



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 993 853 631
Organisasjonsform: Aksjeselskap
Foretaksnavn: AGRINOS AS
Forretningsadresse: c/o Aker Brygge Business Village
3. etg
Grundingen 6
0250 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2018 - 31.12.2018

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Kevin Helash
Dato for fastsettelse av årsregnskapet: 12.06.2019

Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

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Brønnøysundregistrene, 22.09.2019



Resultatregnskap

Beløp i: NOK	Note	2018	2017
RESULTATREGNSKAP			
Inntekter			
Sales revenue	3	22 329 613	20 376 405
Other operating revenue	3	0	0
Sum inntekter		22 329 613	20 376 405
Kostnader			
Cost of goods sold		18 183 790	9 523 231
Salaries and personnel costs	4	-1 812 390	6 613 325
Depreciation and amortization	7,8,17	662 124	662 124
Other operating expenses		164 108 733	86 352 991
Sum kostnader		181 142 257	103 151 671
Driftsresultat		-158 812 644	-82 775 266
Other financial expense	5	15 058 297	15 791 797
Sum finanskostnader		15 058 297	15 791 797
Netto finans		-15 058 297	-15 791 797
Ordinært resultat før skattekostnad		-173 870 941	-98 567 063
Ordinært resultat etter skattekostnad		-173 870 941	-98 567 063
Årsresultat		-173 870 941	-98 567 063



Balanse

Beløp i: NOK	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Other intangible assets	7	2 974 140	3 636 264
Sum immaterielle eiendeler		2 974 140	3 636 264
Finansielle anleggsmidler			
Investering i datterselskap	2,9	40 482 731	17 571 037
Sum finansielle anleggsmidler		40 482 731	17 571 037
Sum anleggsmidler		43 456 871	21 207 301
Omløpsmidler			
Varer			
Fordringer			
Accounts receivable	10,11	16 228 146	16 340 317
Other receivables	11	2 905 915	856 794
Sum fordringer		19 134 061	17 197 111
Bankinnskudd, kontanter og lignende			
Bank deposits, cash etc.	13	2 286 354	2 359 282
Sum bankinnskudd, kontanter og lignende		2 286 354	2 359 282
Sum omløpsmidler		21 420 415	19 556 393
SUM EIENDELER		64 877 286	40 763 694
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	14,15	2 220 919	1 532 387
Sum innskutt egenkapital		2 220 919	1 532 387



Balanse

Beløp i: NOK	Note	2018	2017
Opptjent egenkapital			
Udekket tap	15	192 849 023	222 525 073
Sum opptjent egenkapital		-192 849 023	-222 525 073
Sum egenkapital	15	-190 628 104	-220 992 686
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Other non-current liabilities	11	94 436 534	107 609 988
Sum annen langsiktig gjeld		94 436 534	107 609 988
Sum langsiktig gjeld		94 436 534	107 609 988
Kortsiktig gjeld			
Leverandørgjeld	10,11	157 289 462	150 044 602
Other current liabilities	11	3 779 394	4 101 790
Sum kortsiktig gjeld		161 068 856	154 146 392
Sum gjeld		255 505 390	261 756 380
SUM EGENKAPITAL OG GJELD		64 877 286	40 763 694



Konsernets resultatregnskap

Beløp i: NOK	Note	2018	2017
RESULTATREGNSKAP			
Inntekter			
Sales revenue	3	87 242 245	74 615 758
Other operating revenue	3	0	17 193
Sum inntekter	3	87 242 245	74 632 951
Kostnader			
Cost of goods sold		24 943 456	11 137 083
Salaries and personnel costs	4	91 740 877	107 501 642
Depreciation and amortization	7,8	17 055 700	16 475 144
Other operating expenses	2,4,11	93 289 126	89 533 044
Sum kostnader		227 029 159	224 646 913
Driftsresultat		-139 786 914	-150 013 962
Net financial income	5	16 207 783	29 718 593
Sum finanskostnader		16 207 783	29 718 593
Netto finans		-16 207 783	-29 718 593
Ordinært resultat før skattekostnad		-155 994 697	-179 732 555
Tax expense	6	270 691	1 841 772
Ordinært resultat etter skattekostnad		-156 265 388	-181 574 327
Årsresultat		-156 265 388	-181 574 327
Minoritetsinteresser	15	968 760	-3 710 314
Årsresultat etter minoritetsinteresser		-157 234 148	-177 864 013



Konsernets balanse

Beløp i: NOK	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Other intangible assets	7	4 730 565	8 005 091
Utsatt skattefordel	6	219 816	3 113 541
Sum immaterielle eiendeler		4 950 381	11 118 632
Varige driftsmidler			
Property, plant and equipment	8	51 688 025	61 896 060
Sum varige driftsmidler		51 688 025	61 896 060
Sum anleggsmidler		56 638 406	73 014 692
Omløpsmidler			
Varer			
Inventories	12	40 980 689	25 364 352
Sum varer		40 980 689	25 364 352
Fordringer			
Accounts receivable	10,11	96 818 481	40 551 730
Other receivables	11	36 411 697	39 372 245
Sum fordringer		133 230 178	79 923 975
Bankinnskudd, kontanter og lignende			
Bank deposits, cash etc.	13	29 638 673	18 309 686
Sum bankinnskudd, kontanter og lignende		29 638 673	18 309 686
Sum omløpsmidler		203 849 540	123 598 013
SUM EIENDELER		260 487 946	196 612 705

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Konsernets balanse

Beløp i: NOK	Note	2018	2017
Share capital	14,15	2 220 919	1 532 387
Premium reserve	15	7 833 543	0
Sum innskutt egenkapital		10 054 462	1 532 387
Opptjent egenkapital			
Udekket tap	15		44 094 818
Minoritetsinteresser	15	-8 834 147	-9 802 907
Sum opptjent egenkapital		-8 834 147	-53 897 725
Sum egenkapital	15	1 220 315	-52 365 338
Gjeld			
Langsiktig gjeld			
Utsatt skatt	6,11	599 203	786 021
Sum avsetninger for forpliktelser		599 203	786 021
Annen langsiktig gjeld			
Other non-current liabilities	11	159 280 230	169 137 085
Sum annen langsiktig gjeld		159 280 230	169 137 085
Sum langsiktig gjeld		159 879 433	169 923 106
Kortsiktig gjeld			
Leverandørgjeld	10,11	47 580 376	19 621 729
Current tax payable	11	337 723	3 242 160
Other current liabilities	11	51 470 099	56 191 047
Sum kortsiktig gjeld		99 388 198	79 054 936
Sum gjeld		259 267 631	248 978 042
SUM EGENKAPITAL OG GJELD		260 487 946	196 612 704



Annual Report 2018

 Agrinos™





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CEO LETTER

Dear Valued Shareholders,

2019 marks the 10-year anniversary of Agrinos! The company has made remarkable progress over the past decade and can be very proud of its evolution:

Agrinos 1.0, the period from 2009 to 2013, can be truly understood as the “start-up” phase. The company began selling its High Yield Technology (HYT®) products in select countries around the world while simultaneously ramping up production capacity at its Mexico facility.

Agrinos 2.0, spanned 2013 to 2017. In those years, the company achieved groundbreaking scientific advances, including Mode of Action studies that demonstrated how Agrinos products improve plant and soil health. The company also established an R&D facility in Davis, California, and a microbial production plant in Clackamas, Oregon. Upgraded manufacturing processes and procedures ensured the company delivered—and continues to deliver—world-class quality standards.

Agrinos 3.0, describes our current focus on growth and profitability. As a result of restructuring that took place in 2018, leadership was centralized to the Davis headquarters (and we closed the office in Dallas, Texas). Key staffing changes included the CFO, VP of Human Resources, Business Unit leaders for North America and for Western Europe/Africa. In addition, we prioritized the product pipeline and aligned geographic and marketing strategies. We now have the right people, the right products and the right strategy in place to deliver on aggressive growth objectives for our shareholders.

In terms of financial performance, while all the recent changes are yet to be realized at an operating level, we delivered 16.9% revenue growth in 2018. We continue to focus on the reduction of operating expenses, which we reduced by \$1.1M, which included \$2.1M of one-time charges related to restructuring the business, equating to run rate savings of \$3.2M entering 2019. We will continue to drive operating expenses lower in 2019 as we simplify the corporate structure and implement other cost-cutting initiatives. As a result of increased revenue and reduced expenses, Agrinos improved its operating income to EBITDA by \$1.1m, or \$3.2M if one-time charges are excluded.

Looking to 2019, we continue to see strong demand for our products around the world and are well-positioned to expand sales in all core geographies. In terms of the corporate vision, we aim to be a recognized leader in the ag biological industry with revenues in excess of \$100 million per year. We will thus focus on the following 4 core competencies:

- Being “Brilliant at the Basics” at running a top tier, global company
- Bringing best-in-class, novel biological products to the market to help farmers around the world grow bigger, better crops in an environmentally-sustainable manner
- Providing the best customer experience in the industry and being the supplier of choice
- Being a top tier company in our sector in terms of financial performance and efficiency
- Building a culture that attracts and retains the best and brightest people within the industry

In summary, Agrinos has evolved and matured over the past 10 years and will continue to do so. We are now extremely well positioned to make a step-change in our revenue growth and bottom line performance. The company's ongoing commitment to our products and our people will continue to strengthen Agrinos' reputation as a leader in the global ag biological marketplace.

Kind regards,

Kevin Helash, CEO



BOARD OF DIRECTORS' REPORT

Agrinos is a leading provider of microbial and biological crop inputs which improve crop yield and quality, the efficiency of conventional inputs and grower productivity. Its parent company is located in Oslo, Norway, and its products are registered for use in 22 countries around the world. Agrinos is actively selling in many countries including India, the USA, Brazil, Mexico, Spain, Russia, Ukraine and China. Agrinos' integrated value chain also includes discovery research and development activities in the USA and India as well as production facilities in Mexico and the USA.

All financial statements in this report are presented on the basis of a "going concern" assumption in accordance with the Norwegian Accounting Act section 3-3a. In addition, all financial statements in this report are presented on the basis of an "unqualified opinion."

The Board of Directors is of the opinion that the prerequisites for a going concern assumption are present. While the Company has invested in production and distribution capacity since its inception in 2009, and has seen deployment of products at an end-user level as well as cash inflow growth, the Company still reports a negative cash flow. To improve cash flow the Company remains focused on growing its revenues in all jurisdictions where it operates. In addition, measures have been implemented to simplify its corporate structure, reduce expenses, and invest only in key revenue-generating opportunities.

In 2018, the Company secured a financing commitment from its existing investors in the amount of \$17.5M, of which \$10M was invested in August 2018, and the remaining \$7.5M was invested in January 2019. In addition, Agrinos renewed and extended the maturity dates of its existing shareholder loans with Treis (formerly Manor Group), and Havfonn and its related entities. Agrinos AS has also renewed and extended its commercial loan with Silicon Valley Bank of \$7.5M through June 2020. The loan with Silicon Valley Bank includes a guaranty agreement with Treis, which has also been renewed through June 2020.

The loan agreements and equity investment provide short-term capital to build an improved cash flow that will enable the Company to diversify and enhance strategic investments in its High Yield Technology (HYT[®]) platform, engage in research and development efforts focused on new product development, and mobilize global sales and marketing activities that strengthen the Company's competitive position and growth profile. The Board is of the opinion the Company can raise additional capital should it be required. To the best of the Directors' knowledge, no subsequent events have occurred since 31 December 2018 that would impact the accounts for 2018 which are not described in this report.

Key Developments in 2018

- **Company Restructuring:** Kevin Helash was appointed Chief Executive Officer in November 2017, bringing 25 years of industry and sales experience to the Company.
- **Consolidation of Company Headquarters in Davis, CA USA:** In addition to establishing Davis as the commercial headquarters for Agrinos, the company closed its Dallas-based facility and hired the following new management team positions:
 - CFO – based in Davis, CA
 - Vice President, Human Resources – based in Davis, CA
 - Executive Vice-President, North America Business unit – based in Canada
 - Executive Vice-President, Western Europe & Africa – based in Germany
- **Distribution and Partnership Agreements:** Consistent with Agrinos' business strategy, a number of new distribution agreements were formed in our markets around the world including the USA, Mexico, India, Brazil and China.
- **Production:** As of 31 December 2018, Agrinos announced 1,569 days and 840 days of accident-free production at its Mexico facility and Oregon facility, respectively.
- **Product Development:** Agrinos marked the two-year anniversary of the launch of AMF products in India.



Biological Crop Inputs Market Overview

Biological crop inputs, or agricultural biologicals, is an umbrella term for products comprised of components including microbes, plant extracts, insects and other materials used by growers to improve and protect crop yields and plant vigor. Biological technologies offer growers valuable options to enhance fertilizer and crop protection product efficiency, increase productivity and improve sustainability. Many of Agrinos' products are certified for organic use and are used in this rapidly growing marketplace.

Microbial-based products, a sub-category of biologicals, are derived from naturally-occurring microorganisms such as bacteria and fungi. They are normally applied to seeds before planting, added in-furrow at seed planting or sprayed on soil and/or crops to enhance plant productivity and fertility. In addition, some microbial products can protect crops from pests and diseases.

Sustainability

The global population is forecast to grow towards 10 billion by 2050, which means there will be 1/3 more mouths to feed in the next 32 years. Unfortunately, the amount of arable land and water available to produce the required food is finite, which means the world will need a step change in food production efficiency and production methodology in order to meet the requirements of a growing world in an environmentally sustainable manner. This means demand for novel products that increase yield, yield stability and food quality while rejuvenating our soils, reducing greenhouse gas emissions, water use and runoff of nutrients and pesticides into our rivers, lakes and streams will continue to grow at double digit rates in the foreseeable future.

Agrinos' portfolio of high technology products are excellent examples of plant biostimulants and biofertilizers contributing to the sustainability of agriculture. Without increasing the application of chemical pesticides, inorganic nutrients, water or other natural resources, Agrinos products consistently increase crop productivity and the efficient utilization of costly grower inputs. The consequences of these efficiencies result in the emission of less greenhouse gas and more efficient use of water, energy and land to produce a crop compared to grower programs without Agrinos products. Furthermore, the valuable microorganisms in our products contribute to improving soil health. It is not surprising that organizations such as The Sustainability Consortium recommend the use of biostimulants for reducing key impacts related to agricultural production.

Strategy

Agrinos has put significant investment into its proprietary High Yield Technology (HYT®) platforms and AMF (Arbuscular Mycorrhizal Fungi), which are designed to improve crop yield and stability under a wide range of climatic conditions while reducing the effects of abiotic stress and increasing crop input efficiency such as nutrients, crop protection products and water.

Agrinos' strategy is to capitalize on the knowledge gained over the past 10 years to further establish the Company as a global leader in the agriculture biological research, development and commercialization space. To this end, we will:

- Capitalize on existing HYT product platforms and AMF to expand our sales by:
- Expanding sales and marketing efforts in core geographies by aligning with key channel partners to bring our products to the grower.
- Building on existing platforms to create specialized products aimed at reducing the effects of abiotic stress such as drought, heat and salinity on crops around the world.
- Seeking alliances with other crop input manufacturers to include HYT products in their lineup to increase their efficiency including;
 - HYT® products inside dry and liquid fertilizers and as a component of seed treatments.
 - HYT® products combined with crop protection inputs such as herbicides, fungicides and insecticides.



- Continue to invest in Research & Development and Commercialization to ensure Agrinos is at the forefront of the industry in terms of bringing novel agriculture biological products to market.
- Continue to focus on Operational Excellence to ensure we have a top-tier global company in terms of effectiveness and efficiency; a component of this is monitoring controllable costs, but a significant objective is to bring our production facilities up to full capacity in order to realize the benefit of the lower fixed cost per unit of product.
- Create a top-tier culture within the company which will allow us to attract and retain the very best talent in the industry.

Operational Review

Business Model

The Company remains focused on creating and commercializing novel ag biological products that help growers produce the biggest, best crops possible in an environmentally sustainable manner. Our commercial strategy is to work with key channel partners in our core geographies to deliver the Company's products to the end user.

Agrinos' Business Model Value Drivers

- Deliver value to the market by providing consistent field results, ease-of-use and attractive return-on-investment (ROI) through increased crop productivity and quality.
- Provide commercial distribution partners with differentiated, high-value products that fit within current grower practices.
- Achieve and maintain attractive profit margins through a combination of volume growth, product enhancements and production excellence.
- Focus R&D efforts to enhance existing products and rapidly develop next generation technologies and crop inputs.
- Increase production efficiencies to support a diverse portfolio of high-quality products with profitable margins for Agrinos, its distribution partners and the growers who rely on its products.

Production

Agrinos has production facilities in Clackamas, Oregon, in the US and in Sonora, Mexico. The Company also utilizes a third-party contractor to produce AMF in India.

Research and Development

Research and product development are key enablers of Agrinos' future growth potential. With the support of its R&D capability, Agrinos is able to accelerate the development and launch of new products for increased penetration of the global biological crop input marketplace.

In 2018 the R&D team completed analysis of the mode of action studies of all three product platforms (HYT[®] A, HYT[®] B and HYT[®] C) that provided scientific evidence supporting the benefit claims of these products including soil nutrient solubilization, nutrients bioavailability, and abiotic stress tolerance, all of which are linked to the yield efficacy of the products.

Additionally, new product concepts were advanced closer to commercialization. Two key areas of development were to make the HYT A liquid product compatible with dry fertilizers and seed treatments. These successes have also enabled the expansion of the IP portfolio. These product concepts have been advanced to pre-launch phase in 2019 for possible launch in 2020.



Financial Review

Financial and Operational performance in 2018 is highlighted by increased sales revenue as well as additional cost controls which resulted in a reduced overall spend rate during the year.

Operating Revenue

Continued focus on sales and marketing efforts in target geographies helped drive an increase in revenue to NOK 87.2M from NOK 74.6M, an increase of 16.9%.

See note 2 for further information on Agrinos' revenue recognition principles and note 3 for geographical distribution.

Operating Expenses

Direct cost of goods sold (COGS) was NOK 24.9M or 28.6% of operating revenue in 2018 versus NOK 11.1 million or 14.9% of operating revenue in 2017. COGS is comprised of raw materials, production costs, overheads as well as bottling, shipping and transportation. Overall, COGS increased due to revisions to our costing techniques, reserves for obsolescent inventories, and increased costs related to the first full year of operation for the Clackamas, Oregon facility. Lastly, the increase in AMF sales contributed to the increase in COGS, as AMF has a lower profit margin than the HYT family of products.

Salaries and personnel costs amounted to NOK 91.7M in 2018, compared with NOK 107.5M in 2017. Agrinos had 139 full time employees (FTE) at 31 December 2018, which is a reduction from 147 FTE at the end of 2017. Agrinos continues to evaluate the overall structure of the organization, creating efficiencies when needed.

Other operating expenses amounted to NOK 93.3M in 2018, versus NOK 89.5M in 2017. The increase was primarily due to the incremental production expenses in Mexico for fortification of product and in India for new product introductions.

Net Loss

The net loss for 2018 was NOK 157.2M, an improvement of NOK 20.7M versus 2017 net income of NOK 177.9M.

Balance Sheet and Cash Flow

Net cash flow from operating activities was negative at NOK 182.0M in 2018, compared to negative NOK 148.3M in 2017. The net cash flow variance was driven by increased level of inventories globally, and the accrual and payment of one-time expenses related to the restructuring of the Company.

Net change in cash and cash equivalents was positive NOK 11.3M in 2018. The gross proceeds from the investors' loans and equity infusions during 2018 exceeded the amount of the negative net cash flow. Cash and cash equivalents hence stood at NOK 29.6M at end of 2018.

Total non-current assets amounted to NOK 56.6M at the end of 2018, down from NOK 73.0M at the beginning of the year. The decrease was primarily driven by the additional depreciation for the facility build-out and equipment (CAPEX). There was no major new capital improvement or fixed asset purchases in 2018.

Inventories net of obsolete reserve ended at NOK 41.0M at year end, up from NOK 25.4M at the start of the year. Inventories grew globally due to increased manufacturing at the Clackamas facility, and overall



increase in inventories designed to meet increased demand, especially in India, where AMF inventories grew at higher levels.

Accounts receivable increased by NOK 56.3M to NOK 96.8M during the year. The primary driver was the increase in revenue, primarily in the 4th quarter of 2018 in India, Brazil and the USA. Slower collection cycles also contributed to the increase in accounts receivables.

Total current liabilities increased by NOK 20.3M to NOK 99.4M during the year and was primarily driven by increased liabilities related to one-time expenses and slower payment cycles to vendors globally.

Financing

The Company's financing strategy is designed to provide a sound capital structure with sufficient capital to adequately fund the growth strategy, and specifically through 2020 when the Company expects to become cash positive. The Company has secured both debt and equity financing from its existing shareholders in 2018 and will continue internal fundraising activities in 2019.

Shareholders

Agrinos had 258 shareholders as of 31 December 2018. The total number of shares outstanding was 221,091,886 at year-end and the 20 largest shareholders held 202,195,129 shares, equal to 93.29% of the total shares.

Risk Exposure and Management

Agrinos has an integrated value chain and operates in an international marketplace, and is thereby exposed to a number of risk factors. Management is committed to ensuring that risk is managed purposefully and systematically. The Company will continue to implement and improve routines for monitoring, controlling and mitigating its total risk exposure. The company operates internationally and reports in NOK leading it to be exposed to foreign exchange rate risks. Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rate prevailing at balance sheet.

The Company's business is exposed to economic cycles. Changes in economic situations in the markets in which the Company operates can affect the demand for the Company's products and there can be no guarantee that sufficient demand for the Company's products can be created.

While demand for biostimulants is expected to expand, competition is certain to intensify. Competition may affect the sales of Agrinos products in the future.

Product Risk

The basis for commercialization of Agrinos' products is that they deliver value to customers. A risk exists that the products fail to deliver in accordance with expectations. This could be owing to production errors, suboptimal storage, activation or application. That may affect the market's perception of the Company's future demand and Agrinos' relative market position. The Company has implemented quality assurance procedures along the value chain as well as simplified application methods to minimize these risks.

Financial Risk

Financial risk includes credit, currency, interest-rate, liquidity and operational risk.



Client and Credit Risk

Agrinos is subject to substantial client and credit risk. The client portfolio in general is broad and covers a range from large distributors to small farmers. Credit terms in several markets are linked to harvesting, the timing of which can be unpredictable. Similarly, a failed harvest or a fall in product prices may affect the ability of farmers or distributors to settle their accounts. Adverse weather conditions also impose uncertainty related to harvest and collection.

Currency Risk

Agrinos' reporting currency is in NOK, but the Company also operates in several other currencies. Production costs of goods sold and a major part of operating expenses are transacted in MXN and USD. The Company has been financed in NOK and the net proceeds have been converted to USD deposits. Hence, the Company is primarily exposed to the development of USD/NOK and MXN/NOK. In addition, Agrinos has material exposure to the rupee, as our India business unit product the largest revenue contribution.

At initial recognition, transactions in foreign currency are recognized in the financial statements at the exchange rates prevailing at transaction date. Currency exchange rate differences resulting from the translation on the balance sheet of monetary assets and liabilities denominated in foreign currencies are recognized in the profit-and-loss account.

For the translation of the financial statements of foreign entities, the balance sheet items are translated at the exchange rate at balance sheet date and the profit-and-loss account items at the average exchange rate for the year of reporting. The translation differences that arise are directly deducted from or added to group equity.

Average rates are used for the income statement activity and ending rates are used for the balance sheet.

Interest Rate Risk

Agrinos is directly exposed to fluctuations in the level of interest rates.

Liquidity Risk

The industry in which Agrinos operates is characterized by seasonal demand fluctuations, unpredictable weather affecting customer behavior and crops, and long credit periods. This may limit Agrinos' ability to obtain sales and collect payment from customers.

Due to the current credit and liquidity risk, the Company may need additional capital to finance its operations and future growth. However, the Board has assessed the current liquidity risk and the company is considered a "going concern."

Management's approach to these liquidity risks is to ensure the Company has sufficient liquidity to meet its liabilities when due.

Operational Risk

Agrinos' product portfolio is based primarily on water, microorganisms and farmed shrimp waste. A feedstock shortage will reduce production capacity and ultimately sales and collection. While the Company has quality assurance procedures throughout the value chain, a risk exists that a product might fail to deliver the expected results at some stage.

Agrinos monitors the sourcing, production and distribution process continuously in order to limit the risk and impact of such an event. In addition, the Company opened a second production facility in the US in 2016 which should further mitigate this risk by providing a level of redundancy in production capabilities.



Contractual Risk

The Company operates in an environment where business can be based on oral understandings and/or short-form documents, which increases the risk that disputes could arise as to the actual contents of an agreement between the parties.

Taxation Risks

The Company and/or its subsidiaries' own activities will to a large extent be governed by the fiscal legislation of the jurisdictions where it is operating, as its activities in most cases will be deemed to form a permanent establishment according to the tax laws of those countries. Thus, the Company is exposed to material risk regarding the correct application of the tax regulations as well as possible future changes in the tax legislation of those relevant countries. There will also be taxation risks related to previously completed acquisitions, intra-group transfers of IP rights and other intra-group and related party transactions and there can be no guarantee that tax authorities will agree with the Company's assessments of these matters or that they will deem the Company's documentation of such transactions satisfactory.

Regulatory and Environmental Risks

The Company does business in various jurisdictions around the world. Operating internationally increases exposure to regulatory requirements that the Company must be aware of and satisfy. Changes in environmental regulations in the relevant jurisdictions may therefore affect the Company's operations.

IPR Risk

The Company relies upon intellectual property and trade secret laws and contractual restrictions to protect important proprietary rights and, if these rights are not sufficiently protected, this may negatively affect the Company's ability to compete and generate revenue. Further, the Company may not obtain sufficient patent protection on the technology embodied in its products and production processes. There is also a risk of IPR infringement claims from third parties, potentially hindering the Company's operations or leading to losses for the Company.

Corporate Governance

Agrinos aims to strengthen its leading position in the biostimulant segment by combining top-tier financial results with verifiable and professional business operations. Agrinos aims to establish an international corporate governance standard that is best for its business, capital market position, role in society and shareholders.

At the end of 2018, the board consisted of Frederic de Stexhe, Chairman of the Board, Morten Bergesen, Nick Adamchak, and Svetoslav Valkov.

Organization, Working Environment and Equal Opportunity

Agrinos had 139 full time employees (FTE) as of 31 December 2018, versus 147 as of 31 December 2017.

Agrinos seeks to be an attractive employer for people with different backgrounds, regardless of their ethnicity, gender, religion, age or disabilities. The Company's objective is to promote gender equality, ensure equal opportunity and rights and to prevent discrimination due to ethnicity, national origin, descent, skin color, language, or religion and faith. The group works actively to promote this objective. The group will provide equal pay for equal work and reward good results. Key elements in determining remuneration



are the scope of responsibility, job content, the individual's expertise, commitment and performance, and local rates of pay.

Salary and Other Compensation

Agrinos compensates its employees according to market conditions that are reviewed on an annual basis. Compensation includes base salary, insurance and retirement benefit programs, a bonus plan based on performance and in certain cases stock warrants.

Health, Safety and Environmental Issues

Agrinos emphasizes health, safety and environmental (HSE) performance. The Company is committed to worker safety on the basis of its belief that every accident is preventable. It works systematically to reduce accidents and injuries to its own as well as third-party personnel and equipment.

Agrinos interacts with the external environment through its production of microbial, bio-nutrient and micronized chitin products. The production itself and the use of the products are not regarded as having negative impact on the environment.

Sustainability goes to the very core of Agrinos' technology and products which are designed to improve agricultural productivity while increasing the efficiency of traditional chemical inputs.



The Board of Directors of Agrinos
Oslo, June 11, 2019

Frederic de Stexhe
Interim Chairman

Morten Bergesen
Board Member

Nick Adamchak
Board Member

Svetoslav Valkov
Board Member

Kevin Helash
Chief Executive Officer



FINANCIAL STATEMENTS

Profit and Loss Statement

Agrinos AS					Agrinos Group	
2018	2017	NOK	Note:	2018	2017	
22,329,613	20,376,405	Sales revenue	(3)	87,242,245	74,615,758	
-	-	Other operating revenue	(3)	-	17,193	
22,329,613	20,376,405	Operating revenue	(3)	87,242,245	74,632,951	
(18,183,790)	(9,523,231)	Cost of goods sold		(24,943,456)	(11,137,083)	
1,812,390	(6,613,325)	Salaries and personnel costs	(4)	(91,740,877)	(107,501,642)	
(662,124)	(662,124)	Depreciation and amortization	(7),(8)	(17,055,700)	(16,475,144)	
(164,108,733)	(86,352,991)	Other operating expenses	(2),(4),(11)	(93,289,126)	(89,533,044)	
(181,142,257)	(103,151,671)	Total operating expenses		(227,029,159)	(224,646,912)	
(158,812,645)	(82,775,266)	Operating income		(139,786,914)	(150,013,962)	
(15,058,297)	(15,791,797)	Net financial income / expense (-)	(5)	(16,207,783)	(29,718,593)	
(173,870,941)	(98,567,063)	Net income / loss (-) before taxes		(155,994,697)	(179,732,555)	
-	-	Tax expense	(6)	(270,691)	(1,841,772)	
-	-	Minority Interest	(15)	(968,760)	3,710,314	
(173,870,941)	(98,567,063)	Net income / loss (-)		(157,234,148)	(177,864,012)	



Balance Sheet at 31 December 2018

Agrinos AS		NOK	Note:	Agrinos Group	
2018	2017			2018	2017
Assets					
2,974,140	3,636,264	Other intangible assets	(7)	4,730,565	8,005,091
-	-	Deferred Tax Asset	(6)	219,816	3,113,541
2,974,140	3,636,264	Total intangible assets		4,950,381	11,118,632
-	-	Land		459,635	415,644
-	-	Buildings		20,072,143	20,043,691
-	-	Improvements to leased premises		39,200,239	35,890,708
-	-	Vehicles		3,839,163	3,846,255
-	-	Machines, fixtures and fittings etc.		53,914,488	47,582,571
-	-	Accumulated depreciation		(65,797,643)	(45,882,810)
-	-	Property, plant and equipment	(8)	51,688,025	61,896,060
40,482,731	17,571,037	Investments in other shares and interests	(2),(9)	-	-
40,482,731	17,571,037	Total financial non-current assets		-	-
43,456,871	21,207,301	Total non-current assets		56,638,406	73,014,692
-	-	Inventories	(12)	40,980,689	25,364,352
-	-	Total goods	(12)	40,980,689	25,364,352
16,228,146	16,340,317	Accounts receivable	(10),(11)	96,818,481	40,551,730
2,905,915	856,794	Other receivables	(11)	36,411,697	39,372,245
19,134,061	17,197,111	Total receivables	(11)	133,230,177	79,923,975
2,286,354	2,359,282	Bank deposits, cash etc.	(13)	29,638,673	18,309,686
21,420,415	19,556,393	Total current assets		203,849,540	123,598,013
64,877,286	40,763,694	Total assets		260,487,946	196,612,705

Agrinos AS		NOK	Note:	Agrinos Group	
2018	2017			2018	2017
Equity					
2,220,919	1,532,387	Share capital	(14),(15)	2,220,919	1,532,387
(192,849,022)	(222,525,073)	Premium reserve	(15)	7,833,544	(44,094,818)
(190,628,104)	(220,992,686)	Total paid in capital	(15)	10,054,462	(42,562,431)
-	-	Minority interests	(15)	(8,834,147)	(9,802,907)
-	-	Accumulated P&L	(15)	-	-
(190,628,104)	(220,992,686)	Total equity	(15)	1,220,315	(52,365,338)
Liabilities					
-	-	Deferred tax	(06),(11)	599,203	786,021
-	-	Total provisions for liabilities		599,203	786,021
94,436,534	107,609,988	Other non-current liabilities	(11)	159,280,230	169,137,085
94,436,534	107,609,988	Total non-current liabilities	(11)	159,280,230	169,137,085
157,289,462	150,044,602	Accounts payable	(10),(11)	47,580,376	19,621,729
-	-	Current tax payable	(11)	337,722	3,242,160
3,779,394	4,101,790	Other current liabilities	(11)	51,470,099	56,191,047
161,068,856	154,146,392	Total current liabilities	(11)	99,388,197	79,054,936
255,505,390	261,756,380	Total liabilities	(11)	259,267,631	248,978,043
64,877,286	40,763,694	Total equity and liabilities		260,487,946	196,612,705



Cash Flow Statement 2018

Agrinos AS			Agrinos Group	
2018	2017	NOK	2018	2017
Cash flow from operating activities				
(173,870,941)	(98,567,063)	Profit/Loss (-) before tax	(155,994,697)	(179,732,555)
662,124	662,124	Depreciation and amortization	17,055,700	16,475,144
4,985,514	8,689,975	Changes in inventories, receivables and payables	(45,882,371)	(13,352,017)
(2,533,650)	2,533,650	Changes in other accruals/currency effects	2,811,176	28,348,916
(170,756,954)	(86,681,314)	Net cash flow from operating activities	(182,010,193)	(148,260,512)
Cash flow from investment activities				
(22,911,694)	(8,375,584)	Investments/disposals of tangible fixed assets	(3,573,138)	(2,178,378)
(22,911,694)	(8,375,584)	Net cash flow from investments activities	(3,573,138)	(2,178,378)
Cash flow from financing activities				
(13,173,453)	94,679,988	Proceeds from borrowings (current and non-current)	(9,856,855)	156,207,085
206,769,173	(995,000)	Net proceeds from issuance of shares (15)	206,769,173	(995,000)
193,595,720	93,684,988	Net cash flow from financing activities	196,912,318	155,212,085
(72,928)	(1,371,910)	Net change in cash and cash equivalents	11,328,987	4,773,196
2,359,282	3,731,191	Cash and cash equivalents at beginning of period	18,309,686	13,536,490
2,286,354	2,359,282	Cash and cash equivalents at end of period	29,638,673	18,309,686



The Board of Directors of Agrinos
Oslo, June 11, 2019

Frederic de Stexhe
Interim Chairman

Morten Bergesen
Board Member

Nick Adamchak
Board Member

Svetoslav Valkov
Board Member

Kevin Helash
Chief Executive Officer



NOTES TO THE ACCOUNTS

Note 1 Accounting Policies

The annual financial statements have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards. The Group's accounts are presented in Norwegian kroner which is the Group's reporting currency. Please see note 21 for the USD financial statements.

Shares in subsidiaries and associated companies: See note 9 for an overview of subsidiaries.

Subsidiaries are companies over which the parent company has a controlling influence on the entity's financial and operational strategy, ordinarily through agreements or ownership of more than 50 percent of the voting shares.

Consolidation Policies

Companies over which the Group has a controlling influence are consolidated from the time when control is transferred to the Group (the date of acquisition). Partly owned subsidiaries are incorporated in the consolidated accounts in their entirety. The non-controlling share of the subsidiary's equity constitutes a part of the Group's equity. The share of the profit attributable to non-controlling interests is included in the consolidated profit for the year. The non-controlling share of the profit and equity are presented as separate items in the accounts.

Acquisition of Subsidiaries

Acquired subsidiaries are accounted for in the Group financial statements on the basis of the parent company's consideration transferred. The consideration transferred in a business combination is measured at fair value of the identifiable assets and liabilities in the subsidiary and is presented in the Group financial statements at fair value on the date of acquisition. Shares have been assessed at cost in the event that the equity is lower when the acquisition has been considered a long-term investment with unexploited potential, and future return on investment is expected.

Changes in Group's ownership interests in subsidiaries that do not result in Group losing control over the subsidiaries are accounted for as equity transaction.

Elimination of Internal Items

In the Group financial statements, the item "shares in subsidiaries" is replaced by "subsidiaries assets and liabilities." The Group financial statements are prepared as if the Group was a single economic unit. Transactions, unrealized internal gains and intra-group balances between companies in the Group are eliminated.

Translation of Foreign Subsidiaries

Foreign group companies and non-consolidated participation qualify as independent foreign entities.

For the translation of the financial statement of these foreign entities the balance sheet items are translated at the exchange rate as of the balance sheet date and the profit and loss account items as of the average exchange rate.

The translation differences that arise are directly deducted from or are added to the group equity.



General Rules for Classification of Assets and Liabilities

Current / non-current classification. An asset is classified as current when it is expected to be realized or is intended for sale or consumption within twelve months after the reporting date. Other assets are classified as non-current. A liability is classified as current when it is expected to be settled within twelve months after the reporting period. All other liabilities are classified as non-current.

Revenue recognition. Revenues from the sale of goods are recognized at the time of delivery (when the Group has transferred to the buyer the significant risks and rewards of owning the goods). At this time the company records all revenue and relevant costs related to the transaction. The Group retains neither continuing managerial involvement nor effective control over the goods sold to distributors.

Intangible assets. Separately acquired intangible assets or assets acquired as a result of contracts or legal rights are recognized at cost at the time of acquisition. Intangible assets are amortized on a straight-line basis over its estimated useful life. Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for the net assets acquired. After initial recognition, goodwill is measured at cost less any accumulated depreciation. Expenses relating to research and development are expensed on an ongoing basis.

Tangible fixed assets. Tangible fixed assets are measured at historic cost and depreciated on a straight-line basis over the expected useful economic life of the assets. Costs associated with direct maintenance of the assets are expensed on an ongoing basis under operating expenses. Additions or improvements that materially extend the life of the asset are capitalized and depreciated at the same rate as the underlying asset. Fixtures and fittings in leased premises are carried on the balance sheet and depreciated over the period of the lease.

Leases. Leases are accounted for as operating lease. Payments are recognized as an expense over the lease term.

Inventory. Inventories are valued at the lower of cost using the first-in-first-out (FIFO) principle or net realizable value. Net realizable value is the estimated sales price reduced by costs of completion and sales costs.

Receivables. Accounts receivable and other receivables are stated at their nominal value. Provisions for losses are determined on the basis of individual assessment of the receivables.

Cash and cash equivalents. Cash and cash equivalents include cash, bank deposits and monetary items which are due in less than three months. Cash items in foreign currency are translated at the exchange rate on the balance sheet date.

Pensions. Group companies have only defined contribution pension plans. For defined contribution plans, the Group pays contributions to publicly or privately administrated pension insurance plans on a mandatory (or) contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that the cash refund or a reduction in future payments is available.

Share option program. The company's share option program uses the intrinsic value method of accounting. The intrinsic value of options and related social taxes are expensed in the income statement. Liabilities related to social taxes are classified as other current liabilities while the intrinsic value of options are classified as equity for options settled in shares.

Tax. Tax in the income statement comprises both current tax payable and changes in deferred tax. The tax currently payable is based on taxable profit for the year. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities and the corresponding tax base used in the computation of taxable profit and on the basis of any accumulated tax loss at the end of the financial year.



Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets and liabilities are offset when there is legally enforceable right to offset tax assets against tax liabilities and the Group is able and intends to settle the next tax assets and liabilities.

Cash flow statement. The Cash flow statement has been prepared using the indirect method. The company has held all liquidity in the form of cash in bank accounts.

Note 2 Estimates and Impairments

Revenue

The company recognizes revenue when it is realized or realizable and earned. It is considered realizable when a persuasive evidence of a delivery of goods has occurred, the sales price is fixed or determinable and collectability is reasonably assured. Delivery is considered taken place when products have been shipped to the customer and risk of loss has been transferred to the customer, or the company has objective evidence that the criteria are met with regards to customer acceptance.

These assessments are based on management's best knowledge of current events, historical experience, actions that the company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. As a result, actual results may be different from these assessments.

Impairments

Long-lived assets, other than goodwill, are tested for impairment based on future cash flows and according to IAS36 and NGAAP. Goodwill is tested annually, in the first quarter for impairment, or sooner when circumstances indicate that impairment may exist, using a qualitative analysis at the reporting unit level. Agrinos Group is considered as one cash generating reporting unit for impairment testing. All Agrinos subsidiaries are aggregated as a single cash generating reporting unit since they sell the same products and have similar economic characteristics.



Impairment on Investment in Sub.as of
December 31, 2018
Agrinos AS Stand Alone

		NOK 2018	NOK 2017
Investment in Subsidiaries			
Investment in Agrinos Holdco AS	Book value before Impairment	125,000	125,000
	Impairment Allowance	(125,000)	(125,000)
	Book value after Impairment	-	-
Investment in India	Book value before Impairment	35,401,622	15,071,626
	Book value after Impairment	35,401,622	15,071,626
Investment in Agrinos Inc.	Book value before Impairment	30,244,488	30,244,488
	Impairment Allowance	(30,244,488)	(30,244,488)
	Book value after Impairment	-	-
Investment in Indonesia	Book value before Impairment	1,871,903	1,871,903
	Impairment Allowance	(1,871,903)	(1,871,903)
	Book value after Impairment	-	-
Investment in Malaysia	Book value before Impairment	1,572,789	1,572,789
	Impairment Allowance	(1,572,789)	(1,572,789)
	Book value after Impairment	-	-
Investment in Agrinos BioTech Beijing	Book value before Impairment	2,874,631	2,874,631
	Impairment Allowance	(2,874,631)	(2,874,631)
	Book value after Impairment	-	-
Investment in Bioderpac	Book value before Impairment	215,465,144	215,465,144
	Impairment Allowance	(215,465,144)	(215,465,144)
	Book value after Impairment	-	-
Investment in Agrinos Mexico	Book value before Impairment	70,114,580	70,114,580
	Impairment Allowance	(70,114,580)	(70,114,580)
	Book value after Impairment	-	-
Investment in Agrinos Corporate Services	Book value before Impairment	168,329,125	168,329,125
	Impairment Allowance	(168,329,125)	(168,329,125)
	Book value after Impairment	-	-
Investment in Agrinos Brazil	Book value before Impairment	50,611,957	43,732,918
	Impairment Allowance	(50,611,957)	(43,732,918)
	Book value after Impairment	-	-
Investment in Agrinos UK	Book value before Impairment	9	9
	Impairment Allowance	-	-
	Book value after Impairment	9	9
Investment in Agrinos Spain	Book value before Impairment	14,940,488	23,288
	Impairment Allowance	(14,940,488)	(23,288)
	Book value after Impairment	-	-
Investment in Agrinos Ukraine	Book value before Impairment	3,063,881	1,251,221
	Impairment Allowance	-	-
	Book value after Impairment	3,063,881	1,251,221
Investment in Agrinos Russia	Book value before Impairment	2,017,219	1,248,181
	Impairment Allowance	-	-
	Book value after Impairment	2,017,219	1,248,181
	Book Value before impairment	596,632,836	551,924,902
	Impairment of Investment in Subsidiaries	(556,150,105)	(534,353,866)
	Investment in sub. net value	40,482,731	17,571,037



**Impairment on intercompany loans
as of December 31, 2018**
Agrinos AS Stand Alone

		NOK	NOK
		2018	2017
Intercompany Loan			
Receivable Malaysia	Book value before Impairment	5,847,333	5,847,333
	Currency Adjustment	2,511,017	2,511,017
	Impairment Allowance	(8,358,349)	(8,358,349)
	Book value after Impairment	-	-
Receivable Agrinos Inc.	Book value before Impairment	78,571,940	78,571,940
	Currency Adjustment	30,010,637	24,366,813
	Impairment Allowance	(108,582,577)	(102,938,753)
	Book value after Impairment	-	-
Receivable Agrinos Holdco AS	Book value before Impairment	98,841	78,841
	Currency Adjustment	-	-
	Impairment Allowance	(98,841)	(78,841)
	Book value after Impairment	-	-
Receivable Agrinos UK	Book value before Impairment	389,741	389,741
	Currency Adjustment	202,094	164,123
	Impairment Allowance	(591,835)	(553,863)
	Book value after Impairment	-	-
Receivable Agrinorway Iberica	Book value before Impairment	-	6,965,959
	Currency Adjustment	-	564,088
	Impairment Allowance	-	(7,530,047)
	Book value after Impairment	-	-
Allowance for impairments for intercompany loans		(117,631,602)	(119,459,854)

Note 3 Revenue and Other Income

Geographical distribution:

NOK	Agrinos AS		Agrinos Group	
	2018	2017	2018	2017
Sales Revenues:				
North America	-	4,058,697	18,593,287	19,239,056
Latin America	578,081	3,589,445	10,696,392	8,672,820
Europe and Central Asia	21,661,510	6,521,137	7,910,865	11,627,999
Asia and India	90,022	6,207,126	50,041,701	35,075,882
Total revenue:	22,329,613	20,376,405	87,242,245	74,615,758
Other operating revenue:				
	2018	2017	2018	2017
Mexico	-	-	-	17,193
Rest of the world	-	-	-	-
Total	-	-	-	17,193
Total operating revenue	22,329,613	20,376,405	87,242,245	74,632,951



Note 4 Salary and Personnel Costs, Number of Employees, Loans to Employees and Auditor's Fee

Salary and personnel costs

NOK	Agrinos AS		Agrinos Group	
	2018	2017	2018	2017
Salaries	689,840	2,167,752	74,573,359	77,148,297
Payroll tax	104,301	409,636	7,993,885	8,137,680
Payroll tax - stock rights	(126,683)	2,787,016	(126,683)	2,787,016
Pension costs	-	834,795	543,687	7,783,444
Other benefits	(2,479,848)	414,126	8,756,628	11,645,205
Total	(1,812,390)	6,613,325	91,740,877	107,501,642
Annual full-time equivalent employees	1	2	139	147

The parent company has defined contribution plans in accordance with local legislation. The defined contribution plans cover full-time employees and contributions comprise 2% of salaries.

Chief Executive Officer:	2018	2017
Salary	2,540,448	4,682,375
Severance/Pension costs	-	4,388,933
Other benefits	288,062	132,628
Total	2,828,511	9,203,936

Options

NOK	2018	2017
Price	3.0	6.0
Vested	0	410,000
Issued	2,880,000	3,490,000
Returned	45,000	0
Cancelled/Not Issued	120,000	210,000
Total	3,000,000	3,700,000

The total of 3M granted warrants include 120K that are not issued yet. CEO Kevin Helash exercised 410,000 warrants at a price of NOK 6.00 per share in 2018. In some cases, exercise of options will result in social security tax payable for the company. The CEO and other key employees participated in the warrant program established in 2015. The warrants also have a put feature that can be exercised by the participant in the warrant program within one of expiry. No liability has been recorded for the put feature as the warrants issued are at or above the current fair market value of the stock.

Specification of Auditor's Fee

NOK	Agrinos AS		Agrinos Group	
	2018	2017	2018	2017
Statutory audit fees	473,031	773,862	2,230,717	1,197,470
Other services	152,444	-	152,444	-
Total fee to auditor	625,475	773,862	2,383,161	1,197,470

Audit fees represent the amount paid in cash during each calendar year.



Note 5 Financial Income and Expenses

NOK	Agrinos AS		Agrinos Group	
	2018	2017	2018	2017
Interest income from group companies	4,012,147	2,959,840	-	0,05
Other interest income	67,932	17,695	2,106,548	258,806
Foreign Exchange rate Gain/Loss	9,843,430	(10,987,606)	(5,856,822)	(19,303,158)
Total financial income	13,923,509	(8,010,071)	(3,750,274)	(19,044,352)

NOK	Agrinos AS		Agrinos Group	
	2018	2017	2018	2017
Interest expenses from group companies	-	-	-	-
Other interest expenses	(7,127,668)	(6,914,706)	(12,283,449)	(8,858,757)
Other financial expenses	(57,898)	(867,020)	(174,061)	(1,815,484)
Total financial expense	(7,185,567)	(7,781,726)	(12,457,510)	(10,674,241)
Net Financial Income/expense	6,737,942	(15,791,797)	(16,207,783)	(29,718,593)

Note 6 Income Taxes

Agrinos AS			
NOK		2018	2017
Tax base calculation			
Profit before income tax		(173,870,941)	(98,567,064)
Permanent differences		19,967,988	(355,838)
Temporary differences		11,861,723	(19,859,644)
Tax base		(142,041,229)	(118,782,546)
Temporary differences:			
Receivables		(359,645,298)	(341,039,183)
Fixed assets		22,010	15,038
Non current assets		-	-
Provisions		-	(126,683)
Foreign exchange rate gains (losses)		32,723,749	27,606,040
Losses carried forward		(696,615,334)	(556,067,132)
Total		(1,023,514,873)	(869,611,920)
Deferred tax liability (asset)		225,173,272	200,010,742
Deferred tax asset not recognized		(225,173,272)	(200,010,742)
Deferred tax liability (asset)		-	-
Effective tax rate		23%	24%
Expected income taxes at statutory tax rate		(39,990,316)	(23,656,095)
Permanent differences		4,592,637	(85,401)
Change in allowance for taxes carried forward not recognized		35,397,679	23,741,496
Income tax expense		-	-
Tax rates Norway			
2018: 25%			
2017: 24%			
2018: 23%			
2019: 22%			



Agrinos Group

NOK	2018	2017
Tax payable	261,504	1,865,826
Changes in deferred tax	9,187	(24,055)
Total income tax expense	270,691	1,841,771
Temporary differences:		
Receivables	-653,063,768	(617,936,393)
Inventories	-44,143,284	(16,247,636)
Profit sharing	-1,967,376	(1,334,352)
Fixed assets	5,251,043	14,601,780
Non current assets	-21,970,240	478,669
Provisions	-9,007,577	(31,206,445)
Foreign exchange rate gains (losses)	27,699,642	27,606,040
Losses carried forward	-985,811,942	(889,173,731)
Total	-1,683,013,503	(1,513,212,068)
Deferred tax asset not recognised	356,375,602	332,547,855
Deferred tax asset recognised	219,816	3,113,541
Deferred tax liability	599,203	786,021

Tax returns have not yet been completed for all entities. In cases where tax returns have not been completed, taxes are based on best estimates as of December 31, 2018. The deferred tax asset has been recognized as it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

Note 7 Intangible Assets

Agrinos AS

NOK	Acquired rights/Patents
Acquisition cost 01.01.	8,456,100
Additions	-
Disposals	-
Acquisition cost 31.12.	8,456,100
Accumulated amortisation thru 31.12.	(4,157,712)
Accumulated impairment loss 31.12.	-
Reversed impairments 31.12.	-
Net carrying value as of 31.12.16	4,298,388
Amortisation for the current year	(662,124)
Impairment loss for the current year	-
Reversed impairments current year	-
Net carrying value as of 31.12.17	3,636,264
Amortisation for the current year	(662,124)
Impairment loss for the current year	-
Reversed impairments current year	-
Net carrying value as of 31.12.18	2,974,140



Agrinos Group

NOK	Goodwill	Research and development	Other intangibles	Acquired Rights/Patents	Total
Acquisition cost	76,253,142	869,638	4,638,489	10,085,131	91,846,400
Additions	0	0	2,318,677	0	2,318,677
Disposals	0	0	0	(82,772)	(82,772)
Acquisition cost	76,253,142	869,638	6,957,166	10,002,359	94,082,305
Accumulated amortisation at 01.01	(38,857,720)	(869,638)	(2,277,085)	(4,344,046)	(46,348,489)
Accumulated impairment loss	(37,395,422)	0	0	0	(37,395,422)
Fx Adjustment	0	0	(802,145)	(12,945)	(815,090)
Reversed impairments	0	0	0	0	0
Net carrying value at 12/31/2016	0	0	3,877,936	5,645,368	9,523,304
Acquisitions	0	0	0	9,743	9,743
Disposals	0	0	0	(382,192)	(382,192)
Amortisation for the year	0	0	(662,124)	(1,021,264)	(1,683,388)
Fx Adjustment	0	0	(16,692)	(124,499)	(141,191)
Accumulated impairment loss 31.12	0	0	0	0	0
Amortization and impairments	0	0	(678,815)	(1,518,213)	(2,197,028)
Net carrying value at 12/31/2017	0	0	3,199,121	4,127,155	7,326,276
Net Acquisitions, Disposals and Fx Adjustmen	0	0	(1,082,114)	(2,192,413)	(3,274,527)
Amortization	0	0	(1,082,114)	(2,192,413)	(3,274,527)
Net carrying value at 12/31/2018	0	0	1,956,425	2,774,140	4,730,565

Both the parent company and the group use 10 years straight line amortization for acquired rights and other intangibles. Patents were purchased by Agrinos AS in 2012 and had a remaining life of 16 years. Amortization of patents were set to 17 years. Recorded patents relate to a set of registered patents relating to HYT products. Goodwill was acquired with the purchase of operations in Malaysia in 2009 and Mexico (Bioderpac) in 2010. The purchase of Mexican operations included a factory planned to be in use for 10 years or more.



Note 8 Tangible Assets

Agrinos Group

NOK	Vehicles	Property and plant	Machinery and equipment	Total
Acquisition cost as of 12/31/2017	3,846,255	56,350,043	47,582,571	107,778,869
Net additions and disposals and Fx adjustment	(7,092)	3,381,974	6,331,916	9,706,798
Acquisition cost as of 12/31/2018	3,839,163	59,732,017	53,914,487	117,485,667
Accumulated depreciation 12/31/2017	(2,923,727)	(4,740,758)	(38,218,325)	(45,882,810)
Net additions and disposals and Fx adjustment	(276,564)	(21,938,590)	2,300,322	(19,914,832)
Total Accumulated Depreciation	(3,200,291)	(26,679,348)	(35,918,003)	(65,797,642)
Net carrying value as of 12/31/2018	638,872	33,052,669	17,996,484	51,688,025
Depreciation for the year 2018	-	(3,918,319)	(12,330,550)	(16,248,869)

Both the parent company and the group use straight-line depreciation for all tangible assets.

The useful economic life is estimated to be:

*Buildings and other real estate	Years
*Machinery and equipment	20-50
*Land	3-15
	No depreciation



Note 9 Investment in Subsidiaries and Associates

	Subsidiaries' share capital in local currency	Number of shares owned directly by Agrinos	Nominal value pr. share	Share ownership and voting rights in %	Subsidiaries' equity in local currency	Subsidiaries' current year earnings in local currency	Booked value investment in subsidiaries in NOK*
Agrinos Holdco AS	(100,000)	100,000	NOK 1	100.0%	71,645	-	125,000
Agrinos Corporate Services SA de CV, (Mexico)	(346,350,000)	346,349,999	MXN 1	100.0%	-	-	168,329,125
Bioderpac SA de CV, (Mexico)	(300,200,000)	300,199	MXN 1000	100.0%	(309,642,113)	(11,726,883)	215,465,144
Agrinos Mexico SA de CV.	(369,850,000)	145,449,999	MXN 1	100.0%	-	-	70,114,580
Agrinos do Brasil Ltda	(16,095,517)	5,029,849	BRL 3.20	100.0%	3,422,912	3,320,742	50,611,957
Agrinos Inc, (USA)	(3,500,050)	350,005,000	USD 0.01	100.0%	5,126,570	24,995,835	30,244,488
Agrinos Sdn Bhd, (Malaysia)	(551,500)	295,000	MYR 1	84.7%	5,819,364	-	1,572,789
Agrinos Indonesia	(5,500,000,000)	55,000	100 000 IDR	55.0%	2,788,558,277	-	1,871,903
Agrinos Beijing BioTech (China)	(5,262,270)	N/A	RMB	60.0%	12,447,995	(1,968,301)	2,874,631
Agrinorway Iberica S.L., (Spain)	(3,000)	300	EUR 10	100.0%	(48,181)	270,681	14,940,488
Agrinos Uk (United Kingdom)	(1)	1	1 GBP	100.0%	(21,434)	(3,076)	9
Agrinos India	(1,642,980)	164,298	10 INR	100.0%	(339,006,577)	(25,141,229)	35,401,622
Agrinos Russia	(8,672,705)	8,672,705	1 RUB	100.0%	21,215,228	4,332,688	2,017,220
Agrinos Ukraine	(3,886,161)	3,886,161	1 UAH	100.0%	(1,615,774)	2,447,795	3,063,881
Total before impairment							596,632,837
Impairment (See also note 2)							(556,150,105)
Net book value after impairment							40,482,732



Note 10 Intercompany Balances with Group Companies and Associates

Agrinos AS		
NOK	2018	2017
Receivables:		
Loans to group companies		
Agrinos UK Ltd	591,835	553,863
Agrinorway Iberica S.L.C.	-	7,530,047
Agrinos Sdn. Bhd.	8,358,349	8,358,349
Agrinos Inc.	108,582,577	102,938,753
Agrinos China AS	98,841	78,841
Agrinos México S.A de C.V		-
Bioderpac, S.A. de C.V.		-
Agrinos Corporate Services SA de CV		-
Allowance of loans to group companies	(117,631,602)	(119,459,854)
Net value of loans to group companies	-	-
Accounts receivable		
Agrinos Sdn. Bhd.	3,833,421	3,358,172
Agrinos Inc.	84,095,519	54,192,027
Agrinos México S.A de C.V	24,067,798	22,712,159
Bioderpac, S.A. de C.V.	220,756,541	208,023,627
Agrinos Indonesia	4,542,729	4,306,957
Agrinos Corporate Services SA de CV	18,005,911	17,014,319
Agrinos Biotech Beijing Company (ABBC)	18,676,834	16,390,373
Agrinorway Iberica S.L.C.	5,194,991	9,580,713
Agrinos UK Ltd	39,743	28,455
Agrinos India Pvt. Ltd.	12,876,237	12,956,130
Agrinos do Brasil Fertilizantes Biologicos LTDA	11,079,170	6,068,392
Agrinos Russia	669,876	-
Agrinos Ukraine	737,528	-
Allowance for accounts receivable group companies	(390,252,915)	(341,646,739)
Net value of accounts receivable	14,323,383	12,984,585
Total	14,323,383	12,984,585
Payables:		
Accounts payable		
Agrinos Inc	-	11,437,035
Bioderpac S.A. DE C.V	144,643,895	128,182,353
Agrinos Corporate Services S.A. de C.V.	8,584,629	8,099,442
Agrinos UK Limited	762,791	772,838
Agrinos biotech (Beijing) CO., LTD.	72,232	181,759
Agrinos Mexico SA de CV		-
Agrinos do Brasil Fertilizantes Biologicos LTDA	32,273	-
Agrinos India Pvt. Ltd.	489,517	-
Agrinos Ukraine	-	415,498
Total	154,585,337	149,088,925



Note 11 Liabilities and Receivables

Receivables	Agrinos AS		Agrinos Group	
	2018	2017	2018	2017
NOK				
Loans to group companies	117,631,602	119,459,854	-	-
Allowance of loans to group companies	(117,631,602)	(119,459,854)	-	-
Net non current receivables	-	-	-	-
Net group of companies accounts receivable	404,576,298	354,631,324	-	-
Allowance of receivables to group companies	(390,252,915)	(341,646,739)	-	-
External Trade Receivables	2,790,234	4,241,204	391,437,314	344,515,682
Allowance External Receivables	(885,472)	(885,472)	(294,618,833)	(303,963,953)
Net accounts receivable	16,228,145	16,340,317	96,818,481	40,551,730
Other receivables	-	95,469	934,141	925,062
Prepaid expenses	2,799,104	391,143	4,543,913	1,751,909
Taxes and fees receivable/VAT	106,812	370,182	30,933,643	36,695,274
Other receivables	2,905,916	856,795	36,411,697	39,372,245
Total Receivables:	19,134,061	17,197,111	133,230,177	79,923,975

Liabilities	Agrinos AS		Agrinos Group	
	2018	2017	2018	2017
NOK				
Liabilities to financial institutions	-	-	-	-
Convertible Bond	-	-	-	-
Other long-term liabilities	94,436,534	107,609,988	159,280,230	169,137,085
Long term liabilities	94,436,534	107,609,988	159,280,230	169,137,085

Payables	Agrinos AS		Agrinos Group	
	2018	2017	2018	2017
NOK				
External trade payables	2,704,125	955,677	47,580,376	19,621,729
Other current liabilities	3,727,957	4,043,349	18,672,089	21,743,279
Accrued commissions	-	-	5,478,289	1,539,808
Taxes payable	-	-	337,722	3,486,774
Taxes and fees payable/VAT	51,437	58,441	27,319,721	32,646,899
Accrued Earn Out	-	-	-	-
Deferred revenue	-	-	-	16,447
Deferred Tax Liability	-	-	-	-
Intercompany liabilities	154,585,337	149,088,925	-	-
Current liabilities	161,068,857	154,146,392	99,388,197	79,054,936
Total long term and current liabilities:	255,505,390	261,756,380	258,668,427	248,192,021



Note 12 Inventories

NOK	Agrinos AS		Agrinos Group	
	2018	2017	2018	2017
Raw Material	-	-	860,214	861,443
Packing material	-	-	4,427,620	5,228,902
Work in process	-	-	49,620,093	29,062,614
Finished goods	-	-	-	31,751,725
Inventory obsolete reserve	-	-	(13,927,238)	(41,540,331)
Total:	-	-	40,980,689	25,364,352

Note 13 Bank Deposits – Restricted Funds

NOK	Agrinos AS		Agrinos Group	
	2018	2017	2018	2017
Restricted funds				
Employees salary taxes, deposited in a separate bank account	32,863	28	12,226,432	973,918
Security deposit rent / other designated funds	166,447	166,447	166,447	166,447
Total	199,310	166,475	12,392,879	1,140,364
Unrestricted funds				
Cash and cash equivalent	2,086,712	2,192,808	17,245,794	17,169,322
Total	2,086,712	2,192,808	17,245,794	17,169,322
Total Cash and equivalents	2,286,022	2,359,282	29,638,673	18,309,686

Note 14 Share Capital and Shareholder Information

Name	Related party	No of shares	Ownership
MANOR INVESTMENT SA	Board Member	109,010,169	49.08%
HAVFONN AS	Board Member	33,066,885	14.89%
EUROCHEM GROUP AG		30,418,802	13.70%
SNEFONN AS	Board Member	5,832,898	2.63%
State Street Bank and Trust Comp		4,006,055	1.80%
TRAPESA AS		3,003,196	1.35%
EPSILON AS		2,783,543	1.25%
THOENG AS		2,707,444	1.22%
Esquer Aguirre		2,055,330	0.93%
SYNGENTA VENTURES PTE LTD		1,878,237	0.85%
SVENSK HYDRO AS		1,733,350	0.78%
Citibank, N.A.		1,729,200	0.78%
ANFAR INVEST AS		1,640,548	0.74%
Citibank, N.A.		1,405,000	0.63%
SPECTER INVEST AS		1,400,000	0.63%
RUNNING RIGS AS		1,100,800	0.50%
LILLEBERG		1,000,000	0.45%
JOMANI AS		840,000	0.38%
HELASH	CEO	820,000	0.37%
BREIFONN AS	Board Member	763,672	0.34%
Other Shareholders		14,896,757	6.71%
Total number of shares issued and outstanding		222,091,886	100.00%

Agrinos AS			
	No of Shares	Face Value	Book value in NOK
Share Capital	222,091,886	0.01	2,220,919



Note 15 Equity

Agrinos AS

NOK	Issued capital	Share premium	Retained earnings	Total
Equity 01.01.2017	1,532,387	1,285,286,567	(1,410,783,226)	(123,964,273)
Issue cost capital increase 2017	-	(995,000)	-	(995,000)
Capital increase not registered	-	-	-	-
Transactions costs	-	-	-	-
Net profit for the year	-	-	(98,567,063)	(98,567,063)
Adjustment change in employee stock rights	-	-	2,533,650	2,533,650
Equity 31.12.2017	1,532,387	1,284,291,567	(1,506,816,639)	(220,992,686)
Equity 01.01.2018	1,532,387	1,284,291,567	(1,506,816,639)	(220,992,686)
Issue cost capital increase 2018	688,532	206,080,641	-	206,769,173
Capital increase not registered	-	-	-	-
Transactions costs	-	-	-	-
Net profit for the year	-	-	(173,870,941)	(173,870,941)
Adjustment change in employee stock rights	-	-	(2,533,650)	(2,533,650)
Equity 31.12.2018	2,220,919	1,490,372,208	(1,683,221,230)	(190,628,104)

Agrinos Group

NOK	Issued capital	Share premium	Retained earnings	Currency translation differences	Total shareholders' equity	Minority interests	Total equity
Equity 01.01.2017	1,532,387	1,285,286,567	(1,213,162,206)	36,235,265	109,892,013	(9,878,692)	100,013,321
Currency translation differences	-	-	-	23,870,919	23,870,919	-	23,870,919
Issue cost capital increase 2017	-	(995,000)	-	-	(995,000)	-	(995,000)
Capital increase not registered	-	-	-	-	-	-	-
Net loss for the year	-	-	(177,864,012)	-	(177,864,012)	75,785	(177,788,227)
Adjustment change in employee stock rights	-	-	2,533,650	-	2,533,650	-	2,533,650
Equity 31.12.2017	1,532,387	1,284,291,567	(1,388,492,568)	60,106,184	(42,562,430)	(9,802,907)	(52,365,337)
Equity 01.01.2018	1,532,387	1,284,291,567	(1,388,492,568)	60,106,184	(42,562,430)	(9,802,907)	(52,365,337)
Currency translation differences	-	-	-	5,615,517	5,615,517	-	5,615,517
Capital increase	688,532	206,080,641	-	-	206,769,173	-	206,769,173
Net loss for the year	-	-	(157,234,148)	-	(157,234,148)	968,760	(156,265,388)
Adjustment change in employee stock rights	-	-	(2,533,650)	-	(2,533,650)	-	(2,533,650)
Equity 31.12.2018	2,220,919	1,490,372,208	(1,548,260,366)	65,721,701	10,054,462	(8,834,147)	1,220,315

Note 16 Transactions with Related Parties

Eurochem, a shareholder and debt investor in Agrinos, is also a customer of Agrinos. Eurochem is a non-exclusive distributor of Agrinos and services our business in parts of Europe and Asia.

Treis Partners, Agrinos' largest investor, provided monthly consulting services to the Company in 2018, and charged the Company for these services. These services included management consulting and financial support and analysis.

Board member Nick Adamchak is a principal in Purcell Agri Tech, a fertilizer company in the USA. Agrinos and Purcell Agri Tech have been working together since 2016 to develop a process for coating HYT A on dry fertilizer granules using Purcell Agri Tech's proprietary nitrogen slow release polymer technology.



Note 17 Financial Risk

The company has included a description of risks related to the business in the Board of Directors report.

The company operates business units in several countries with currency risk mainly related to cashflows in local currency and capital funded in NOK. No currency hedges have been executed that may mitigate exposure. Primary liquidity is deposited in bank accounts in NOK, USD, INR, and MXN, but the Company maintains smaller cash balances in several other currencies.

Note 18 Commitments under Operating Leases

The group rents several sales offices under operating leases, the leases are for an average period of three years, with fixed rentals over the same period.

At year end, the group has outstanding commitments under non-cancellable operating leases that fall due as follows:

NOK	Agrinos AS		Agrinos Group	
	2018	2017	2018	2017
Offices rental	188,400	174,000	6,801,660	7,397,928
Warehouse lease		-	-	999,283
Vehicle cost (leasing)		-	361,764	680,362
Total annual lease cost	188,400	174,000	7,163,424	9,077,574

At year end, the group has outstanding commitments under non-cancellable operating leases that fall due as follows:

NOK	Agrinos AS		Agrinos Group	
	2018	2017	2018	2017
Within one year		-	7,121,933	7,497,465
Later than one year but within five years	188,400	174,000	8,794,697	16,216,061
Later than five years		-	1,900,422	1,931,947
Total annual commitment	188,400	174,000	17,817,052	25,645,473

The lease for the Davis CA expires 31 December 2019 but Agrinos will likely extend for the time period 2020-2023

Note 19 Subsequent Events

The existing shareholders Treis and Havfonn completed additional investments of \$4.5M in April 2019, and \$3.6M in June 2019. The Company repaid its outstanding loan with Eurochem of \$3.5M in June 2019. A separate repair issue will be offered to the other remaining shareholders and will likely be transacted in Q3 2019.

Note 20 Going Concern

All financial statements in this report are presented on the basis a "going concern" assumption in accordance with the Norwegian Accounting Act section 3-3a. The parent company and the group has operating losses and the operating cash flow is negative. To ensure that Agrinos has the financial platform necessary to implement its strategy and to achieve both short and long-term goals, the existing shareholders invested \$20M in additional equity financing in 2018, \$12M which was invested in 2018, and the remaining \$7.5M was received in January 2019. The shareholders also completed additional investments of \$4.5M in April 2019, and \$3.6M in June 2019. The Company repaid its outstanding loan with Eurochem of \$3.5M in June 2019. The management is continuously working on different financing alternatives both short term and long term. In addition, the board stresses that due to the recent financial commitment of major shareholders the Board continues to have confidence that funding will be available in the short- and long-term time frame. For further information see the Board of Director's report.



NOTE 21 – USD Financials

USD Profit and Loss Statement at 31 December 2018

USD	2018	2017
Sales revenue	10,722,615	9,053,390
Other operating revenue	-	-
Operating revenue	10,722,615	9,053,390
Cost of goods sold	(3,067,329)	(1,255,334)
Salaries and personnel costs	(11,281,208)	(12,977,564)
Depreciation and amortization	(2,097,919)	(1,994,309)
Other operating expenses	(11,472,731)	(10,914,773)
Total operating expenses	(27,919,187)	(27,141,980)
Operating income	(17,196,571)	(18,088,589)
Net financial income / expense (-)	(1,993,188)	(3,760,411)
Net income / loss (-) before taxes	(19,189,759)	(21,849,000)
Tax expense	(33,277)	(220,256)
Minority Interest	(119,072)	451,663
Net income / loss (-)	(19,342,108)	(21,617,593)



USD Balance Sheet at 31 December 2018

USD	2018	2017
Assets		
Other intangible assets	940,270.10	1,748,418
Deferred Tax Asset	25,402.33	379,533
Total intangible assets	965,672	2,127,951
Land	53,116	50,666
Buildings	2,319,571	2,443,276
Improvements to leased premises	4,530,047	4,374,988
Vehicles	443,660	468,849
Machines, fixtures and fittings etc.	6,230,451	5,800,197
Accumulated depreciation	(7,997,286)	(6,365,618)
Property, plant and equipment	5,579,559	6,772,358
Total financial non-current assets	-	-
Total non-current assets	6,545,231	8,900,309
Inventories	4,735,799	3,038,329
Total goods	4,735,799	3,038,329
Accounts receivable	11,112,622	5,082,978
Other receivables	4,206,818	4,820,518
Total receivables	15,319,440	9,903,496
Bank deposits, cash etc.	3,425,096	2,231,905
Total current assets	23,480,335	15,173,730
Total assets	30,025,566	24,074,039
Equity		
Share capital	256,653	192,789
Premium reserve	172,229,967	167,787,125
Total paid in capital	172,486,620	167,979,913
Minority interests	(1,075,850)	(1,194,922)
Accumulated P&L	(171,346,618)	(173,060,569)
Total equity	64,153	(6,275,578)
Liabilities		
Deferred tax	69,245	95,814
Total provisions for liabilities	69,245	95,814
Other non-current liabilities	18,512,565	20,617,390
Total non-current liabilities	18,512,565	20,617,390
Accounts payable	5,498,470	2,391,654
Current tax payable	39,028	395,211
Other current liabilities	5,842,106	6,849,549
Total current liabilities	11,379,604	9,636,414
Total liabilities	29,961,414	30,349,618
Total equity and liabilities	30,025,566	24,074,039



USD Cash Flow Statement at 31 December 2018

USD	2018	2017
Cash flow from operating activities		
Profit/Loss (-) before tax	(19,189,759)	(21,849,000)
Depreciation and amortization	2,097,919	1,994,309
Changes in inventories, receivables and payables	(5,042,662)	(1,814,746)
Changes in other accruals/currency effects	21,022,783	4,113,004
Net cash flow from operating activities	(1,111,720)	(17,556,434)
Cash flow from investment activities		
Investments/disposals of tangible fixed assets	(96,972)	(777,901)
Net cash flow from investments activities	(96,972)	(777,901)
Cash flow from financing activities		
Proceeds from borrowings (current and non-current)	(2,104,825)	19,122,082
Net proceeds from issuance of shares	4,506,707	(121,288)
Net cash flow from financing activities	2,401,882	19,000,794
Net change in cash and cash equivalents	1,193,191	666,459
Cash and cash equivalents at beginning of period	2,231,905	1,565,446
Cash and cash equivalents at end of period	3,425,096	2,231,905



AUDITOR'S REPORT







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To the General Meeting of Agrinos AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Agrinos AS showing a loss of NOK 173 870 941 in the financial statements of the parent company and loss of NOK 157 234 148 in the financial statements of the group. The financial statements comprise:

- The financial statements of the parent company Agrinos AS (the Company), which comprise the balance sheet as at 31 December 2018, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Agrinos AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2018, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

RSM Norge AS is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Norge AS er medlem av/is a member of Den norske Revisorforening.



Independent Auditor's Report 2018 for Agrinos AS



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 11 June 2019
RSM Norge AS

Lars Løyning
State Authorised Public Accountant



Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	19.09.2012	27.09.2012
Telefon	Deres referanse	Vår referanse
22078139	Ole Kristian Nordengen	2012/740989

RSM HASNER KJELSTRUP & WIGGEN AS
Postboks 1312 Vika
0112 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Agrinos AS, org. nr. 993 853 631

Det vises til deres brev av 19. september 2012 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Agrinos AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Agrinos AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Bakgrunn

Agrinos AS driver virksomhet innen produksjon av gjødsel, nitrogenforbindelser og vekstjord, og har datterselskap i blant annet Mexico, Brasil, USA, Malaysia, Peru og Colombia. Produksjonen foregår i utlandet, og både leverandører og kunder er i all vesentlighet utenlandske. På samme måte er de fleste ansatte i gruppen ansatt utenfor Norge. Flertallet av aksjene er på utenlandske hender. Flere av styremedlemmene er ikke norskspråklige. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Selskapet benytter også engelsk som arbeidsspråk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig

Postadresse	Besøksadresse	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org. nr: 996250318	Telefaks
For elektronisk henvendelse se www.skatteetaten.no		22 17 08 60



prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt det alt vesentlige av driften foregår i utlandet. Flertallet av aksjene er på utenlandske hender. Selskapets arbeidsspråk er engelsk og all kommunikasjon skjer på engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland