

PRESS RELEASE

€ 8m total for Bavarian insect breeding pioneer: Bayern Kapital invests again in FarmInsect

Landshut/Munich, 23 October 2023 – Agritech start-up FarmInsect has successfully completed a Series-A financing round and collected a total of € 8 million. The Munich-based company has developed an automated fattening system that allows farmers to manufacture protein-rich animal feed from insect larvae on their own farm. This means that they no longer need to import expensive, environmentally-unfriendly feeds such as soy and fishmeal. Bayern Kapital took its first stake in FarmInsect in the summer of 2021 and is now expanding its investment using funds from the Wachstumsfonds Bayern 2. Sandwater as lead investor, Minderoo Foundation and the EIC Fund, which is supplied from EU subsidies, have now been added to the investor group.

FarmInsect GmbH, which has its registered office in Bergkirchen near Munich, was established in 2019 by serial entrepreneurs Wolfgang Westermeier and Thomas Kuehn with the goal of making agricultural animal feed production more sustainable. As one of the world's largest CO2 emitters, agriculture accounts for a significant portion of ongoing climate change. There is a particular focus on conventional components used in animal feed such as soy and fishmeal: The expansion of soy cropland requires the clearing of extensive rainforest areas, while the overfishing of the oceans changes the natural makeup of the entire ecosystem.

Small insects – big effects

Inspired by the EU's approval of insects as feed for livestock in 2017, food and agritech specialists Westermeier and Kuehn developed the concept for FarmInsect in order to replace the importing of soy and fishmeal with an environmentally sound alternative. The approach centres on the young larvae of the black soldier fly (*Hermetia illucens*), which the company breeds at its production site and which it delivers to agricultural operations on a weekly basis. Farmers then can fatten up the young larvae with regional side streams, such as peels or harvest residues, by using an automated fattening system that has been developed by FarmInsect. This "circular economy" system produces high-quality protein feed that can be produced directly on the farm more cheaply, with lower CO2 emissions and independently of global supply chains. The fattening system also produces compost as a by-product, which can be used either to fertilise the farmer's own field, in a biogas plant to replace corn or sold as high-quality fertiliser following special heat treatment. Overall, FarmInsect allows agricultural companies to make feed cost savings of up to 30%. Each step in the process is monitored by an interactive IT platform that guides the farmer through production step by step.

Expansion of production and sales

FarmInsect plans to use its fresh capital to expand its sales activities and increase its production capacity to its maximum load at the company's current production facility for young larvae.

Thomas Kuehn, Founder and CEO of FarmInsect, welcomes the additional financial support: "We are very grateful for the trust that our investors have placed in us. Together we will pursue our ambitious

goal to fully replace soy and fishmeal in the EU with our sustainable closed-loop model. In the next step, we plan to intensify our R&D activities in order to decisively expand the current breeding lines. A further goal is to open an additional production facility.”

Monika Steger, Managing Director of Bayern Kapital, notes: “One thing was clear to us even with our first stake around two years ago: Insect-based feed is a key part of the puzzle for sustainable and future-proof agriculture. FarmInsect’s experienced team developed the company in a very positive way, installed the first customer systems and opened a new production site. We are highly satisfied with the collaboration to date and see a lot of potential for the future.”

Bavaria’s minister for economic affairs, Hubert Aiwanger, adds: “In Bavaria, agriculture is both an economic sector and a core part of our long-standing cultural landscape. This is why we are keen to support the growth of sustainable and technology-oriented agritech companies like FarmInsect. To this end, in 2020 we established the Wachstumsfonds Bayern 2, adding € 165m to it in conjunction with the European Investment Bank (EIB). In this way, we have already begun to forge tomorrow’s regional production networks, today.”

About FarmInsect:

FarmInsect is an AgriTech startup from Munich. The founders, Thomas Kuehn and Wolfgang Westermeier, have been working on a solution for farmers to produce insect larvae from regional side streams (e.g. harvest residues). Insects have been permitted as feed for livestock in the EU since 2017. Due to their high protein content, insect larvae can replace the import of soy and fish meal with a regional and sustainable solution.

FarmInsect’s solution can save farmers up to 30 percent of their feed costs. At the same time, they can significantly improve their sustainability balance sheet.

FarmInsect has been operating a first pilot plant at the Venture Lab of the Technical University of Munich (FACIT) since 2019. The startup is supported by the EU and the Bavarian Ministry of Agriculture as part of the EIP Agri funding program and EIC Accelerator.

FarmInsect has established the largest regional production network for insects in Europe and is the only insect producer in Europe with a dedicated production site only for seed larvae.

www.farminsect.eu

About Bayern Kapital:

Bayern Kapital GmbH, based in Landshut (Germany), is the venture/growth capital company of the Free State of Bavaria. It supports innovative high-tech companies in Bavaria through their various growth phases, from seed to later stage, with equity capital from EUR 0.25 to 25 million. Bayern Kapital often closes gaps in the VC area in proven consortium arrangements with private investors (business angels, family offices and corporate ventures).

Bayern Kapital manages specialist investment funds with a volume of around EUR 700 million. Since its formation in 1995 at the initiative of the state government, the wholly-owned subsidiary of LfA Foerderbank Bayern has invested around EUR 450 million of its own equity capital so far in around 300 start-ups and scale-ups from industries such as life sciences, software & IT, materials & new materials, nanotechnology and environmental technology. More than 8,000 long-term jobs in sustainable companies have been created in Bavaria. The active portfolio currently comprises around 80 companies.

Examples of the many ground-breaking success stories that Bayern Kapital has already supported at an early stage include EOS (not the world’s leading technology provider in industrial 3D printing of metals

and plastics), Proglove, Fazua, SimScale, Scompiler, egym, Parcellab, Cobrainer, Quantum Systems, Casavi, Riskmethods, Tubulis, Catalym, Immunic, Sirion, tado and many more.

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