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Agronomics Limited - ANIC Investment of US\$ 500,000 in GALY CO.
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Agronomics Limited

[\("Agronomics" or the "Company"\)](#)

Agronomics Announces Investment of US\$ 500,000 in GALY CO.

The Board of Agronomics is pleased to announce today it has completed a subscription of US\$ 500,000, in the form of a SAFE ("Simple Agreement for Future Equity") (the "Subscription"), in GALY CO. ("GALY"). The Subscription will give Agronomics an approximate equity interest of 4.37%, subject to conversion at a priced equity fundraising round of GALY with a valuation cap of US\$10 million.

GALY is a Boston, USA, based pioneering biomaterials technology company, producing cotton grown in a lab. The company utilises cell culture to grow cotton cells at faster growth rates than conventional crops, requiring less water, land, gas emissions and no use of harmful chemicals. GALY is led by Luciano Bueno, CEO and founder, who has prior experience building companies within the textile industry, venture capital and was selected in Brazil's Forbes 30 Under 30 list in 2019.

Richard Reed, Chairman of Agronomics, provided comments on the investment: -

"GALY represents the next generation of cell culture technology being tailored towards improving the sustainability of industries beyond its existing applications for cultivated meat. We are impressed by GALY's novel application of the technology and identify its capabilities to rectify current issues surrounding cotton production."

Luciano Bueno, Founder and CEO of GALY also added: -

"We are very proud of having Agronomics as our investor, Agronomics has deep expertise in the cellular agriculture field, and we believe they have invested in the leading companies in this space. We see biomaterials as the next greatest innovation and there is a clear market need for that, and we are excited for our following steps."

Since the Subscription is considered a Substantial Transaction under AIM Rule 12, this announcement requires certain disclosures under Schedule Four. GALY is an early stage, pre-revenue company with costs of approximately US\$ 20,403 per month and total assets as at 31 December 2019 of approximately US\$ 790,000 including cash and near cash of US\$ 780,000 and no material liabilities.

SAFE Agreement

A SAFE is a "Simple Agreement for Future Equity". SAFE Agreements have similar characteristics to Convertible Loans and are designed to provide an early investor with an "edge" ahead of a larger planned funding. The edge is typically conversion of funds advanced for new equity at a discount to the subsequent raise. They are popular as it prevents a relatively small early investor setting a price for a round (which is set later by a lead investor), reducing the need for extensive due diligence and extensive negotiations regarding valuation. SAFE Agreements are increasingly popular in the US (they remain relatively rare in Europe) and are commonly used by tech and life science companies where the early stage of the IP is difficult to value. Being a SAFE investor also means an investor is not a creditor in a future insolvency. Principle terms of the SAFE:

- If there is an Equity Financing prior to the expiration of the SAFE (being three years from the date of the instrument), then GALY will issue to Agronomics the greater of: (1) the number of shares equal to the Purchase Amount of US\$500,000 divided by the lowest price per share; or (2) the number of shares equal to the Purchase Amount divided by the price per share equal to the Post Money Valuation Cap of US\$10,000,000 divided by the Company Capitalization (the "**Safe Price**").
- If an Equity Financing, Liquidity Event or a Dissolution Event does not occur within three years (i.e. before the Expiration Date) then GALY will automatically issue to Agronomics a number of shares equal to the greater of (i) the Purchase Amount (US\$500,000) divided by the Safe Price, or (ii) the Purchase Amount (US\$500,000) divided by the lowest price per share for any issue of new shares by GALY for equity financing purposes from the term of the SAFE multiplied by 80%.
- There is no minimum amount to qualify as an eligible Equity Fundraising. There is no maximum on the amount of funds that can be raised by way of SAFE agreements.
- In the event of a Liquidity Event (change of control) the funds advanced under the SAFE are (at the election of the investor) repaid or immediately prior to the Liquidity Event converted at the Liquidity Price (Post-Money Valuation Cap / issued shares).
- Following a Dissolution Event to the extent there are funds available to be distributed they are paid first to SAFE investors (pro rata).
- Following conversion, GALY is required to sign relevant transaction documents (shareholders' agreement, investor rights agreement, etc.). At this stage (ahead of the planned funding round) the terms of those documents (for example, in relation to drag and tag, board representation, rights of pre-emption, lock-up, etc.), and the rights of the shares issued on conversion (voting rights, liquidation or distribution preference, etc.) are unknown. The terms of the new equity will be typically negotiated by the lead investor at such time.
- The SAFE terminates when the funds are converted to shares, or following repayment.
- The Company holds Pro Rata rights with GALY, which can be exercised at the priced Equity fundraise, and also has pro rata rights in respect of any private placements by GALY following an Equity Fundraise.
- SAFE under US law.
- The SAFE will expire on the 3rd anniversary of the SAFE date.
- A clause allows Agronomics to 'swap' their SAFE for better terms if post-investment the company issues further SAFEs, CLNs or other convertible securities with better terms to a new investor.

About GALY

GALY is a biomaterials company looking to produce the first commercial lab-grown cotton. Using proprietary technology, GALY is looking to have the best product in the market by combining quality and performance, speed, pricing and sustainability.

About Agronomics

Agronomics is an AIM-listed investment company focused on the nascent field of cellular agriculture and synthetic biology, with an emphasis on environmentally friendly alternatives to the traditional production of animal-derived products. The Company was launched in April 2019, with the appointment of a highly experienced team of investors and entrepreneurs including Richard Reed, Jim Mellon and David Giampaolo.

Agronomics believes that the recent developments within cellular agriculture and the alternative protein space will play a major role in feeding the world's growing population as it approaches 10 billion people by 2050. The production of animal protein via novel approaches is a viable solution to minimise global greenhouse gas emissions, water, energy and land requirements as well as alleviating animal welfare concerns.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ('MAR'). Upon the publication of this announcement via a Regulatory Information Service ('RIS'), this inside information is now considered to be in the public domain.

For further information, please contact:

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