

## Gustaf Brandberg of Gullspång Re:food

**Speaker1:** [00:00:04] This is the Investor Connect podcast program. I'm Hall Martin. I'm the host of the show in which we interview Angel Investors, venture capital, family offices, private equity, and many other investors for early stage and growth companies. I hope you enjoy this episode. Investor Connect is a 501 seed three nonprofit dedicated to the education of investors and startups for fund raising. Please consider donating \$100 to the program to help others in their investor and entrepreneur journey. You can find the donate button on the Investor Connect org website.

**Speaker2:** [00:00:43] Well, hello, this is Hall Martin with Investor Connect Day. We're here as Gustaf Brandberg, general partner at Gullspång Re:food by applying systems thinking, Gullspång Re:food investing solutions, addressing the underlying problems of the food system as opposed to its symptoms. Their investment seeks to reverse the food system's pressure on our planetary boundaries while assuring an ethical foundation for everyone. Gustaf Thank you for joining us.

**Speaker3:** [00:01:07] Thanks. Thanks for having me.

**Speaker2:** [00:01:10] All right. So tell us more about your background before investing in early stage companies.

**Speaker3:** [00:01:15] Yeah, I have a tech background, so I have a master of science in information technology, and I co-founded a software consulting firm. We've worked with Spotify, King, etc., and all the tech unicorns in Stockholm where I'm based. So I've seen from the sideline companies going from small startups to global leaders in their niche. So I've seen it's possible. I got very inspired. So when I started investing in, I was a general tech investor, so to speak, and we are shareholders in Klarna, for example, the fintech company. But, but then I've kind of evolved and I'm not more interested in, you know, the problems the tech can solve. And we start from that angle and work ourselves backwards to the kind of innovations we funds.

**Speaker2:** [00:01:58] Great. So what excites you right now?

**Speaker3:** [00:02:02] It's a good question and. So I talked quite a lot about it. And what excites me now is that when I started learning about the food system, I was quite depressed, quite pessimistic, because there are so many problems and we're causing so much damage to the planet. But as time goes by, I meet entrepreneurs and I also talk to researchers. I realised it is absolutely possible to create a sustainable food system in the future. So that's one thing that excites me. And then the second thing is that more and more entrepreneurs are starting to realise this. So I need better and better entrepreneurs who want to go into food and realise this is such a big, huge market, big industry in need of desperately needed change, and that's where great opportunities are. And the third thing that excites me is now the investors are waking up. So both incumbents and financial investors like me think this is a good place to put your money. So that means that now we kind of have to have the momentum to really shift the food system dramatically and get it into sustainability.

**Speaker2:** [00:03:07] Great. Well, you see lots of startups and lots of investors in the sustainable food sector. What's your advice for people investing in these startups? What do you tell them to do before they write that check?

**Speaker3:** [00:03:17] Yeah. You know, when I started investing in food six years ago, it was cold. Cold as. At the North Pole. No one wanted to invest in food. And now it's really hot and it's kind of a gold rush. So the best advice really do your homework and know that the company should invest in our are the real deal because valuation has never gone up and lots of people want to invest and lots of people want to start companies in the sector. So do your homework.

**Speaker2:** [00:03:46] And then on the other side of that table, what's your advice for people running startups? What do you tell the founders to do before they go out to raise funding in this sector?

**Speaker3:** [00:03:55] I guess it's the same advice. Do your homework. I meet a lot of entrepreneurs that are really strong at execution. I. Probably that's what defines entrepreneurs to start with. But what I'm really looking for, what gets me excited when I meet entrepreneurs is kind of a big idea, a simple idea that can grow and become very big. So the size of price. And then you need to understand, you know, it's so easy to think, you know, the problem is in the food system, but if you haven't done your homework, you don't realize where the leverage

point really is to change. So I'm impressed with entrepreneurs who can come and show me how they can really transform, you know, create a paradigm shift in the food system with their innovations. And that's quite rare. So I would I would advise more entrepreneurs to do that homework.

**Speaker2:** [00:04:40] Right. Let's talk about the state of investing in the sustainable food area. How do you see the industry evolving from here?

**Speaker3:** [00:04:48] Abbass said. It's a little bit of a gold rush right now, so lots of investors want to go into Foodtech and we have fun starting out. And I mean, we created a subsidiary now dedicated to food a year and a half ago. And we're not a fund, by the way. We are an evergreen vehicle, which is kind of an important point for us, but. Yeah. It's been a lot of change. A lot of people, a lot of money pouring into this industry now, which is good.

**Speaker2:** [00:05:14] Right. What do you think is the biggest change you'll see in, say, the next 12 to 24 months?

**Speaker3:** [00:05:21] Well. Let's it's hard to predict, you know. And valuation has been coming down a little bit the last six months. And I predict that they will stabilize a little bit after the hype. You know, people wake up a little bit. But I envision we see more and more entrepreneurs coming in. There are so many opportunities and things to change, but I still think this is early days for food tech startups and fintech investors.

**Speaker2:** [00:05:49] All right. Well, let's talk about your investment thesis. What is it and what's your criteria for making an investment into a food tech startup?

**Speaker3:** [00:05:57] Yes. I gave the advice to do your homework and we try to follow that advice ourselves. So we started out with, you know, if you want to transform the food system to sustainable state, you have to have a definition of what would that be? So we started by collecting all the. Research reports and all the knowledge in the area. And we also have like a partnership with the Stockholm Resilience Center, where we fund the professorship in sustainable food. To get a deep understanding of what are the planetary boundaries that we are currently trespassing with the food system. And so we found like seven planetary boundaries

that we need to stay within. And then we. Created an ethical foundation of four areas where these are the things that a food system. You know, must must adhere to so. So that's the start. And the ethical foundation is basically no hunger. And every the rest of us, we eat a little bit too much. Maybe so healthy food. It's really important that it should be eat keeps us healthy instead of making us sick, which is the case right now. And then, of course, all the people and all the animals in the food production should have a decent life, a decent pay. Decent work conditions and for the animals. Respect animal welfare. And then on the outside established boundaries. So we started with that. And then we try to understand, like. But what would it take to get this this future stage? And then we kind of discover that they're not so many practices that really create all this damage. And if you go to these root causes and solve them, then you can you can make a big change. And then out of, you know, looking at what paradigm shifts do we do, we need we boil it down to just four paradigm shifts that are they are big. They're very transformative. But if we if we can manage to get through them, then we can really get to a sustainable food system. So this paradigm shifts are. The protein shift, getting away from animal factory farming to to other types of proteins and fats. And then, you know, the healthy food shift that they would actually eat contains stuff that makes it stay healthy. And then how we get the food to our tables. So the whole supply chain from farm to fork and create a more circular supply chain, getting rid of shorter supply chain, getting rid of materials, recycled materials, all that stuff. And of course, food waste. Food waste is a huge, huge, huge issue and a huge opportunity because so much value that goes to waste in the system. And then the fourth is regenerative farming. So the way we grow things in our fields. So at the moment we're depleting the soil, but we know how to farm so that we actually increase the production capacity of the soil. So get that shift done. So these are the four shifts and then we look for entrepreneurs within these shifts.

**Speaker2:** [00:08:58] Right? You talk about one or two funded startups that fit that thesis, perhaps a portfolio.

**Speaker3:** [00:09:04] But our most well known portfolio companies out there and the ultimate company and I like them because there is such a simple idea you can swap. Swap the milk for plant based alternatives. You get the perfect cup without without a lot without the milk. For the consumer is a very small step. But if you know something about animal factory farming, you realize this is a huge, huge, huge difference from the production standpoint. So that's a very

kind of simple idea. And from the outside, quite a simple product, but it's not so easy to create really a product comparison milk in that way. So that's one. And then another could be next where I'm the chairman, we're closely with the team. We do ice cream and chocolate without sugar. That is, we don't talk that much about that fact because, you know, the idea is to create ice cream and chocolate that is on par with with your favorite sugary ice cream. So the switch for the consumer once again is a very small shift, but for your health is a giant ship. And that's not how we think. Like when you think health food, you may think. Vitamin supplements, snipers, and we're interested in all that stuff, too. But if you don't get rid of the unhealthy things in the food first, then. If you get rid of the unhealthy stuff, that's that's where the real impact is. So that's where we started.

**Speaker2:** [00:10:31] What are the challenges for the startup and the investor in this space? What are the challenges you find your startups are most concerned with in the food tech area?

**Speaker3:** [00:10:41] I think once, like even if you are first of all, you have a tailwind. If you are a company with a purpose to drive sustainability, we think you have a double advantage. It's not disadvantage. It's not a cost disadvantage to be because first of all, it's it's easier to attract customers. It's easier to attract great employees. To join your startup. And as time goes by and people realize that we really have to do something about climate change and all the environmental degradation and health problems, then your company will also be valued higher as an investor. Don't join the sustainability train. They will find themselves in distressed assets and they will want to put their money into companies that drive sustainability. So we think you have an advantage. But talking about challenges, you still have all the challenges that enormous startup has, you know, going from zero to to hero, from zero to nothing. You are no name. You know, you have to track people. You have to be a really, really good entrepreneur and solve all those problems that that enormous startup has and that there's no difference there. So I find some investors think that just because they invest in a good course, the investment will be successful. But the advice there has to judge these startups with the same lens as, as any startup. Because, yeah, it's, it's, it's a tough job to be an entrepreneur.

**Speaker2:** [00:12:07] And what's the challenge the investor faces in funding startups in the food tech sector?

**Speaker3:** [00:12:15] Yeah. As I said, like a lot of companies are now. You know, a lot of entrepreneurs want to start companies and some of them are the real deal and some of them are just opportunistic. Then they see the shift happening and they want to jump on that wagon and they don't really have any sustainable advantage. So we're looking at a lot that like the structure of competitive advantage, it could be an innovation, a patent. Something that protects you and protects your business idea going forward. And if you are new to the field, it can be really hard to do. To tell if it's just the real deal that's going to change the system or not. And can we? We decided to. I start this subsidiary together with a co-founder that has been his whole life inside the system and from the inside, seeing the need of change. And we are coming from the outside. And I think that's a good combination because with his knowledge, he's been a food operator his whole life. Then, then, you know, he can eat more easily, judge if an idea will fly or not. So yeah.

**Speaker2:** [00:13:26] Right. Well, there are several subsectors and applications in the food tech industry. If you had to pick one or two that are really good opportunities for investors to pursue today, what would you put at the top of the list?

**Speaker3:** [00:13:38] I think. It's something that's fascinating to me and it's truly revolutionary. It's what I would call the second domestication, which is we domesticated cats, cows, goats, all the big animals. Several thousand years ago. But now we can domesticate things. We can't even see the fungi, you know, the bacteria and have them produce useful stuff for us, which is totally, totally revolutionary and fermentation and. In a lab grown meat and fat and things like that. Things you do in a bioreactor will totally revolutionize the food system. So that's a very interesting area.

**Speaker2:** [00:14:18] Sounds fascinating. Well, in the last few minutes that we have here, what else should we cover that we haven't?

**Speaker3:** [00:14:24] Well, I'm interested in transforming the food system. But in order to do that, we need to transform the financial markets. And it's a big topic, and we won't have time to go through it here. But but if you want to create change and you need to back it up with money and you also have to stop money from making investments in companies that actually destroy. The biosphere, which is the foundation for all life and all. You know, Jim and prosperity on this

planet. So, you know, making the. The financial system aligned with the real world. That's something that really fascinates me. And we kind of we are on a mission to find ways to show that it's much more profitable to invest in driving paradigm shifts than any other investments. And that's what everyone should do. That's great.

**Speaker2:** [00:15:15] So how best for listeners to get back in touch with you?

**Speaker3:** [00:15:19] Well, you can always shoot me a mail and my mail address is, is it fine on our website or just go with me and you'll find it.

**Speaker2:** [00:15:26] Great. We'll put that in the show notes. We want to thank you for joining us today and hope to have you back for a follow up soon.

**Speaker3:** [00:15:32] Thank you very much.

**Speaker1:** [00:15:35] Investor Connect helps investors interested in startup funding. In this podcast series Experience, investors share their experience and advice. You can learn more at [investorconnect.org](http://investorconnect.org). Multi Martin is the director of Investor Connect, which is a 500 1c3 nonprofit dedicated to the education of investors for early stage funding. All opinions expressed by hall and podcast guests are solely their own opinions and do not reflect the opinion of Investor Connect. This podcast is for informational purposes only and should not be relied upon as a basis for investment decisions.