

# AGROINOMICS

**Agronomics Limited**

**Unaudited Interim Report and Condensed Consolidated Financial Statements**

**For the period ended 31 December 2020**

Registration number: Isle of Man 006874V

# Agronomics Limited

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# Agronomics Limited

## Chairman's statement

### Introduction

I am pleased to present the Unaudited Interim Results for Agronomics Limited (the "Company") for the six-month period ending 31 December 2020.

### Financial Review

The Company recorded a net loss for the period of £1,447,306 (2019: loss of £493,493). During the six months, our investment income, including loan interest and net unrealised gains increased to £510,635 (2019: £84,262). Operating expenses were £441,013 (2019: £577,782), with the increase due to professional fees relating to the investments acquired and the fundraising completed during the period. Following the fundraising, share issue commissions of £265,635 were paid, which under IFRS have been capitalised to equity. The prior period included no performance fee and no performance fee has been accrued during the period under review. The basic loss per share was 0.62 pence (2019: loss of 0.5 pence), and the diluted loss per share was 0.61 pence (2019: loss of 0.5 pence).

Our invested assets at fair value increased to £26,930,310 (30 June 2020: £16,740,656), and cash and cash equivalents stood at £2,506,516 (30 June 2020: £2,789,097). Our net assets increased to £27,754,579 at 31 December 2020 (30 June 2020: £19,416,878). The increase is largely due to a fundraising completed during October 2020, raising total net funds of £9,589,825 and issuing 167,735,814 new ordinary shares. As a result, the net asset value per share at 31 December 2020 is 5.56 pence, being 5% lower than at 30 June 2020 (5.86 pence).

### Approach to Risk and Corporate Governance

*"The Company's general risk appetite is a moderate, balanced one that allows it to maintain appropriate growth, profitability and scalability, whilst ensuring full corporate compliance."*

The Group's primary risk drivers include: -

Strategic, Reputational, Credit, Operational, Market, Liquidity, Foreign Exchange, Capital and Funding, Compliance and Conduct.

Our risk appetite has been classified as high under an "impact" matrix defined as Zero, Low, Medium and High. Appropriate steps have been taken and adequate controls implemented to monitor the risks of the Company, and the appropriate committees and reporting structures have been established, which under the Chairmanship of the Chairman, will monitor risks facing the Company. Further details of the Corporate Governance Statement, including the role and responsibilities of the Chairman and an explanation as to how the QCA Code has been applied, will be found on pages 8 to 11 of the audited 30 June 2019 financial statements, which are on the Company's website at [www.agronomics.im](http://www.agronomics.im).

At the General Meeting of the Company on 16 April 2019, shareholders adopted a new Investing Policy, which includes the following:

*"The Company will invest in opportunities within the Life Sciences sector, concentrating on, but not being limited to, environmentally friendly alternatives to the traditional production of meat and plant-based nutrition sources ("Clean Food"). The Company will focus on investments that provide scalable and commercially viable opportunities."*

Further details of the new Investing Policy can found on the Company's website at [www.agronomics.im](http://www.agronomics.im).

### Investment Review – Core Portfolio

The Board made significant progress in building out the portfolio during this half, having made new and follow-on investments in 8 companies. A number of these investments were in recognised leaders of their respective fields covering seafood, pork, leather and dairy proteins.

The Company acquired 1,127 Series A Preferred share in Solar Foods Oy ("Solar Foods"), for a consideration of EUR 3 million. Solar Foods develops a sustainable protein called Solein® a microorganism that grows utilising airborne carbon dioxide and hydrogen via the electrolysis of water.

As part of a US\$ 55 million financing lead by Blue Horizon Ventures, the Company invested EUR 1.75 million in Mosa Meats B.V. ("Mosa"), with the financing being split into two tranches. In total, Agronomics has committed to investment EUR 3.5 million into Mosa. Mosa is a cultivated meat company based in the Netherlands, whose founding scientist, Prof. Mark Post, showcased the world's first cultivated burger in 2013. Mosa is focused initially on cultivated beef products, intending to have products approved in the EU in 2023.

# Agronomics Limited

## Chairman's statement - continued

The Company purchased a US\$ 5 million Convertible Promissory Note ("CPN") from BlueNalu Inc ("BlueNalu"), an existing portfolio company focused on cell-based seafood products. Agronomics currently holds 192,005 shares of BlueNalu, comprised of 43,357 Seed Preferred Shares and 148,648 Series A Preferred Shares, with a book value, excluding the CPN investment, of £2,602,456. Assuming the CPN is subscribed in full and a Qualified Financing occurs at a price equal to the agreed valuation cap of the CPN, Agronomics will have an approximate equity interest of 5.85% of issued shares following conversion and would value Agronomics' position at approximately £13.4 million.

In December 2020, Agronomics completed a subscription of US\$ 50,000 in the form of a Simple Agreement for Future Equity ("SAFE") in CellX Limited ("CellX"). CellX is a China-based cellular agriculture company, focussing on cell-based pork and seafood products initially. CellX was founded in 2020, with the intention of showcasing its first prototypes in 2021. The SAFE will convert at the valuation cap divided by the company capitalisation at the next equity financing, which should give Agronomics an approximate equity ownership of 1.43%.

Agronomics also made a US\$ 2.0 million investment in the form of a SAFE in SuperMeat the Essence of Meat ("SuperMeat"). SuperMeat's initial focus is on cultivated chicken products, and unveiled its sustainable restaurant experience, The Chicken, in Tel Aviv, Israel, earlier this year, where individuals are invited to taste SuperMeat's cultivated chicken. The SAFE will convert at a price per share reflecting the lower of the valuation cap or at a 25 percent discount to the share price of SuperMeat's next equity round. We expect that upon conversion of the SAFE at the completion of SuperMeat's next equity fundraiser and, assuming a pre-money valuation of US\$ 150 million, Agronomics will hold approximately 2.22% of SuperMeat's fully diluted share capital.

The portfolio weightings by Net Asset Value are tabled below:

<b>Investment</b>	<b>Weighting</b>
BlueNalu, Inc	22.67%
Meatable BV	11.55%
Other alternative protein investments	10.53%
Solar Foods Oy	9.71%
Cash balances	8.70%
Foods United	7.92%
Tropic Biosciences UK Limited	7.92%
Vitrolabs Inc	6.60%
Mosa Meats B.V.	5.67%
Supermeat the Essence of Meat	5.28%
Legacy portfolio	3.45%
<b>Total</b>	<b>100.00%</b>

## Investment Review – Legacy Portfolio

The legacy portfolio, representing 3.45% of NAV, will remain under review and liquidated opportunistically.

## Financing

During the 6 months to 31 December 2020, the Company successfully completed an oversubscribed funding round, raising in total £10,050,474 and issuing 167,735,814 new Ordinary Shares. Following share issue commissions and professional fees, net cash proceeds of £9,589,825 were retained by the Company. Funds were utilised to acquire four new investments, further diversifying the portfolio, and also to complete a follow-on investment into BlueNalu.

## Approach to Risk and Corporate Governance

*"The Company's general risk appetite is a moderate, balanced one that allows it to maintain appropriate growth, profitability and scalability, whilst ensuring full corporate compliance."*

The Group's primary risk drivers include: -

Strategic, Reputational, Credit, Operational, Market, Liquidity, Foreign Exchange, Capital and Funding, Compliance and Conduct.

# Agronomics Limited

## Chairman's statement - continued

Our risk appetite has been classified as high under an "impact" matrix defined as Zero, Low, Medium and High. Appropriate steps have been taken and adequate controls implemented to monitor the risks of the Company, and the appropriate committees and reporting structures have been established, which under the Chairmanship of the Chairman, will monitor risks facing the Company. Further details of the Corporate Governance Statement, including the role and responsibilities of the Chairman and an explanation as to how the QCA Code has been applied, will be found on pages 7 to 10 of the audited 30 June 2020 financial statements, which are on the Company's website at [www.agronomics.im](http://www.agronomics.im).

At the General Meeting of the Company on 16 April 2019, shareholders adopted a new Investing Policy, which includes the following:

*"The Company will invest in opportunities within the Life Sciences sector, concentrating on, but not being limited to, environmentally friendly alternatives to the traditional production of meat and plant-based nutrition sources ("Clean Food"). The Company will focus on investments that provide scalable and commercially viable opportunities."*

Under our valuation policy, it is not possible to reflect significant uplifts between valuation events such as a new third party funding, and therefore the Board believes that the stated NAV per share may not fully represent the current intrinsic value of the portfolio companies given their continuing progress and the comparable valuations we see for these types of companies in this rapidly growing sector.

Further details of the new Investing Policy can found on the Company's website at [www.agronomics.im](http://www.agronomics.im).

## Strategy and Outlook

The first half of the financial year has been both busy and very exciting. Our current investment portfolio shows considerable promise for future growth, given the scale of opportunity to invest in the nascent alternative foods sector. We are expecting significant developments in a number of our portfolio companies [that should positively impact their valuation] in the coming months. The Board continue to seek new opportunities in line with its Investing Policy.

**Richard Reed**

Chairman

25 January 2021

# Agronomics Limited

## Condensed consolidated statement of comprehensive income

For the period ended 31 December 2020

	<i>Notes</i>	Period ended 31/12/2020 (unaudited) £	Period ended 31/12/2019 (unaudited) £
<b>Income</b>			
Net income from financial instruments at fair value through profit and loss	2	<b>479,010</b>	84,262
		<b>479,010</b>	84,262
<b>Operating expenses</b>			
Performance fee	3	-	-
Other costs	4	<b>(441,013)</b>	(577,782)
Foreign exchange gains/(loss)		<b>(1,516,928)</b>	(7,591)
<b>Loss from operating activities</b>		<b>(1,478,931)</b>	(501,111)
Interest received	2	<b>31,625</b>	7,618
<b>Loss before taxation</b>		<b>(1,447,306)</b>	(493,493)
Taxation		-	-
<b>Loss for the period</b>		<b>(1,447,306)</b>	(493,493)
Other comprehensive income		-	-
<b>Total comprehensive loss for the period</b>		<b>(1,447,306)</b>	(493,493)
Basic loss per share (pence)	5	<b>(0.62)</b>	(0.5)
Diluted loss per share (pence)	5	<b>(0.61)</b>	(0.5)

The Directors consider that the Company's activities are continuing.

The notes on pages 8 to 10 form part of these interim financial statements.

# Agronomics Limited

## Condensed consolidated statement of financial position

As at 31 December 2020

	Notes	31/12/2020 (unaudited) £	30/06/2020 (audited) £
<b>Current assets</b>			
Financial assets at fair value through profit or loss	6	26,930,310	16,740,656
Trade and other receivables		22,269	18,208
Cash and cash equivalents		2,506,516	2,789,097
		<u>29,459,095</u>	<u>19,547,961</u>
<b>Total assets</b>			
<b>Equity</b>			
Share capital		499	331
Share premium		28,864,977	19,080,138
Retained (deficit)/earnings		(1,110,897)	336,409
		<u>27,754,579</u>	<u>19,416,878</u>
<b>Total equity</b>			
<b>Current liabilities</b>			
Trade and other payables	7	112,338	131,083
		<u>112,338</u>	<u>131,083</u>
<b>Non-current liabilities</b>			
Long term payable		1,592,178	-
		<u>1,592,178</u>	<u>-</u>
<b>Total liabilities</b>			
		<u>1,704,516</u>	<u>131,083</u>
<b>Total equity and liabilities</b>			
		<u>29,459,095</u>	<u>19,547,961</u>

The notes on pages 8 to 10 form part of these interim financial statements.

These interim financial statements were approved by the Board of Directors on 25 January 2021 and were signed on their behalf by:

**Denham Eke**  
Director

# Agronomics Limited

## Condensed consolidated statement of changes in equity

For the period ended 31 December 2020

<i>Notes</i>	Share capital £	Share premium £	Retained (loss)/earnings £	Total £
<b>Balance at 01 July 2019 (audited)</b>	<b>23</b>	<b>1,890,142</b>	<b>(275,322)</b>	<b>1,614,843</b>
<i>Total comprehensive income for the period</i>				
Loss for the period	-	-	<b>(493,493)</b>	<b>(493,493)</b>
Total comprehensive income for the period	-	-	<b>(493,493)</b>	<b>(493,493)</b>
<i>Transactions with owners of the Company</i>				
Issue of shares	-	<b>12,188,732</b>	-	<b>12,188,732</b>
Total transactions with owners of the Company	-	<b>12,188,732</b>	-	<b>12,188,732</b>
<b>Balance at 31 December 2019 (unaudited)</b>	<b>23</b>	<b>14,078,874</b>	<b>(768,815)</b>	<b>13,310,082</b>

<i>Notes</i>	Share capital £	Share premium £	Retained (loss)/earnings £	Total £
<b>Balance at 01 July 2020 (audited)</b>	<b>331</b>	<b>19,080,138</b>	<b>336,409</b>	<b>19,416,878</b>
<i>Total comprehensive income for the period</i>				
Loss for the period	-	-	<b>(1,447,306)</b>	<b>(1,447,306)</b>
Total comprehensive income for the period	-	-	<b>(1,447,306)</b>	<b>(1,447,306)</b>
<i>Transactions with owners of the Company</i>				
Issue of shares	<b>168</b>	<b>10,050,474</b>	-	<b>10,050,642</b>
Share issue costs capitalised	-	<b>(265,635)</b>	-	<b>(265,635)</b>
Total transactions with owners of the Company	<b>168</b>	<b>9,784,839</b>	-	<b>9,785,007</b>
<b>Balance at 31 December 2020 (unaudited)</b>	<b>499</b>	<b>28,864,977</b>	<b>(1,110,897)</b>	<b>27,754,579</b>

The notes on pages 8 to 10 form part of these interim financial statements.

# Agronomics Limited

## Condensed consolidated statement of cash flows

For the period ended 31 December 2020

	<i>Notes</i>	<b>Period ended 31/12/2020 (unaudited) £</b>	Period ended 31/12/2019 (unaudited) £
<b>Cash flows from operating activities</b>			
Loss for the period		<b>(1,447,306)</b>	(493,493)
Adjusted for:			
Interest received – non-cash		<b>(31,625)</b>	(7,618)
Unrealised gains on investments	2	<b>(479,010)</b>	(84,262)
Unrealised foreign exchange losses on investments		<b>1,469,538</b>	-
		<hr/>	<hr/>
<b>Operating loss before changes in working capital</b>		<b>(488,403)</b>	(585,373)
Increase in receivables		<b>(4,065)</b>	(4,496)
Increase in payables		<b>176,439</b>	46,877
		<hr/>	<hr/>
<b>Net cash flows from operating activities</b>		<b>(316,029)</b>	(542,992)
<b>Cash flows from investing activities</b>			
Purchase of investments		<b>(9,647,469)</b>	(7,393,812)
Proceeds from sale of investments		<b>91,092</b>	-
Interest received		<b>-</b>	1
		<hr/>	<hr/>
<b>Net cash flows from investing activities</b>		<b>(9,556,377)</b>	(7,383,811)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		<b>9,855,460</b>	12,188,732
Capitalised share issue costs		<b>(265,635)</b>	-
		<hr/>	<hr/>
<b>Net cash flows from financing activities</b>		<b>9,589,825</b>	12,188,732
<b>(Decrease)/Increase in cash and cash equivalents</b>		<b>(282,581)</b>	4,251,929
Cash and cash equivalents at beginning of period		<b>2,789,097</b>	417,952
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of period</b>		<b>2,506,516</b>	4,669,881
		<hr/>	<hr/>

The notes on pages 8 to 10 form part of these interim financial statements.

# Agronomics Limited

## Notes to the condensed consolidated interim financial statements

### 1 Significant accounting policies

Agronomics Limited (the "Company") is a company domiciled in the Isle of Man. The address of the Company's registered office is 18 Athol Street, Douglas, Isle of Man, IM1 1JA.

The unaudited condensed consolidated financial statements of the Company (the "Financial Information") are prepared in accordance with Isle of Man law and International Financial Reporting Standards ("IFRS") and their interpretations issued by the International Accounting Standards Board ("IASB") and adopted by the European Union ("EU"). The financial information in this report has been prepared in accordance with the Company's accounting policies. Full details of the accounting policies adopted by the Company are contained in the financial statements included in the Company's annual report for the year ended 30 June 2019 which is available on the Group's website: [www.agronomics.im](http://www.agronomics.im)

The accounting policies and methods of computation and presentation adopted in the preparation of the Financial Information are consistent with those described and applied in the financial statements for the year ended 30 June 2020. There are no new IFRSs or interpretations effective from 1 July 2020 which have had a material effect on the financial information included in this report.

On 8 July 2020, the Company incorporated a wholly owned subsidiary. Following this date, consolidated financial statements have been prepared. The condensed interim consolidated financial statements presented include the Company and its subsidiary.

The unaudited condensed financial statements do not constitute statutory financial statements. The statutory financial statements for the year ended 30 June 2020, extracts of which are included in these unaudited condensed financial statements, were prepared under IFRS as adopted by the EU. The auditors' report on those financial statements was unmodified and contained emphasis of matter paragraphs relating to the valuation of unquoted investments and loan receivable.

The preparation of the Financial Information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results could differ materially from these estimates. In preparing the Financial Information, the critical judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2020 as set out in those financial statements.

The Financial Information is presented in Great British Pounds, rounded to the nearest pound, which is the functional currency and also the presentation currency of the Company.

### 2 Net income/(loss) from financial instruments at fair value through profit and loss

	<b>31/12/2020</b> <b>(unaudited)</b>	31/12/2019 (unaudited)
	£	£
Net unrealised gains on investments	<b>479,010</b>	84,262
Other income	<b>31,625</b>	-
	<hr/>	<hr/>
Total investment income	<b>510,635</b>	84,262
	<hr/> <hr/>	<hr/> <hr/>

### 3 Performance fee

	<b>31/12/2020</b> <b>(unaudited)</b>	31/12/2019 (unaudited)
	£	£
Performance fee	-	-
	<hr/>	<hr/>

Shellbay Investments Limited receives performance fees for the provision of Mr James Mellon as Non-Executive Chairman of the Company. The fees are calculated at 15 per cent. of any increase in the net asset value of the Company over each quarterly period, subject to a high watermark (high-watermark being defined as "the highest fully diluted NAV per shares recorded at any quarter day end to date provided the fully diluted NAV exceeds the offer price per share in the AIM listing"). The performance fee is payable in shares issued at the mid-price on the day of the quarterly net asset value announcement. No fees were payable for the current period (31 December 2019: £nil). See note 9 for further details.

# Agronomics Limited

## Notes to the condensed consolidated interim financial statements (continued)

### 4 Other costs

	31/12/2020 (unaudited) £	31/12/2019 (unaudited) £
Directors' fees	10,833	15,000
Auditors' remuneration for the current period	17,500	9,500
Insurance	4,158	3,544
Professional fees	360,136	518,388
Sundry expenses	48,386	31,350
	<u>441,013</u>	<u>577,782</u>

The Company has no employees other than the Directors.

### 5 Basic and diluted loss per share

The calculation of basic loss per share of the Company is based on the loss for the period of £1,447,306 (31 December 2019: loss of £493,493) and the weighted average number of shares of 231,939,864 (31 December 2019: 95,711,934) in issue during the period.

Diluted loss per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares such as warrants and options. The calculation of diluted loss per share of the Company is based on the loss for the period of £1,447,306 (31 December 2019: loss of £493,493) and the weighted average number of shares of 234,466,498 (31 December 2019: 95,711,934) in issue during the period.

### 6 Financial assets at fair value through profit or loss

	31/12/2020 (unaudited) £	30/06/2019 (audited) £
Quoted	758,256	529,725
Unquoted	26,172,054	8,205,921
	<u>26,930,310</u>	<u>8,735,646</u>
Total financial assets at fair value		
Equities	17,830,880	5,129,567
Convertible loan notes	3,807,944	2,208,557
SAFE* investments	3,699,908	1,397,522
Commitment for future investment	1,592,178	-
	<u>26,930,310</u>	<u>8,735,646</u>
Total financial assets at fair value		
* Simple Agreement for Future Equity		

### 7 Trade and other payables

	31/12/2020 (unaudited) £	30/06/2020 (audited) £
Provision for audit fee	17,500	28,217
Other	62,860	21,200
Trade creditors	31,978	62,720
	<u>112,338</u>	<u>112,137</u>
Total trade and other payables		

# Agronomics Limited

## Notes to the condensed consolidated interim financial statements (continued)

### 8 Related party transactions

Under an agreement dated 1 December 2011, Burnbrae Limited, a company related to both Jim Mellon and Denham Eke, provide certain services, principally accounting and administration, to the Company. This agreement may be terminated by either party on three months' notice. The Company incurred a total cost of £18,000 (31 December 2019: £18,000) during the period under this agreement of which £63 was outstanding as at the period end (30 June 2020: £3,047).

Under an agreement dated 6 May 2011, Shellbay Investments Limited ("Shellbay"), a company related to both Jim Mellon and Denham Eke, provide the services of Jim Mellon as Non-Executive Chairman of the Company (see note 3). On 9 December 2019, the Company announced that Shellbay has agreed it would not charge any performance fees, as due under the current agreement, until 6 December 2020, to the extent that the Company does not achieve an 8% per annum (pro rata) annual return on the relevant 'high-watermark' net asset value per share (being the highest reported NAV per share within the past 12 months, calculated in accordance with IFRS). In addition, Shellbay has agreed that any fees payable shall be accrued and shall only be due when realised gains from the Company's investments have been received.

The charge for services provided in the period was £Nil (31 December 2019: £Nil). No amount was outstanding as at the period-end (30 June 2020: £Nil).

In accordance with the Company's published investment strategy, Mr Mellon may co-invest alongside the Company in certain investments and, accordingly, he has direct and indirect interests in other investments held by the Company.

### 9 Commitments and contingent liabilities

There are no known commitments or contingent liabilities as at the period end.

### 10 Events after the reporting date

To the knowledge of the Directors, there have been no material events since the end of the reporting period that require disclosure in the condensed interim consolidated financial statements.