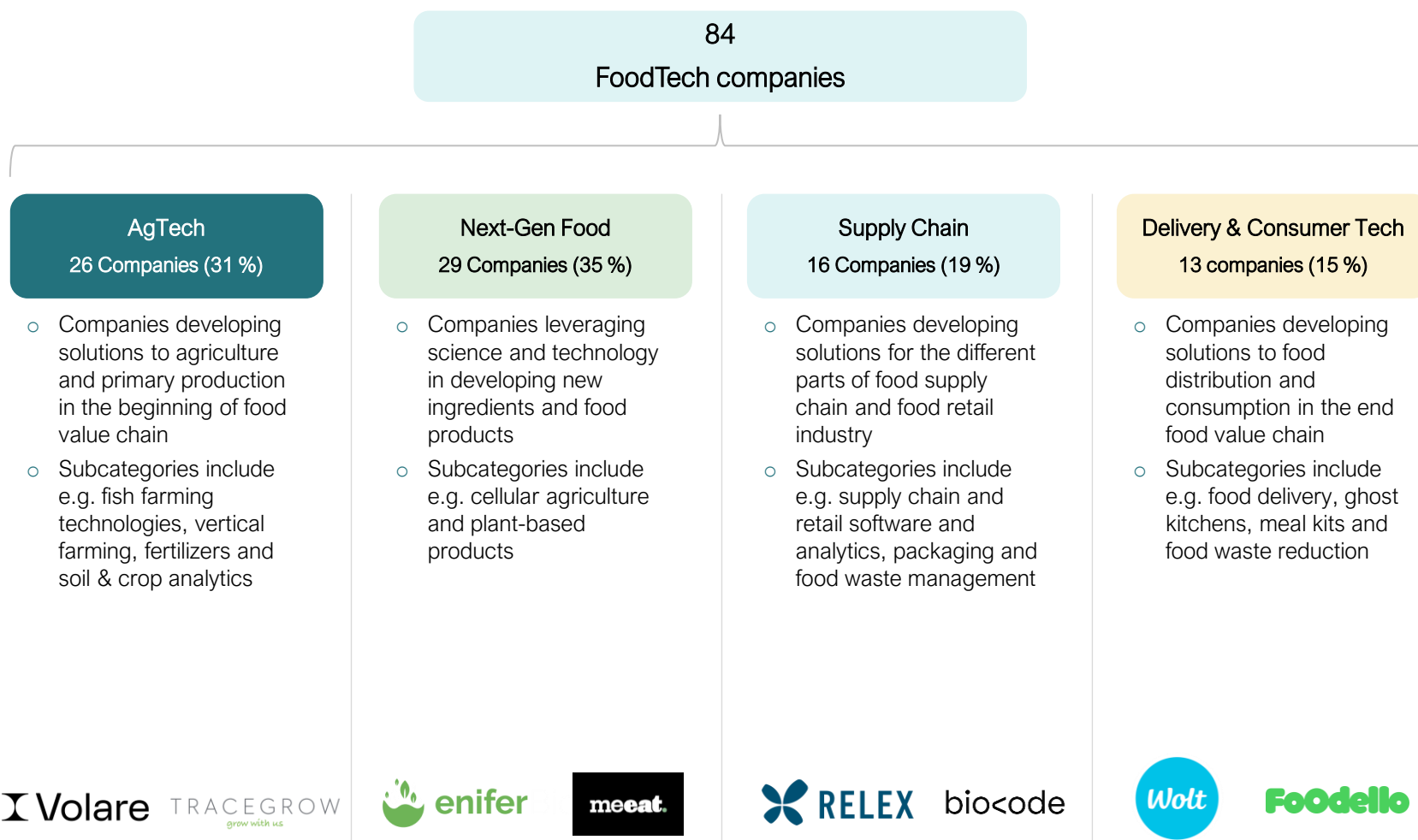
- Overall, the amount of raised funding in FoodTech has grown strongly since 2015. The growth has occurred especially between years 2019 - 2022 where the total raised funding (c. 1 600 M€) was significantly larger (>15x) compared to earlier period between 2015 - 2018.
- However, the majority of the increased funding is explained by two companies, food delivery company Wolt and supply chain software company Relex Solutions, which explain c. 84 % of the total funding between 2015 - 2022. When excluding these two companies, the total funding between 2015 - 2022 is c. 270 M€.
- Even though Wolt and Relex Solutions play a major part in the funding amounts, there has simultaneously been increased number of larger funding rounds (+10 M€) by other companies since 2020. This is also explaining the increased total amount of funding.
- Regardless of the earlier growth, during H1/2023, the amount of funding raised was smaller compared to earlier years. This can be partially explained by overall difficult macro and funding environment, which has affected simultaneously several industries.

Versatile investor activity & developing FoodTech ecosystem

- Overall, there has been diverse investor activity in the Finnish FoodTech sector consisting of both local and international VC funds in different FoodTech categories. These investors include both generalist and sector specialists. Local sector specialist, Nordic FoodTech VC, was founded in 2020 and has a focus on early-stage VC investments in the food sector in the Nordics.
- Besides private funds, established Finnish food corporations have also been involved in the new food technologies and products via e.g. funding and M&A activities. However, international corporations or CVCs have not been that active so far in the Finnish food sector.
- Finland has an active and developing innovation ecosystem around food in the form of different research centers, universities and incubators. These conduct research around food and help in commercialization of the new food solutions. Several Finnish university spin-offs, especially related to cellular agriculture, have raised funding rounds in the 2020's.

FoodTech and category description

Overview of the FoodTech categories in the study



Comments

FoodTech & category definitions:

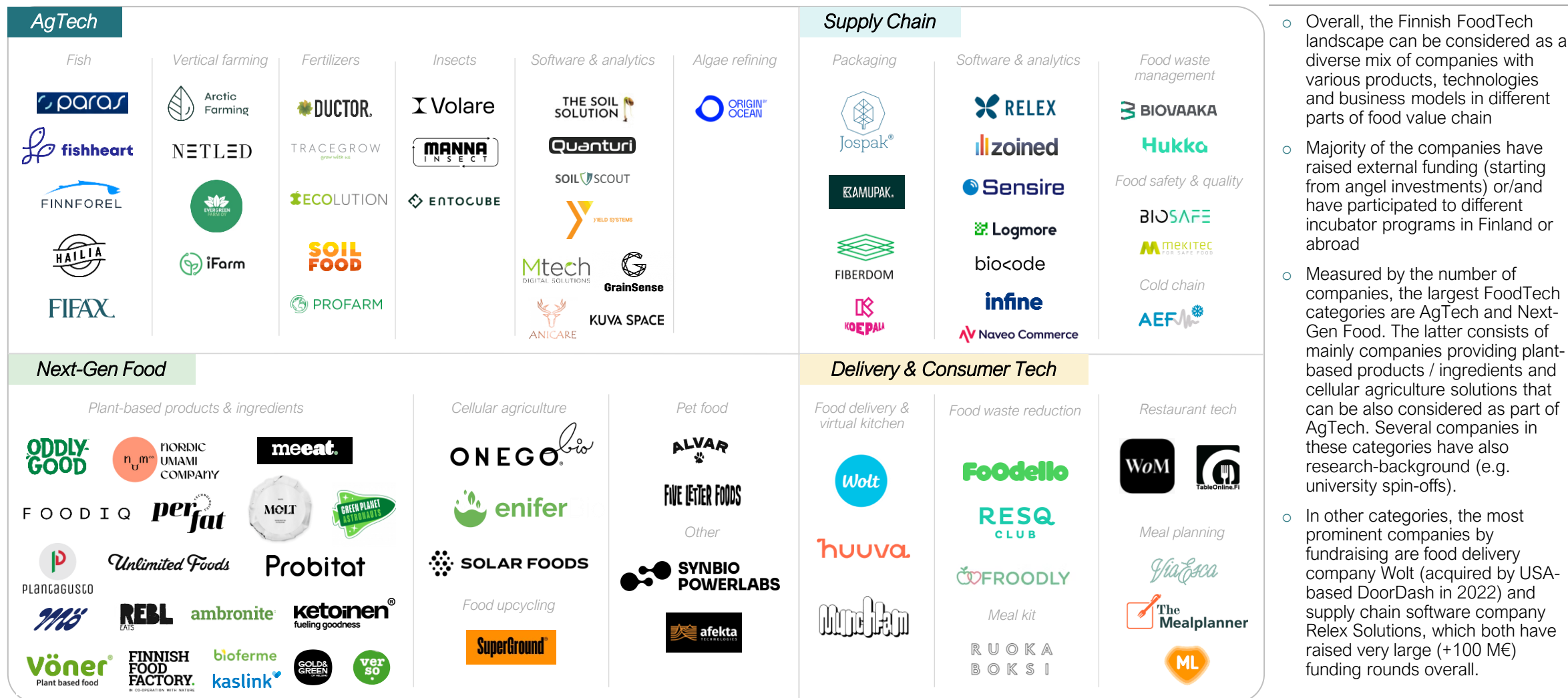
- Inspired by the similar studies conducted, FoodTech is defined here broadly as different technologies and innovations that aim to increase the efficiency, quality and/or sustainability in the food value chain.
- In other words, FoodTech refers here not only to the technologies directly related to producing food itself but instead more widely to different solutions related to whole food value chain from agriculture and food processing to distribution and consumption.
- Similarly, the used categories¹ here to segment the overall FoodTech landscape are inspired and build on taxonomy used in the similar kind of studies and work done by experts in the field (e.g. DigitalFoodLab and Forward Fooding).

Company selection:

- Study includes data on ~ 80 Finnish companies. The selection² of companies has been manually screened and categorized by our investment team members
- We have focused mostly on start-ups / scale-ups and VC-funded firms, excluding large, established companies as well as the Finnish subsidiaries of global firms.

FoodTech marketmap

Note: Illustrative¹

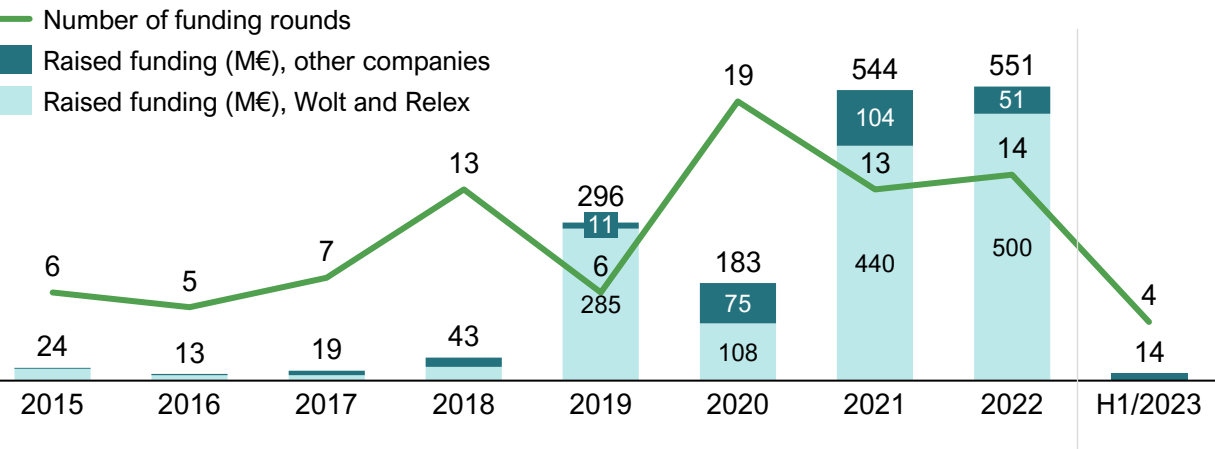


Comments

- Overall, the Finnish FoodTech landscape can be considered as a diverse mix of companies with various products, technologies and business models in different parts of food value chain
- Majority of the companies have raised external funding (starting from angel investments) or/and have participated to different incubator programs in Finland or abroad
- Measured by the number of companies, the largest FoodTech categories are AgTech and Next-Gen Food. The latter consists of mainly companies providing plant-based products / ingredients and cellular agriculture solutions that can be also considered as part of AgTech. Several companies in these categories have also research-background (e.g. university spin-offs).
- In other categories, the most prominent companies by fundraising are food delivery company Wolt (acquired by USA-based DoorDash in 2022) and supply chain software company Relex Solutions, which both have raised very large (+100 M€) funding rounds overall.

FoodTech funding overview

FoodTech funding development since 2015



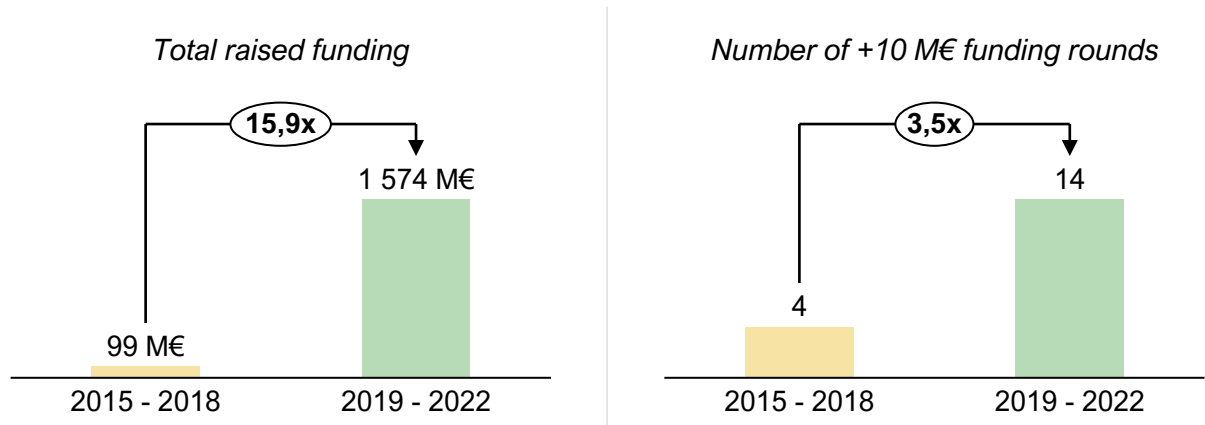
~ 1 670 M€
total funding raised
2015 - 2022
Including Wolt & Relex

~ 270 M€
total funding raised
2015 - 2022
Excluding Wolt & Relex

~ 80 rounds
investments to 47 companies
2015 - 2022

~ 1.9 M€
median funding round size
2015 - 2022

FoodTech funding 2015 - 2018 compared to 2019 - 2022

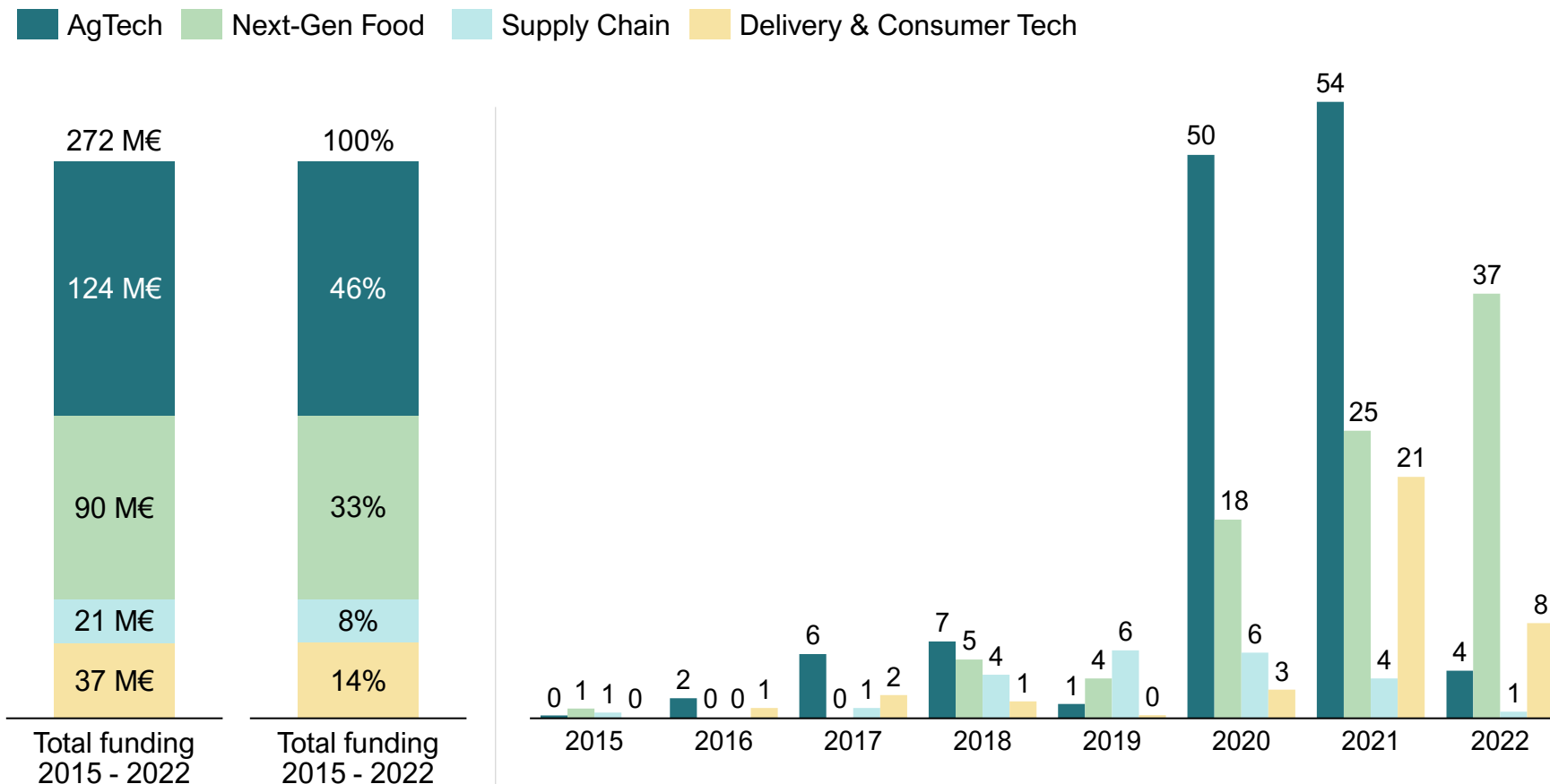


Comments

- Overall, the amount of raised funding in Finnish FoodTech has grown strongly since 2015. The growth has occurred especially between years 2019 - 2022 where the total raised funding (c. 1 600 M€) was significantly larger (>15x) compared to earlier period between 2015 - 2018.
- However, the majority of the increased funding is explained by two companies, Wolt and Relex Solutions, which both have raised in total >500 M€ and explain c. 84 % of the total funding between 2015 - 2022. When excluding these companies, the total funding between 2015 - 2022 is c. 270 M€.
- Even though Wolt and Relex play a major part in the funding amounts, simultaneously there has been increased number of larger funding rounds (+10 M€) by other companies in different categories too since 2020, which is also explaining the increased amount of funding.
- During H1/2023, the amount of funding raised was smaller compared to earlier years. This can be partially explained by overall difficult macro and funding environment, which has affected simultaneously several industries.

FoodTech funding per category

Raised funding (M€) in total and yearly per category between 2015 - 2022 (excluding Wolt and Relex Solutions)

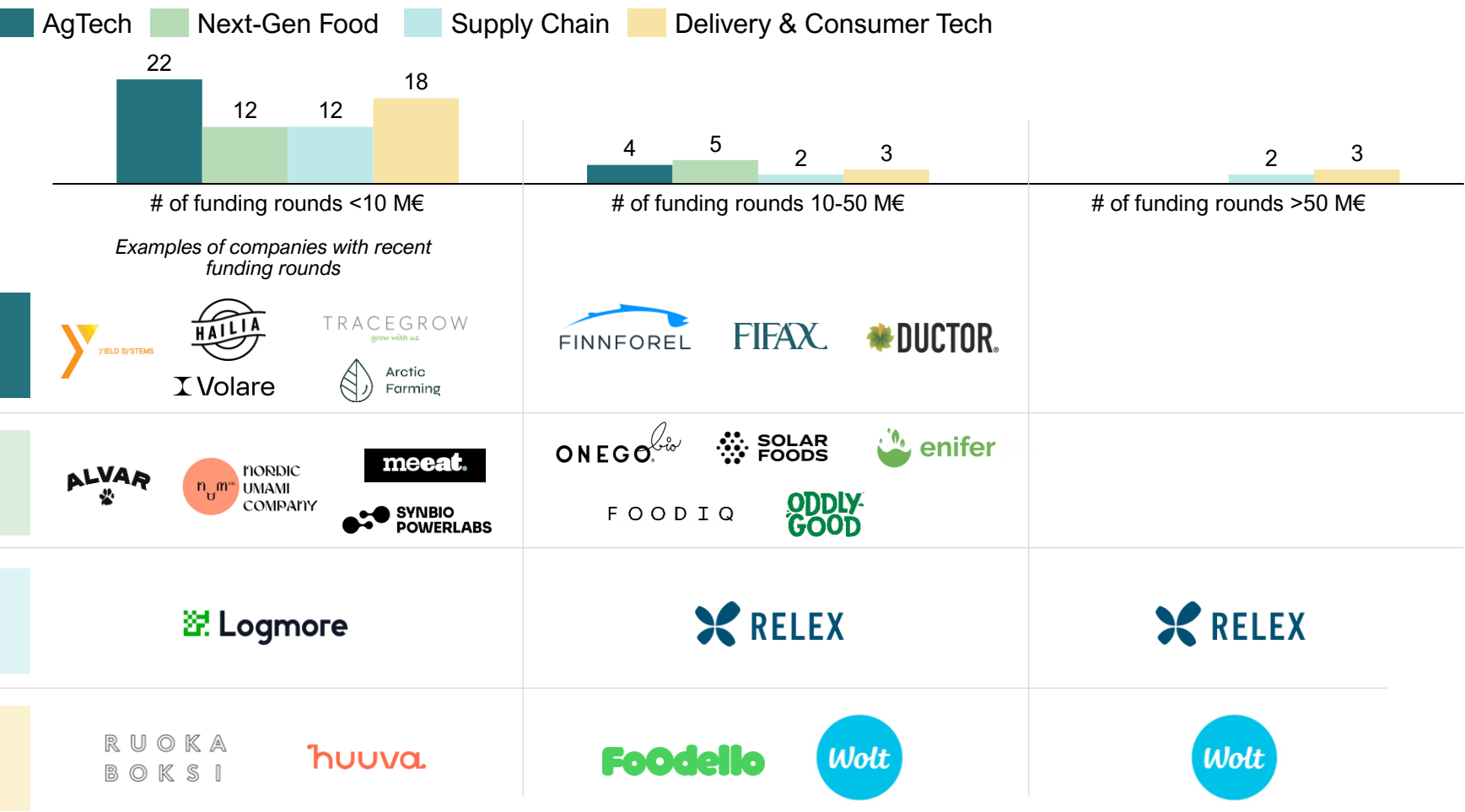


Comments

- When excluding Wolt and Relex Solutions from the funding data, the FoodTech categories that have raised most of the funding are AgTech and Next-Gen Food. These categories form c. 80 % of the total funding raised (c. 270 M€) between 2015 - 2022.
- It is noteworthy that with Wolt and Relex Solutions, Delivery & Consumer Tech and Supply Chain would be the largest categories in raised funding
- As mentioned, outside Wolt and Relex Solutions, there has been increase in funding especially since 2020 which is furthermore explained mainly by the growth in AgTech and Next-Gen Food categories. However, there has been also increase in the Delivery & Consumer Tech category in years 2021 and 2022 compared to earlier period.
- The increased funding amounts in the categories are mostly explained by single larger (+10 M€) funding rounds

FoodTech funding round sizes

Number of different funding rounds per size and category between 2015 - H1/2023



Comments

- In terms of the funding round volume, most of the rounds in FoodTech have been under 10 M€ size. However, the increased amount of funding to FoodTech overall has been due to growth in larger (+10 M€) funding rounds. Between 2015 - H1/2023 there has been c. 20 funding rounds with size +10 M€.
- As a reference point: for the years 2019 - 2022, funding rounds with size of +10 M€ accounted ~70 % of total funding raised during the period when excluding Wolt and Relex Solutions
- Larger funding rounds between 10 – 50 M€ have distributed in different categories to companies with varying products and business models. These include e.g. fertilizers, fish farming, cellular agriculture, plant-based products, food delivery and supply chain software.
- However, even larger rounds (>50 M€) are linked only to Wolt and Relex Solutions of which have raised more funding than other companies combined

Investor landscape

Examples of investors by type that have been active in the Finnish FoodTech ecosystem



- Overall, there has been diverse investor activity in the Finnish FoodTech sector. Several Finnish early-stage generalist and deep tech focused VC funds have made investments into different FoodTech categories. Among these investments, research-based companies are emphasized. Besides Finnish VCs with wider sector-focus, there is also one local VC fund (Nordic FoodTech VC, founded in 2020) focusing entirely on food sector with early-stage investments. In addition, there has been a couple of investments from Finnish growth and industrial focused funds.
- International VC funds have also been involved in the sector, even though their presence has been lower compared to domestic investors. These investors have included both generalists and sector-focused investors. While later-stage funding rounds by Wolt and Relex Solutions have had strong international investor syndications, there have also been international investments into other companies especially in AgTech and Next-Gen Food categories. However, the absolute number of investments have been rather low.
- Outside private funds, established Finnish food corporations have also been involved in the new food technologies and products via e.g. direct funding and M&A activities³. However, international corporations or CVCs have not been that active so far in the Finnish food sector.

FoodTech innovation ecosystem

Examples of Finnish FoodTech innovation hubs



Comments

- Finland has a long-tradition of food research and development by different institutions and established corporations. For example, cellural agriculture company Enifer's Pekilo mycoprotein was originally developed in Finland already in the 1970's.
- Finnish food innovation ecosystem includes different research centers, universities and incubators, which conduct research around new food innovations and help in commercialization of the new solutions
- Examples of these organizations include VTT (VTT Technical Research Centre of Finland) and University of Helsinki led Viikki Food Design Factory Germinator Program
- Several of Finnish university / research center spin-off companies, mostly linked to cellular agriculture, have raised funding rounds in the 2020's.
- In addition to companies already raised funding, new innovations and companies contributing to various parts of the food value chain are established yearly as part of ecosystem

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