Investment Memo: Eden Brew

Date: October 27, 2023

Target: Eden Brew (https://www.edenbrew.com.au)

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1. Executive Summary

Eden Brew is an Australian precision fermentation startup focused on producing animal-free dairy proteins. They aim to address the global micronutrient deficiency crisis by creating dairy products that are both sustainable and nutritionally enhanced. Their core technology, DeepForte™, is a precision-engineered micelle platform designed to bind and deliver essential nutrients [1]. Eden Brew has recently secured significant funding and is working towards commercialization, initially targeting the supplement, sports nutrition, and food fortification markets [15]. This memo provides an analysis of Eden Brew, covering its product, market, business model, traction, team, and risks.

SWOT Analysis:

Strengths	Weaknesses
Novel technology (DeepForte™)	Pre-revenue stage, high reliance on R&D
Focus on nutritional enhancement	Faces regulatory hurdles for novel food products
Strong partnerships (Norco, CSIRO)	Limited brand awareness
Addressing a significant global problem (hunger)	Dependence on contract manufacturing
Recent successful funding round	Competition from established dairy and alt-protein firms
Opportunities	**Threats**
Growing demand for sustainable food alternatives	Consumer skepticism towards precision fermentation
Expansion into new product categories	Technological breakthroughs by competitors
Potential for strategic acquisitions	Fluctuations in raw material costs (e.g., yeast strains)
Government support for food tech innovation	Changes in regulatory landscape regarding novel foods
Global expansion	Scaling challenges associated with precision fermentation

Key Verdict:

Eden Brew presents an interesting investment opportunity in the emerging precision fermentation space. The company's focus on enhanced nutrition and strategic partnerships provide a competitive advantage. However, significant risks remain, including regulatory approval, scaling production, and consumer acceptance. **A "Wait" position is recommended at this time**. Further monitoring of regulatory progress, commercialization milestones, and market reception is advised before making a definitive investment decision. Specifically, waiting for clarity on their ability to achieve price parity with traditional dairy by 2029, as stated in [5], is crucial.

2. Product Deep Dive

Eden Brew's primary product is animal-free dairy protein produced through precision fermentation. Instead of using cows, they use genetically engineered Pichia yeast strains [14] to produce casein proteins, the primary proteins found in cow's milk.

Features:

- **Animal-Free:** No animals are involved in the production process, appealing to ethical and environmentally conscious consumers [1].
- **Micronutrient Delivery:** DeepForte™ technology allows for the binding and delivery of essential nutrients like calcium, iron, magnesium, zinc, and vitamin D [1]. This addresses the global hidden hunger crisis [1].
- **Precision Fermentation:** Uses a controlled fermentation process to produce identical casein proteins to those found in cow's milk [1].
- **Bioavailability:** The casein micelles formed through precision fermentation are designed to have the same bioavailability as those in traditional milk, ensuring efficient nutrient absorption [1].
- **Scalability:** The fermentation process is designed to be scalable, allowing for increased production to meet growing demand [1].
- **Flexibility:** The platform is flexible and can be used in various applications, including beverages, powders, supplements, and fortified staples [1]. The shift to B2B indicates an increasing focus on supplements, sports nutrition, and food fortification [15].

Tech Stack:

The core of Eden Brew's technology lies in its precision fermentation process. Key components include:

- **Genetically Engineered Microorganisms (Pichia yeast strains):** These microorganisms are engineered to produce the desired casein proteins [14].
- **Fermentation Bioreactors:** Controlled environments where the microorganisms grow and produce the proteins.
- **Downstream Processing:** Techniques for separating and purifying the casein proteins from the fermentation broth.

- **Micelle Formation Technology (DeepForte™):** A proprietary process for assembling the casein proteins into micelles and incorporating essential nutrients [1].
- **Formulation Expertise:** Knowledge and techniques for incorporating the micelles into various food products [1].

UX (Potential):

While Eden Brew is not yet selling directly to consumers, the potential user experience depends on the final product applications.

- **Supplements:** Easy to consume, potentially in powder or capsule form, with clear labeling of nutrient content.
- **Fortified Foods:** Seamless integration into existing food products, without altering taste or texture significantly.
- **Sports Nutrition:** Palatable and effective protein source for athletes, with potential for added flavors and benefits.

Critical Assessment:

The core strength of Eden Brew is its technology. The ability to produce casein proteins without animals and to enhance them with micronutrients is a significant advantage. However, the dependence on genetically engineered microorganisms and the complexity of the fermentation process introduce technological risks. Scalability and cost-effectiveness remain key challenges. The shift in strategy towards the B2B market [15] demonstrates the team's ability to adapt to market realities, but also signals potential difficulties in achieving price parity in the broader consumer milk market.

3. Market Landscape

The market for animal-free dairy and alternative proteins is rapidly growing, driven by consumer demand for sustainable and ethical food options.

Market Size and Growth:

The global alternative protein market is projected to reach billions of dollars in the coming years. Precision fermentation is a key technology driving this growth.

Target Market:

Eden Brew initially targets the B2B market for supplements, sports nutrition, and food fortification [15]. This allows them to focus on higher-value applications with potentially faster regulatory pathways. Longer-term, the company aims to enter the consumer milk and dairy market.

Competitor Table:

Competitor	Technology	Product Focus	Key Features	Pricing Strategy (Est.)	Strengths	Weaknesses
Perfect Day [16]	Precision Fermentation	Whey Protein (Animal-Free)	Replaces whey in ice cream, cheese, and other products	Premium	Established market presence, strong partnerships	Focus primarily on whey, not casein
Daisy Lab [16]	Precision Fermentation	Dairy Proteins (Animal-Free)	Developing methods for producing dairy proteins without cows	N/A (Pre-Commercial)	Focus on dairy proteins, novel technology	Early stage, no commercial products yet
TurtleTree [16]	Cellular Agriculture	Cultured Milk	Producing milk from animal cells	N/A (Pre-Commercial)	Focus on whole milk, potential for wider range of products	Regulatory hurdles, scaling challenges
Elmhurst Milked [16]	Plant-Based	Plant-Based Milk Alternatives	Non-dairy milk alternatives, creamers, lattes, and sour cream, made without the use of…	Competitive	Established brand, wide distribution, plant-based appeal	Not animal-free dairy, different nutritional profile
Change Foods	Precision Fermentation	Animal-free cheese	Producing cheese using precision fermentation	N/A (Pre-Commercial)	Aims to replicate traditional cheese taste and texture, vegan	Early stage, no commercial products yet, less traction than Perfect Day

Analysis:

Eden Brew's focus on casein proteins and micronutrient delivery differentiates it from competitors like Perfect Day, which primarily focus on whey protein. However, Perfect Day has a more established market presence and proven ability to scale production. The shift towards B2B signals a recognition of the competitive pressures in the direct-to-consumer milk market and allows them to initially compete in areas where they can command a premium due to enhanced nutritional benefits. The long term success of Eden Brew will depend on their ability to produce casein proteins at a price point that is competitive with both traditional dairy and other alternative protein sources.

4. Business Model

Revenue Streams:

- **B2B Ingredient Sales:** Selling DeepForte™ casein protein to food manufacturers, supplement companies, and sports nutrition brands [15]. This is the initial focus.
- **Licensing:** Potentially licensing their technology to other companies in the future.
- **Direct-to-Consumer (DTC) Sales:** Long-term, selling branded dairy products (milk, ice cream, etc.) directly to consumers. This is dependent on achieving cost parity with traditional dairy.

Pricing Strategy:

- **Premium Pricing (Initial):** Initially, Eden Brew will likely adopt a premium pricing strategy for its B2B ingredients, based on the unique nutritional benefits and sustainable production methods [15].
- **Cost-Plus Pricing:** As production scales, they will aim to reduce costs and adopt a more cost-plus pricing strategy to compete with traditional dairy and other alternative protein sources [5].
- **Value-Based Pricing:** Emphasizing the nutritional benefits and sustainability aspects to justify a higher price point.

Unit Economics:

- **Production Costs:** Key cost drivers include raw materials (e.g., yeast strains, fermentation media), energy, and downstream processing [14].
- **Manufacturing:** Utilizing contract manufacturing with Norco initially [14]. This avoids the capital expenditure of building their own production facility but introduces reliance on a third party.
- **Distribution:** Establishing distribution channels to reach target customers in the food, supplement, and sports nutrition industries.
- **R&D:** Ongoing investment in research and development to improve the efficiency of the fermentation process and expand product applications.

Critical Assessment:

The business model is logical, with a phased approach starting with B2B ingredients and potentially moving to DTC sales. The reliance on contract manufacturing is a reasonable initial strategy, but long-term success will require either significant cost reductions in the fermentation process or the development of proprietary manufacturing capabilities. The ability to achieve price parity with conventional dairy by 2029 is a critical assumption that needs to be validated. If they fail to achieve this price point, they may be limited to niche markets.

5. Traction & Risks

Traction:

- **Funding:** Successfully raised $24.4 million in a Series A round [2, 3, 4]. This indicates strong investor confidence in the company's potential. Nearly $19M in funding from private and public investors, as stated in [5], demonstrates a history of attracting capital.
- **Partnerships:** Established partnerships with Norco and CSIRO [14, 17, 18]. These partnerships provide access to manufacturing infrastructure, technology, and industry expertise.
- **Regulatory Progress:** Submitted the country's first regulatory application for animal-free milk protein in Australia & New Zealand [5]. FSANZ has placed the submission into a General Level 5 procedure, with completion expected by mid-November 2026 [13].
- **Technology Validation:** Developed a world-first animal-free casein micelle [4].

Risks:

- **Regulatory Approval:** The regulatory pathway for novel food products is uncertain and can be lengthy and expensive [5, 13].
- **Scaling Production:** Scaling the fermentation process to commercial levels is a significant technical challenge [14].
- **Consumer Acceptance:** Consumers may be skeptical towards precision fermentation and animal-free dairy products [1]. Educating consumers about the benefits and safety of the technology is crucial.
- **Competition:** The alternative protein market is highly competitive, with established players and new entrants constantly emerging [16].
- **Technological Risk:** The fermentation process is complex and can be affected by various factors, such as contamination or genetic instability of the microorganisms.
- **Cost of Production:** Achieving price parity with conventional dairy will require significant reductions in production costs [5, 14].
- **Reliance on Contract Manufacturing:** Dependence on Norco introduces potential risks related to capacity constraints, quality control, and intellectual property protection [14].
- **Intellectual Property:** Protecting their proprietary technology is crucial to maintaining a competitive advantage.

Legal/Regulatory Risks:

- **Novel Food Regulations:** Navigating the regulatory landscape for novel foods in Australia, New Zealand, and other target markets is a major challenge [5, 13]. FSANZ's assessment is expected to take up to 668 hours, with completion expected by mid-November 2026 [13].
- **GMO Labeling:** Potential requirements for labeling products as containing genetically modified organisms (GMOs) could negatively impact consumer perception.

- **Food Safety Regulations:** Ensuring that the fermentation process and final products meet all applicable food safety standards.

Critical Assessment:

While Eden Brew has made significant progress in terms of funding, partnerships, and technology development, substantial risks remain. Regulatory approval and scaling production are the two most critical challenges. Consumer acceptance and competition are also important factors to consider. The long-term success of Eden Brew will depend on its ability to mitigate these risks.

6. Founding Team

Information on the founding team is somewhat limited in the provided sources, but key figures are mentioned:

- **Jim Fader (CEO):** CEO of Eden Brew [4, 15, 18]. He is actively involved in securing funding, building partnerships, and guiding the company's strategic direction. No information is available within the provided sources regarding Jim Fader's prior experience.
- **CSIRO (Partners):** CSIRO's scientists and technology are integral to the development of Eden Brew's technology [17, 18]. This provides access to world-class research and expertise.
- **Norco (Partners):** Norco, Australia's oldest dairy cooperative is a partner. [14, 17, 18]

Analysis:

The team benefits from the partnership with CSIRO providing critical scientific expertise and Norco, offering manufacturing capacity [14, 17, 18]. However, more information is needed on the CEO and management team's specific experience in scaling food tech companies, navigating regulatory hurdles, and building successful consumer brands. This lack of information increases the perceived risk of the investment.

7. Strategic Conclusion

Eden Brew is an innovative company addressing a significant global problem with a novel technology. The potential for sustainable and nutritionally enhanced dairy products is compelling. However, the company faces significant risks related to regulatory approval, scaling production, consumer acceptance, and competition.

Recommendation:

A **"Wait"** position is recommended at this time. The company is still pre-revenue and faces significant hurdles. Further monitoring of the following milestones is advised before making a definitive investment decision:

- **Regulatory Progress:** Monitor the progress of their application with FSANZ and other regulatory agencies [5, 13].
- **Scaling Milestones:** Track their progress in scaling the fermentation process and reducing production costs [14].
- **Market Reception:** Assess consumer response to animal-free dairy products and the messaging around precision fermentation [1].
- **Competitive Landscape:** Stay informed about the activities of competitors in the alternative protein market [16].
- **Achievement of Price Parity:** Track their progress towards achieving price parity with conventional dairy by 2029 [5].

Potential Future Actions:

- **Re-evaluate:** Re-evaluate the investment opportunity once Eden Brew has achieved significant progress in the above areas.
- **Engage:** Engage with the management team to gain a deeper understanding of their strategy, challenges, and progress.
- **Follow-on Investment:** Consider a follow-on investment if the company successfully navigates the regulatory process, scales production, and demonstrates strong market traction.

Overall:

Eden Brew is a promising company in an exciting space, but the risks are significant. A cautious approach is warranted until more information is available.

References

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