



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - 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: 01.01.2017 - 31.12.2017

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: John Janczak
Dato for fastsettelse av årsregnskapet: 28.06.2018

Grunnlag for avgivelse

År 2017: Årsregnskapet er elektronisk innlevert
År 2016: Tall er hentet fra elektronisk innlevert årsregnskap fra 2017

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 22.09.2019



Resultatregnskap

Beløp i: NOK	Note	2017	2016
RESULTATREGNSKAP			
Inntekter			
Sales revenue	3	20 376 405	29 340 928
Other operating revenue	3	0	
Sum inntekter		20 376 405	29 340 928
Kostnader			
Cost of goods sold		9 523 231	9 466 442
Salaries and personnel costs	4	6 613 325	541 780
Depreciation and amortization	7,8,17	662 124	668 125
Other operating expenses		86 352 991	144 315 670
Sum kostnader		103 151 671	154 992 017
Driftsresultat		-82 775 266	-125 651 089
Other financial expense	5	15 791 797	43 708 364
Sum finanskostnader		15 791 797	43 708 364
Netto finans		-15 791 797	-43 708 364
Ordinært resultat før skattekostnad		-98 567 063	-169 359 453
Ordinært resultat etter skattekostnad		-98 567 063	-169 359 453
Årsresultat		-98 567 063	-169 359 453



Balanse

Beløp i: NOK	Note	2017	2016
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Other intangible assets	7	3 636 264	4 298 388
Sum immaterielle eiendeler		3 636 264	4 298 388
Varige driftsmidler			
Sum varige driftsmidler		0	
Finansielle anleggsmidler			
Investering i datterselskap	2,9	17 571 037	9 195 454
Other non-current receivables	2,10,1 1	0	0
Sum finansielle anleggsmidler		17 571 037	9 195 454
Sum anleggsmidler		21 207 301	13 493 842
Omløpsmidler			
Varer			
Fordringer			
Accounts receivable	10,11	16 340 317	16 526 193
Other receivables	11	856 794	1 289 017
Sum fordringer		17 197 111	17 815 210
Bankinnskudd, kontanter og lignende			
Bank deposits, cash etc.	13	2 359 282	3 731 191
Sum bankinnskudd, kontanter og lignende		2 359 282	3 731 191
Sum omløpsmidler		19 556 393	21 546 401
SUM EIENDELER		40 763 694	35 040 243

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2017	2016
Egenkapital			
Innskutt egenkapital			
Share capital	14,15	1 532 387	1 532 387
Sum innskutt egenkapital		1 532 387	1 532 387
Opptjent egenkapital			
Accumulated P&L	15		
Udekket tap		222 525 073	125 496 660
Sum opptjent egenkapital		-222 525 073	-125 496 660
Sum egenkapital		-220 992 686	-123 964 273
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Other non-current liabilities	11	107 609 988	12 930 000
Sum annen langsiktig gjeld		107 609 988	12 930 000
Sum langsiktig gjeld		107 609 988	12 930 000
Kortsiktig gjeld			
Accounts payable	10,11	150 044 602	143 383 173
Other current liabilities	11	4 101 790	2 691 343
Sum kortsiktig gjeld		154 146 392	146 074 516
Sum gjeld		261 756 380	159 004 516
SUM EGENKAPITAL OG GJELD		40 763 694	35 040 243



Konsernets resultatregnskap

Beløp i: NOK	Note	2017	2016
RESULTATREGNSKAP			
Inntekter			
Sales revenue	3	74 615 758	63 149 768
Other operating revenue	3	17 193	174 929
Sum inntekter	3	74 632 951	63 324 697
Kostnader			
Cost of goods sold		11 137 083	9 225 109
Salaries and personnel costs	4	107 501 642	89 056 580
Depreciation and amortization	7,8	16 475 144	11 385 891
Other operating expenses	2,4,11	89 533 044	76 552 911
Sum kostnader		224 646 913	186 220 491
Driftsresultat		-150 013 962	-122 895 794
Annen finanskostnad	5	29 718 593	60 961 497
Sum finanskostnader		29 718 593	60 961 497
Netto finans		-29 718 593	-60 961 497
Ordinært resultat før skattekostnad		-179 732 555	-183 857 291
Tax expense	6	1 841 772	4 727 038
Minority Interest			
Ordinært resultat etter skattekostnad		-181 574 327	-188 584 329
Årsresultat		-181 574 327	-188 584 329
Minoritetsinteresser	15	-3 710 314	-4 297 413
Årsresultat etter minoritetsinteresser		-177 864 013	-184 286 916



Konsernets balanse

Beløp i: NOK	Note	2017	2016
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Other intangible assets	7	8 005 091	9 523 304
Utsatt skattefordel		3 113 541	1 951 669
Sum immaterielle eiendeler		11 118 632	11 474 973
Varige driftsmidler			
Property, plant and equipment	8	61 896 060	74 674 613
Sum varige driftsmidler		61 896 060	74 674 613
Sum anleggsmidler		73 014 692	86 149 586
Omløpsmidler			
Varer			
Inventories	12	25 364 352	17 011 229
Sum varer		25 364 352	17 011 229
Fordringer			
Accounts receivable	10,11	40 551 730	32 781 981
Other receivables	11	39 372 245	43 998 234
Sum fordringer		79 923 975	76 780 215
Bankinnskudd, kontanter og lignende			
Bank deposits, cash etc.	13	18 309 686	13 536 490
Sum bankinnskudd, kontanter og lignende		18 309 686	13 536 490
Sum omløpsmidler		123 598 013	107 327 934
SUM EIENDELER		196 612 705	193 477 520

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Konsernets balanse

Beløp i: NOK	Note	2017	2016
Share capital	14,15	1 532 387	1 532 387
Premium reserve	15		108 359 606
Sum innskutt egenkapital		1 532 387	109 891 993
Opptjent egenkapital			
Annen egenkapital			0
Udekket tap	15	44 094 818	
Minoritetsinteresser	15	-9 802 907	-9 878 692
Sum opptjent egenkapital		-53 897 725	-9 878 692
Sum egenkapital		-52 365 338	100 013 301
Gjeld			
Langsiktig gjeld			
Utsatt skatt	6,11	786 021	1 274 921
Sum avsetninger for forpliktelser		786 021	1 274 921
Annen langsiktig gjeld			
Other non-current liabilities	11	169 137 085	12 930 000
Sum annen langsiktig gjeld		169 137 085	12 930 000
Sum langsiktig gjeld		169 923 106	14 204 921
Kortsiktig gjeld			
Leverandørgjeld	10,11	19 621 729	24 094 102
Current tax payable	11	3 242 160	2 658 813
Other current liabilities	11	56 191 047	52 506 383
Sum kortsiktig gjeld		79 054 936	79 259 298
Sum gjeld		248 978 042	93 464 219
SUM EGENKAPITAL OG GJELD		196 612 704	193 477 520



RSM Norge AS

To the General Meeting of Agrinos AS

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Independent Auditor's Report

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Report on the Audit of the Financial Statements

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Opinion

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We have audited the financial statements of Agrinos AS showing a loss of NOK 98 567 063 in the financial statements of the parent company and loss of NOK 177 864 012 in the financial statements of the group. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2017, and 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 financial statements of the group, which comprise the balance sheet as at 31 December 2017, and 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 parent company as at 31 December 2017, 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 financial statements give a true and fair view of the financial position of the group as at 31 December 2017, 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.

Material Uncertainty Related to going Concern

We draw attention to the Board of Director's report and note 19 in the financial statements which indicate that the Company is dependent on additional funding in order to realize the proposed operating plans. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

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Auditor's Report 2017 for Agrinos AS



Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, but does not include 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.

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.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists



Auditor's Report 2017 for Agrinos AS



related to events or conditions that may cast significant doubt on the Company or the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 proposal for the coverage of the loss 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 and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 20 June 2018
RSM Norge AS

Lars Løyning
State Authorised Public Accountant



Annual Report 2017



 Agrinos®



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CEO LETTER

Dear Valued Shareholders,

Since taking the helm of Agrinos as CEO last November, one of my top priorities has been to visit our employees, customers, and stakeholders around the world. The professionalism and commitment demonstrated at every meeting was consistently impressive, leading me to become ever more optimistic about the Company's future.

As a leading provider of agriculture biological products – as well as a respected driver of worldwide regulatory and sustainability initiatives – Agrinos is well-positioned to achieve its growth and profitability goals in the near future.

Industry Perspective

A recent market study estimated the global market value for agriculture biologicals at USD 6.7 billion in 2017, and it is projected to reach USD 14.65 billion by 2023. This equates to a CAGR of 13.80% from 2017 to 2023.

Consumer preferences, including the growing demand for organic food produced in an environmentally sustainable manner, continue to be a key driver in the growth of the agriculture biologicals space. According to the Organic Trade Association, sales of US organic food and non-food amounted to over USD 47 billion in 2016, an increase of almost USD 3.7 billion as compared to 2015. North America is not the only market demonstrating this trend; a recent report from Eurostat indicated the European Union converted 12 million hectares of conventional farm land to organic production in 2016 in an effort to meet the growing consumer demand for organic goods.

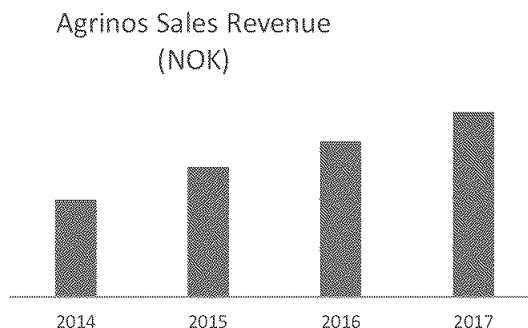
Additionally, governments around the world are influencing the adoption of environmentally-friendly practices in relation to food production. Many countries have implemented new measures including subsidies, promotional and educational programs and regulatory support. These actions add visibility and credibility to our industry as they further increase the acceptance of agriculture biologicals such as those provided by Agrinos.

Given the projected double-digit growth trends, investment in the sector has hit new highs. This influx of capital has led to rapid development of the products, especially in terms of efficacy, affordability and return on investment (ROI) for everyone in the value chain.

Agrinos – Innovative by Nature

While the agriculture biological industry is still in the early stages of development, Agrinos' leadership position and track record of success over the past 9 years advantageously sets us apart. In 2017, Agrinos' sales revenue was up 18% to NOK 74.6 million versus 2016. The improvement was driven by increasing demand for our products throughout the world, especially in India, where revenues grew by 46.5% year over year.

While we ended 2017 in a negative EBITDA position, we are on track to bring the company to a profitable EBITDA by 2021. Our 5-year financial plan envisions robust growth for the company in terms of size, scale and profitability.



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Focus on the Future

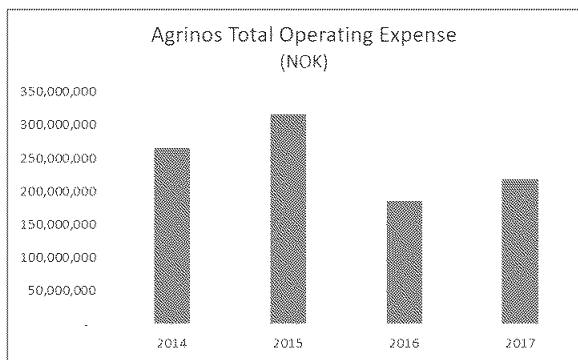
Looking ahead, we have identified a number of key strategic objectives for Agrinos in 2018.

First and foremost, our objective is to further establish Agrinos as a global leader in the agricultural biological space in terms of top-tier novel product development, global sales and profitability. We will achieve this objective by developing a company and culture that will attract and retain the very best talent in the industry. We believe people are our greatest asset, and our success will be driven by the ability to create a company that is Innovative by Nature.

A cornerstone of the company is our commitment to continue biological Research and Development aimed at bringing new and/or improved offerings to the marketplace – and we expect our product pipeline to create robust growth in 2018 and beyond. We will also work with existing crop input and crop protection partners to improve the efficiency of and delivery options for traditional products in accordance with common grower practices.

We will continue to focus on operational excellence. While operating expenses rose slightly in 2017, they were in line with revenue growth, which led to an improvement in net income of NOK 6.4 million or 3.5% year over year.

In early 2018, we implemented structural changes that support a leaner organization including the consolidation of our North American headquarters in Davis, California and closing our location in Dallas, Texas. These activities will not only lower costs going forward, but also unify the senior management team.



As for sales and marketing, we are shifting the strategy to focus on key distribution partners in core markets such as Europe, India, the US, Brazil and China. Our products are currently registered for sale in 22 countries, providing an excellent platform for continued global expansion.

In closing, Agrinos is now positioned to fully capitalize on the growing agriculture biologicals market. We will continue to strengthen our leadership position while providing our customers with the highest quality products, services and support they have come to expect from us.

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. The 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 India, the US, Brazil, Mexico, Columbia, Spain, Russia, Ukraine, Greece, Nepal, China, Indonesia and Malaysia. Agrinos' integrated value chain also includes discovery research and development activities in the US and India as well as production facilities in Mexico.

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 in its ninth year of operations. To improve cash flow the Company has implemented measures to adjust its business portfolio cost base and working capital. In addition, the Company has increased investments in R&D and production to enhance manufacturing capabilities, expand capacity and improve cost of goods.

In January 2017, the Company announced a loan agreement with Silicon Valley Bank in the US to provide a loan facility of \$7,500,000, which includes a guaranty agreement with Manor Investment S.A. In April 2017, the Company entered into a loan agreement with key shareholders Manor Investments S.A. and Havfonn AS for \$2,250,000 each. In August 2017, the Company entered into a loan agreement with key shareholder EuroChem for \$3,000,000. In February 2018, Agrinos announced key shareholders Manor S.A., Havfonn AS, and EuroChem had made an equity investment of \$15,000,000.

In late 2017 the board engaged a 3rd party investment firm to advise the company on funding strategy. This exercise is on-going and the company is entertaining multiple discussions with partners and investors, with a view of completing additional fund raising in the second half of 2018.

The loan agreements and equity investment provide short-term capital to build an improved cash flow that will enable the Company to make strategic investments in its High Yield Technology (HYT[®]) platform, engage in research and development efforts focused on new product development and deploy sales and marketing tactics that strengthen the Company's competitive position and growth. The Board is of the opinion the Company is able to raise additional new capital should it be required. Other than the Equity Investment, to the best of the Directors' knowledge, no subsequent events have occurred since 31 December 2017 that would impact the accounts for 2017 which are not described in this report.

Key Developments in 2017

- **Company Restructuring:** Kevin Helash was appointed Chief Executive Officer in November, bringing 25 years of industry and sales experience to the Company.
- **Distribution and Partnership Agreements:** Consistent with Agrinos' business strategy, a number of new distribution agreements were announced including partnerships with Algacell in Mexico, Krishi Rasyan Exports Pvt. Ltd. (KREPL) in India and Van Diest Supply Company in the US.
- **Production:** In October, Agrinos announced 1,100 days of accident free production at its Mexico facility.
- **Sustainable Agriculture:** Agrinos joined a collaboration with UC Berkeley and the Indian government to support the farming community and sustainable agriculture in the province of Andhra Pradesh.



- **Balance sheet:** The Board of Directors strengthened the Company's balance sheet with a loan agreement between the key shareholders and Silicon Valley Bank in the US for \$7,500,000. In addition, key shareholders loaned the company an additional \$7,500,000.
- **Product Development:** Agrinos marked the one-year anniversary of the launch of vesicular-arbuscular mycorrhizal (VAM) products in India.
- **Industry Leadership:** Agrinos vice president of regulatory and sustainability Terry Stone was voted chairman of the Biostimulant Integration Committee for the Biological Products Industry Alliance (BPIA).
- Noteworthy activities in H1 2018:
 - Restructured China and hired a country manager with over 10 years of experience in the Chinese agricultural market and with leading agribusinesses.
 - Refocused sales efforts in the Mexican market.
 - Increased sales force in Brazil to support our rapidly growing business.
 - Strengthened commercial relationship with Eurochem, with a renewed focus on incorporating HYT A into dry and liquid fertilizers.
 - Consolidating Global Headquarters in Davis, California.

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 health. 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 the rapidly growing organic 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.

Strategy

Agrinos has put significant investment into its proprietary High Yield Technology (HYT®) platforms and VAMAX® (VAM), 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.

Our strategy is to capitalize on the knowledge gained over the past 9 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 VAM 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. Potential alliances include:
 - HYT A and HYT C inside dry and liquid fertilizer and as a component of seed treatments.
 - HYT B combined with crop protection products such as herbicides, fungicides and insecticides.
- Continue to invest in Research & Development and Commercialization to ensure Agrinos is at the forefront in the industry in terms of bringing novel agriculture biological products to the industry.



- 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

During 2017, the Company continued to sharpen its focus on marketing its product portfolio in partnership with key channel distributors, both to maximize the efficiency of its sales and marketing activity and to reduce the need for working capital related to sales and distribution. Consistent with this business strategy, in Mexico a new partnership was announced with Algacell. In India, Krishi Rasyan Exports Pvt. Ltd. (KREPL) partnered with Agrinos.

Competition continues to intensify in the biological crop inputs market. Large agro-chemical companies and specialized independents are making significant investments in research and development as well as in marketing platforms. For an integrated and independent company such as Agrinos, research and development is necessary to drive efficacy, cost position and competitiveness with existing and new products.

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.
- Focused R&D efforts to both 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, our distribution partners and the growers who rely on our 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 VAM in India.



Research and Development

Research and product development is a key enabler of Agrinos' future growth potential. With the support of this 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 2017 Agrinos launched a new product, VAMAX[®], in the Indian marketplace. We are now seeking to expand our VAM sales outside of India in target markets such as Latin America, the US and Europe. As shown below, the Company has also advanced several new product concepts in our product development pipeline in both the microbial and biostimulant categories through our Stage-Gate process. Agrinos has several concepts in development phase that will be evaluated for advancement to pre-launch in 2018 and may be launched as early as 2019.



ID	Product Concept	Phase 0	Phase I	Phase II	Phase III	Phase IV
		<i>Ideation</i>	<i>Discovery</i>	<i>Development</i>	<i>Pre-Launch</i>	<i>Launch</i>
BD101	Biostimulant HYTC Platform	Completed	Completed	Completed	Completed	Completed
BL105	Biostimulant HYTB Platform	Completed	Completed	Completed	Completed	Completed
BD102	Biostimulant HYTB Platform	Completed	Completed	Completed	Completed	Completed
MD102	Microbial HYTA Platform	Completed	Completed	Completed	Completed	Completed
ML110	Microbial HYTA Platform	Completed	Completed	Completed	Completed	Completed
BL104	Biostimulant HYTB Platform	Completed	Completed	Completed	Completed	Completed
ML112	Microbial HYTA Platform	Completed	Completed	Completed	Completed	Completed

 Completed
 On-going

Financial Review

Financial and Operational performance in 2017 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 of 17.9 percent to NOK 74.6 million up from 63.3 million in 2016. The largest increase was in our Indian market where sales grew by 30.6% YOY.

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

Operating Expenses and EBITDA

Cost of goods sold (COGS) was NOK 11.1 million or 14.9% of operating revenue in 2017 versus NOK 9.2 million or 14.5% of operating revenue in 2016. COGS comprise raw materials, production costs, overheads as well as bottling, shipping and transportation.

Salaries and personnel costs amounted to NOK 107.5 million in 2017, compared with NOK 89.1 million in 2016. Agrinos had 147 full time employees (FTE) at 31 December 2017, flat with 147 FTE at the beginning of the year. Agrinos continues to evaluate the overall structure of the organization creating efficiencies when needed.

Other operating expenses amounted to NOK 89.5 million in 2017, versus NOK 76.6 million in 2016. The increase was primarily due to the incremental production expenses in Mexico for fortification of product and in India for new product introductions.

Total cash operating expenses in 2017 amounted to NOK 208.2 million before depreciation and amortization and earn-out, versus NOK 174.8 million in 2016.



The earnings before interest, taxes, depreciation and amortization (EBITDA) was negative at 133.5 million in 2017, up from a negative NOK 111.5 million in 2016.

Net Loss

Agrinos reported an after-tax loss for the year of NOK 177.9 million, down from NOK 184.3 million in 2016

Transfers

The Board proposes that the loss in Agrinos AS of NOK 98.6 million shall be settled against share premium/retained earnings and the result in the Group of negative NOK 177.9 million shall be settled against share premium with NOK 181.6 million and minority interests with NOK 3.7 million.

Balance Sheet and Cash Flow

Net cash flow from operating activities was negative at NOK 148.3 million in 2017, compared to negative NOK 167.1 million in 2016. The net cash flow was driven by cash collection that was lower than the expense level during the year.

Net change in cash and cash equivalents was positive NOK 4.8 million in 2017. The gross proceeds from the investors' loans of NOK 169.1 million during the year of 2017 covered the bulk of the negative net cash flow. Cash and cash equivalents hence stood at NOK 18.3 million at end of 2017.

Total non-current assets amounted to NOK 73.0 million at the end of 2017, down from NOK 86.1 million at the beginning of the year. The decrease was primarily driven by the additional depreciation for the facility build-out and equipment (CAPEX).

Inventories net of obsolete reserve ended at NOK 25.4 million at the end of the year, up from NOK 17.0 million at the start of the year.

Accounts receivable increased by NOK 7.8 million to NOK 40.6 million during the year. The primary driver was the increase in revenue as well as the 2017 FX adjustment that impacted 2016 bad debt reserve balance in Mexican pesos. Other receivables were decreased by NOK 4.6 million to NOK 39.4 million during the year due to Mexico VAT collection from prior years. Total assets were increased by NOK 3.1 million to NOK 196.6 million during the year.

Accounts payable decreased by NOK 4.5 million to NOK 19.6 million during the year and was primarily driven by payments to vendors at year end.

Other current liabilities increased by 3.7 million to NOK 56.2 million during the year and were primarily driven by the value-added tax return in Mexico from previous years.

Total current liabilities remained flat to NOK 79.1 year over year.

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 2021 when the Company expects to become cash positive. As a result of the objective to adequately fund the company, Agrinos has engaged a financial advisor to support efforts to raise additional funds with a target of USD 20 million. These efforts are ongoing and we expect to see the additional capital injection in the latter part of 2018.



Shareholders

Agrinos had 259 shareholders as of 31 December 2017. The total number of shares outstanding was 153,238,657 at year-end and the 20 largest shareholders held 142,134,237 shares, equal to 92.8 percent 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 and it is exposed to foreign exchange rates risks. These risks arise primarily from the US Dollar exchange rate. 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 market's perception of the Company 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. The majority of sales revenues for 2017 were in INR. All production costs of goods sold and a major part of operating expenses were in MXN. Other major cost components were in USD and NOK. 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.

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. 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 2017, the board consisted of Jean Baptiste Oldenhove, Chairman of the Board, Morten Bergesen, Nick Adamchak, Matthieu Baumgartner, Svetoslav Valkov and Rudolf von Piettenberg.

Organization, Working Environment and Equal Opportunity

Agrinos had 147 full time employees (FTE) 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.

During 2017 there were no reported accidents; however, there were 209 absences due to sickness.

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 14, 2018

Frederic de Stexhe
Interim Chairman

Morten Bergesen

Nick Adamchak
Board Member

Svetoslav Valkov
Board Member

Kevin Helash
Chief Executive Officer



FINANCIAL STATEMENTS

Profit and Loss Statement

Agrinos AS		NOK	Note:	Agrinos Group	
2017	2016			2017	2016
20,376,405	29,340,928	Sales revenue	(3)	74,615,758	63,149,768
-	-	Other operating revenue	(3)	17,193	174,929
20,376,405	29,340,928	Operating revenue	(3)	74,632,951	63,324,697
(9,523,231)	(9,466,442)	Cost of goods sold		(11,137,083)	(9,225,109)
(6,613,325)	(541,780)	Salaries and personnel costs	(4)	(107,501,642)	(89,056,580)
(662,124)	(668,125)	Depreciation and amortization	(7),(8)	(16,475,144)	(11,385,891)
(86,352,991)	(144,315,670)	Other operating expenses	(2),(4),(11)	(89,533,044)	(76,552,910)
-	-	Earn-out	(11)	-	-
(103,151,671)	(154,992,017)	Total operating expenses		(224,646,912)	(186,220,490)
(82,775,266)	(125,651,089)	Operating income		(150,013,962)	(122,895,794)
(15,791,797)	(43,708,364)	Net financial income / expense (-)	(5)	(29,718,593)	(60,961,498)
(98,567,063)	(169,359,453)	Net income / loss (-) before taxes		(179,732,555)	(183,857,291)
-	-	Tax expense	(6)	(1,841,772)	(4,727,038)
-	-	Minority Interest.	(15)	3,710,314	4,297,413
(98,567,063)	(169,359,453)	Net income / loss (-)		(177,864,012)	(184,286,916)

Balance Sheet Assets at 31 December 2017

Agrinos AS		NOK	Note:	Agrinos Group	
2017	2016			2017	2016
Assets					
-	-	Goodwill	(7)	-	-
3,636,264	4,298,388	Other intangible assets	(7)	8,005,091	9,523,304
-	-	Deferred Tax Asset	(6)	3,113,541	1,951,669
3,636,264	4,298,388	Total intangible assets		11,118,632	11,474,973
(0)	0	Property, plant and equipment	(8)	61,896,060	74,674,613
17,571,037	9,195,454	Investments in other shares and interests	(2),(9)	-	-
-	-	Other non-current receivables	(2),(10),(11)	-	-
17,571,037	9,195,454	Total financial non-current assets		-	-
21,207,301	13,493,841	Total non-current assets		73,014,692	86,149,586
-	-	Inventories	(12)	25,364,352	17,011,229
-	-	Total goods	(12)	25,364,352	17,011,229
16,340,317	16,526,193	Accounts receivable	(10),(11)	40,551,730	32,781,981
856,794	1,289,017	Other receivables	(11)	39,372,245	43,998,234
17,197,111	17,815,210	Total receivables	(11)	79,923,975	76,780,215
2,359,282	3,731,191	Bank deposits, cash etc.	(13)	18,309,686	13,536,490
19,556,393	21,546,401	Total current assets		123,598,013	107,327,934
40,763,694	35,040,243	Total assets		196,612,705	193,477,520



Balance Sheet Equity and Liabilities at 31 December 2017

Agrinos AS				Agrinos Group	
2017	2016	NOK	Note:	2017	2016
Equity					
1,532,387	1,532,387	Share capital	(14),(15)	1,532,387	1,532,387
(222,525,073)	(125,496,660)	Premium reserve	(15)	(44,094,818)	108,359,606
(220,992,686)	(123,964,273)	Total paid in capital	(15)	(42,562,431)	109,891,993
-	-	Minority interests	(15)	(9,802,907)	(9,878,692)
-	-	Accumulated P&L	(15)	-	-
(220,992,686)	(123,964,273)	Total equity	(15)	(52,365,338)	100,013,301
Liabilities					
-	-	Deferred tax	(06),(11)	786,021	1,274,921
-	-	Total provisions for liabilities		786,021	1,274,921
107,609,988	12,930,000	Other non-current liabilities	(11)	169,137,085	12,930,000
107,609,988	12,930,000	Total non-current liabilities	(11)	169,137,085	12,930,000
150,044,602	143,383,173	Accounts payable	(10),(11)	19,621,729	24,094,102
-	-	Current tax payable	(11)	3,242,160	2,658,813
4,101,790	2,691,343	Other current liabilities	(11)	56,191,047	52,506,383
154,146,392	146,074,516	Total current liabilities	(11)	79,054,936	79,259,298
261,756,380	159,004,516	Total liabilities	(11)	248,978,043	93,464,219
40,763,694	35,040,243	Total equity and liabilities		196,612,705	193,477,520

Cash Flow Statement

Agrinos AS				Agrinos Group	
2017	2016	NOK		2017	2016
Cash flow from operating activities					
(98,567,063)	(169,359,453)	Profit/Loss (-) before tax		(179,732,555)	(183,857,291)
662,124	668,125	Depreciation and amortization		16,475,144	11,385,891
8,689,975	(39,281,051)	Changes in inventories, receivables and payables		(13,352,017)	(22,251,423)
2,533,650	(6,002,617)	Changes in other accruals/currency effects		28,348,916	27,615,654
(86,681,314)	(213,974,996)	Net cash flow from operating activities		(148,260,512)	(167,107,169)
Cash flow from investment activities					
(8,375,583)	18,149,452	Investments/disposals of tangible fixed assets		(2,178,378)	(26,437,537)
-	-	Changes in other investments		-	-
(8,375,583)	18,149,452	Net cash flow from investments activities		(2,178,378)	(26,437,537)
Cash flow from financing activities					
94,679,988	(117,591,792)	Proceeds from borrowings (current and non-current)		156,207,085	(117,788,762)
(995,000)	310,067,891	Net proceeds from issuance of shares	(15)	(995,000)	308,717,891
93,684,988	192,476,099	Net cash flow from financing activities		155,212,085	190,929,129
(1,371,909)	(3,349,445)	Net change in cash and cash equivalents		4,773,196	(2,615,577)
3,731,191	7,080,636	Cash and cash equivalents at beginning of period		13,536,490	16,152,067
2,359,282	3,731,191	Cash and cash equivalents at end of period		18,309,686	13,536,490



The Board of Directors of Agrinos

Oslo, June 14, 2018

Frederic de Stexhe
Interim Chairman

Morten Bergesen

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.

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 receivables 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, 2017

Agrinos AS Stand Alone

		NOK	NOK
Investment in Subsidiaries		2017	2016
Investment in Agrinos China 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	15,071,626	9,195,444
	Book value after Impairment	15,071,626	9,195,444
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 Brasil	Book value before Impairment	43,732,918	39,244,054
	Impairment Allowance	-43,732,918	-39,244,054
	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	23,288	23,288
	Impairment Allowance	-23,288	-23,288
	Book value after Impairment	-	-
Investment in Agrinos Ukraine	Book value before Impairment	1,251,221	587,974
	Impairment Allowance	-	-587,974
	Book value after Impairment	1,251,221	-
Investment in Agrinos Russia	Book value before Impairment	1,248,181	-
	Impairment Allowance	-	-
	Book value after Impairment	1,248,181	-
<u>Book Value before impairment</u>		<u>551,924,902</u>	<u>539,648,429</u>
<u>Impairment of Investment in Subsidiaries</u>		<u>-534,353,866</u>	<u>-530,452,976</u>
Investment in sub. net value		17,571,037	9,195,454



Impairment on Intercompany Loans as of December 31, 2017

Agrinos AS Stand Alone

		NOK	NOK
		2017	2016
Intercompany Loan			
Receivable Malaysia	Book value before Impairment	5,847,333	5,847,333
	Currency Adjustment	2,511,017	2,962,818
	Impairment Allowance	-8,358,349	-8,810,151
	Book value after Impairment	-0	-
Receivable Agrinos Inc.	Book value before Impairment	78,571,940	78,571,940
	Currency Adjustment	24,366,813	29,931,051
	Impairment Allowance	-102,938,753	-108,502,991
	Book value after Impairment	0	-
Receivable Agrinos China AS	Book value before Impairment	78,841	52,841
	Currency Adjustment	-	-
	Impairment Allowance	-78,841	-52,841
	Book value after Impairment	-	-
Receivable Agrinos UK	Book value before Impairment	389,741	389,741
	Currency Adjustment	164,123	143,441
	Impairment Allowance	-553,863	-533,181
	Book value after Impairment	0	-
Receivable Agrinorway Iberica	Book value before Impairment	6,965,959	4,765,847
	Currency Adjustment	564,088	56,571
	Impairment Allowance	-7,530,047	-4,822,418
	Book value after Impairment	-0	-
Allowance for impairments for intercompany loans		-119,459,854	-122,721,582

Note 3 Revenue and Other Income

NOK	Agrinos AS		Agrinos Group	
	2017	2016	2017	2016
Sales Revenues:				
North America	4,058,697	17,803,752	19,239,056	19,310,038
Latin America	3,589,445	1,817,148	8,672,820	6,847,099
Europe and Central Asia	6,521,137	4,085,606	11,627,999	6,911,829
Asia and India	6,207,126	5,634,421	35,075,882	30,080,801
Total revenue:	20,376,405	29,340,928	74,615,758	63,149,768
Other operating revenue:				
Mexico	-	-	17,193	174,929
Rest of the world	-	-	-	-
Total	-	-	17,193	174,929
Total operating revenue	20,376,405	29,340,928	74,632,951	63,324,697



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

NOK	Agrinos AS		Agrinos Group	
	2017	2016	2017	2016
Salaries	2,167,752	5,931,869	77,148,297	77,257,613
Payroll tax	409,636	624,190	8,137,680	7,484,696
Payroll tax - stock rights	2,787,016	(5,918,703)	2,787,016	(5,918,703)
Pension costs	834,795	52,279	7,783,444	1,292,499
Other benefits	414,126	(147,856)	11,645,205	8,940,475
Total	6,613,325	541,780	107,501,642	89,056,580
Annual full-time equivalent employees	2	2	147	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

Chief Executive Officer:	2017	2016
Salary	4,682,375	4,537,906
Severance/Pension costs	4,388,933	129,328
Other benefits	132,628	-
Total	9,203,936	4,667,234

Options

NOK	2015	2016	2017
Price	3.5	4.0	6.0
Vested	770,500	303,700	410,000
Issued	899,000	846,400	3,490,000
Returned	596,000	103,600	-
Cancelled/Not Issued	1,505,000	1,050,000	210,000
Total	3,000,000	2,000,000	3,700,000

The total 3 700 000 granted options include 210 000 that are not issued yet. No options were exercised during the year 2017. Exercise value of vested options was calculated at NOK 2.5 million at December 31, 2017 vs NOK 0.00 million at 31 December 2016, booked as salary cost and equity. Exercise of options will result in social security tax payable for the company. Gross value of these liabilities has been calculated to be NOK 126,683 as of 31 December 2017 using the intrinsic value versus NOK 0.0 at 31 December 2016. The option holders are eligible to get the exercised options settled in shares. The CEO and other key employees participated in the warrant program established in 2015.

Specification of Auditor's Fee

NOK	Agrinos AS		Agrinos Group	
	2017	2016	2017	2016
Statutory audit fees	773,862	469,462	1,197,470	1,386,006
Other services	-	-	-	-
Total fee to auditor	773,862	469,462	1,197,470	1,386,006



Note 5 Finance Income and Expenses

NOK	Agrinos AS		Agrinos Group	
	2017	2016	2017	2016
Interest income from group companies	2,959,840	2,389,065	0.00	-
Other interest income	17,695	10,354	258,806	393,471
Foreign Exchange rate Gain/Loss	(10,987,606)	(37,457,283)	(19,303,158)	(52,436,921)
Total financial income	(8,010,071)	(35,057,864)	(19,044,352)	(52,043,450)

NOK	Agrinos AS		Agrinos Group	
	2017	2016	2017	2016
Interest expenses from group companies	-	-	-	-
Other interest expenses	(6,914,706)	(7,169)	(8,858,757)	1,952
Other financial expenses	(867,020)	(8,643,331)	(1,815,484)	(8,920,000)
Total financial expense	(7,781,726)	(8,650,500)	(10,674,241)	(8,918,047)
Net Financial Income/expense	(15,791,797)	(43,708,364)	(29,718,593)	(60,961,498)

Note 6 Income Taxes

Agrinos AS		2017	2016
NOK			
Tax payable		-	-
Changes in deferred tax		-	-
Total income tax expense		-	-
Tax base calculation			
Profit before income tax		-98,567,064	-169,359,453
Permanent differences		-355,838	64,975,413
Temporary differences		-19,859,644	-28,107,379
Tax base		-118,782,546	-132,491,419
Temporary differences:			
Receivables		-341,039,183	-366,499,288
Fixed assets		15,038	975
Non current assets		-	-
Provisions		-126,683	-
Foreign exchange rate gains (losses)		27,606,040	33,093,881
Losses carried forward		-556,067,132	-437,284,586
Total		-869,611,920	-770,689,018
Deferred tax asset (23%/24%)		200,010,742	184,965,364
Deferred tax asset not recognized		-200,010,742	-184,965,364
Deferred tax liability (asset)		-	-
Effective tax rate		24%	24%
Expected income taxes at statutory tax rate		-23,656,095	-42,339,863
Permanent differences		-85,401	16,243,853
Change in allowance for taxes carried forward not recognized		23,741,496	26,096,010
Income tax expense		-	-
Tax rates Norway			
2016: 25%			
2017: 24%			
2018: 23%			



Agrinos Group

NOK	2017	2016
Tax payable	1,865,826	3,313,000
Changes in deferred tax	-24,055	1,414,038
Total income tax expense	1,841,772	4,727,038
Temporary differences:		
Receivables	-617,936,393	-628,864,716
Inventories	-16,247,636	-
Profit sharing	-1,334,352	-
Fixed assets	14,601,780	19,812,189
Non current assets	478,669	-
Provisions	-31,206,445	-
Foreign exchange rate gains (losses)	27,606,040	33,093,881
Losses carried forward	-889,173,731	-1,287,122,071
Total	-1,513,212,068	-1,863,080,716
Deferred tax asset not recognised	332,547,855	322,801,731
Deferred tax asset recognised	3,113,541	1,951,669
Deferred tax liability	786,021	1,274,921

Tax returns has not yet been completed for all entities. In cases where tax returns has not been completed taxes are based on best estimates as of Dec 31. 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	NOK 0
Reversed impairments current year	NOK 0
Net carrying value as of 31.12.17	3,636,264

Agrinos Group

NOK	Goodwill	Research and development	Other intangibles	Aquired Rights/Patents	Total
Acquisition cost	76,253,142	869,638	4,638,489	10,085,131	91,846,400
Additions	-	-	2,318,677	-	2,318,677
Disposals	-	-	-	-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	-	-	-	-37,395,422
Fx Adjustment	-	-	(802,145)	(12,945)	(815,090)
Reversed impairments	-	-	-	-	-
Net carrying value at 12/31/2016	0.00	-	3,877,936	5,645,368	9,523,304
Acquisitions	-	-	9,743	-	9,743
Disposals	-	-	(382,192)	-	(382,192)
Amortisation for the year	-	-	(359,141)	(662,124)	(1,021,264)
Fx Adjustment	-	-	(107,807)	(16,692)	(124,499)
Accumulated impairment loss 31.12	-	-	-	-	-
Amortization and impairments	-	-	-839,397	-678,815	-1,518,213
Net carrying value at 12/31/2017	0.00	-	3,038,539	4,966,553	8,005,092

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 12/31/2016	5,800,972	56,249,588	48,235,729	110,286,288
Additions	-	3,692,581	2,149,012	5,841,593
Disposals	-1,930,006	-1,704,180	-1,919,282	-5,553,468
Fx Adjustment	-24,710	-1,887,946	-882,887	-2,795,543
Acquisition cost as of 12/31/2017	3,846,255	56,350,043	47,582,571	107,778,870
Accumulated depreciation 12/31/2016	-3,753,086	-9,064,110	-22,794,479	-35,611,675
Additions	-16,172	-845,969	-14,591,739	-15,453,880
Disposals	428,690	1,701,836	2,566,723	4,697,249
Fx Adjustment	14,632	17,578	453,286	485,496
Accumulated impairment loss 31.12.16	-	-	-	-
Reversed impairment loss 31.12.16	-	-	-	-
Total Accumulated Depreciation	-3,325,936	-8,190,664	-34,366,210	-45,882,810
Net carrying value as of 12/31/2017	520,319	48,159,379	13,216,362	61,896,060
Depreciation for the year 2017	-	-1,041,039	-14,412,840	-15,453,879
Impairment loss for the year 2017	-	-	-	-

Both the parent company and the group use linear depreciation for all tangible assets.

The useful economic life is estimated to be:

	Years
*Buildings and other real estate	20-50
*Machinery and equipment	3-15
*Land	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 China AS, (Norge)	-100,000	100,000	NOK 1	100.0%	71,645	26,125	125,000
Agrinos Corporate Services SA de CV, (Mexico)	-346,350,000	346,349,999	MXN 1	100.0%	189,759,582	2,018,552	168,329,125
Bioderpac SA de CV, (Mexico)	-300,200,000	300,199	MXN 1000	100.0%	-303,087,273	-19,011,619	215,465,144
Agrinos Mexico SA de CV.	-369,850,000	145,449,999	MXN 1	100.0%	475,546,437	4,868,282	70,114,580
Agrinos Colombia SAS (Discontinued March 31st 2015)	N/A	N/A	COP 2	0.0%	N/A	N/A	-
Agrinos do Brasil Ltda	-16,095,517	5,029,849	BRL 3.20	100.0%	2,454,363	2,981,859	43,732,918
Agrinos Inc, (USA)	-3,500,050	350,005,000	USD 0.01	100.0%	18,679,022	5,574,492	30,244,488
Agrinos Sdn Bhd, (Malaysia)	-551,500	295,000	MYR 1	84.7%	5,819,365	450,811	1,572,789
Agrinos Indonesia	-5,500,000,000	55,000	100 000 IDR	55.0%	2,788,558,276	409,529,304	1,871,903
Agrinos Beijing BioTech (China)	-5,262,270	N/A	RMB	60.0%	14,416,216	6,999,213	2,874,631
Agrinorway Iberica S.L., (Spain)	-3,000	300	EUR 10	100.0%	701,571	159,401	23,288
Agrinos Uk (United Kingdom)	-1	1	1 GBP	100.0%	-18,359	-3,054	9
Agrinos India	-1,642,980	164,298	10 INR	100.0%	-138,917,982	-7,178,216	15,071,626
Agrinos Russia	-8,672,705	8,672,705	1 RUB	100.0%	-1,655,483	7,017,222	1,251,221
Agrinos Ukraine	-3,886,161	3,886,161	1 UAH	100.0%	-2,375,241	202,168	1,248,181
Total before impairment							551,924,902
Impairment (See also note 2)							-534,353,866
Net book value after impairment							17,571,037

* Booked value is before impairments. For net investment value per company after 2017 impairments refer to note 2.

** Agrinos Corporate Services have two subsidiaries Agricultura Especializada del Pacifico (AEP) of which Agrinos Corporate Services owns 23,676 out of 23,677 shares and Agrinos Mexico 1 out of 23,677 shares, as well as Agrinos Mexico (AMX) of which Agrinos Corporate Services owns 224,400,000, Agrinos AS owns 145,449,999 and Agrinos China AS owns 1 out of 369,850,000 shares.

*** Bioderpac has two classes of shares. One class of which Agrinos AS owns 300,199 out of 300,200 shares and one class of which Agrinos China AS owns 1 out of 300,200 shares.



Note 10 Intercompany Balances with Group Companies and Associates

Agrinos AS

NOK	2017	2016
Receivables:		
Loans to group companies		
Agrinos UK Ltd	553,863	533,181
Agrinorway Iberica S.L.C.	7,530,047	4,822,418
Agrinos Sdn. Bhd.	8,358,349	8,810,151
Agrinos Inc.	102,938,753	108,502,991
Agrinos China AS	78,841	52,841
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	-119,459,854	-122,721,582
Net value of loans to group companies	-	-
Accounts receivable		
Agrinos Sdn. Bhd.	3,358,172	3,298,038
Agrinos Inc.	54,192,027	83,886,559
Agrinos México S.A de C.V	22,712,159	22,836,548
Bioderpac, S.A. de C.V.	208,023,627	209,113,798
Agrinos Indonesia	4,306,957	4,539,799
Agrinos Corporate Services SA de CV	17,014,319	17,137,618
Agrinos Biotech Beijing Company (ABBC)	16,390,373	14,565,665
Agrinorway Iberica S.L.C.	9,580,713	8,415,333
Agrinos UK Ltd	28,455	17,835
Agrinos India Pvt. Ltd.	12,956,130	14,167,500
Agrinos do Brasil Fertilizantes Biologicos LTDA	6,068,392	2,700,931
Allowance for accounts receivable group companies	-341,646,739	-366,494,288
Net value of accounts receivable	12,984,585	14,185,335
Total	12,984,585	14,185,335
Payables:		
Accounts payable		
Agrinos Inc	11,437,035	11,056,713
Bioderpac S.A. DE C.V	128,182,353	120,382,988
Agrinos Corporate Services S.A. de C.V.	8,099,442	8,126,322
Agrinos UK Limited	772,838	617,427
Agrinos biotech (Beijing) CO., LTD.	181,759	191,584
Agrinos Mexico SA de CV	-	-
Agrinos do Brasil Fertilizantes Biologicos LTDA	-	439,109
Agrinos India Pvt. Ltd.	-	83,473
Agrinos Ukraine	415,498	96,300
Total	149,088,925	140,993,916



Note 11 Liabilities and Receivables

Receivables NOK	Agrinos AS		Agrinos Group	
	2017	2016	2017	2016
Loans to group companies	119,459,854	122,721,582	-	-
Allowance of loans to group companies	(119,459,854)	(122,721,582)	-	-
Net non current receivables	-	-	-	-
Net group of companies accounts receivable	354,631,324	380,679,623	-	-
Allowance of receivables to group companies	(341,646,739)	(366,494,288)	-	-
External Trade Receivables	4,241,204	2,345,859	344,515,682	325,235,757
Allowance External Receivables	(885,472)	(5,000)	(303,963,953)	(292,453,776)
Net accounts receivable	16,340,317	16,526,193	40,551,730	32,781,981
Other receivables	95,468	899,099	925,062	3,125,721
Prepaid expenses	391,143	439,217	1,751,909	2,197,297
Taxes and fees receivable/VAT	370,182	(49,299)	36,695,274	38,675,215
Other receivables	856,794	1,289,017	39,372,245	43,998,234
Total Receivables:	17,197,110	17,815,210	79,923,975	76,780,215

NOK	Agrinos AS		Agrinos Group	
	2017	2016	2017	2016
Liabilities to financial institutions	-	-	-	-
Convertible Bond	-	12,930,000	-	12,930,000
Other long-term liabilities	107,609,988	-	169,137,085	-
Long term liabilities	107,609,988	12,930,000	169,137,085	12,930,000

Payables NOK	Agrinos AS		Agrinos Group	
	2017	2016	2017	2016
External trade payables	955,677	2,389,257	19,621,729	24,094,102
Other current liabilities	4,043,349	1,852,642	21,743,279	13,512,111
Accrued commissions	-	-	1,539,808	3,425,196
Taxes payable	-	-	3,486,774	2,752,057
Taxes and fees payable/VAT	58,441	838,701	32,646,899	33,433,011
Accrued Earn Out	-	-	-	-
Deferred revenue	-	-	16,447	2,042,821
Deferred Tax Liability	-	-	-	-
Intercompany liabilities	149,088,925	140,993,916	-	-
Current liabilities	154,146,392	146,074,516	79,054,936	79,259,298
Total long term and current liabilities:	261,756,380	159,004,516	248,192,021	92,189,298

Note 12 Inventories

NOK	Agrinos AS		Agrinos Group	
	2017	2016	2017	2016
Raw Material	-	-	861,443	551,380
Packing material	-	-	5,228,902	3,749,656
Work in process	-	-	29,062,614	32,069,602
Finished goods	-	-	31,751,725	29,872,439
Inventory obsolete reserve	-	-	(41,540,331)	(49,231,848)
Total:	-	-	25,364,352	17,011,229



Note 13 Bank Deposits – Restricted Funds

NOK	Agrinos AS		Agrinos Group	
	2017	2016	2017	2016
Restricted funds				
Employees salary taxes, deposited in a separate bank account	28	281,752	973,918	702,604
Security deposit rent / other designated funds	166,447	166,114	166,447	166,114
Total	166,475	447,866	1,140,364	868,718
Unrestricted funds				
Cash and cash equivalent	2,192,808	3,283,325	17,169,322	12,667,772
Total	2,192,808	3,283,325	17,169,322	12,667,772
Total Cash and equivalents	2,359,282	3,731,191	18,309,686	13,536,490

Note 14 Share Capital and Shareholder Information

Agrinos AS

	No of Shares	Face Value	Book value in NOK
Share Capital	153,238,657	0.01	1,532,387

At 31 December 2017 Agrinos AS had 259 shareholders. Issued capital consists of one class of shares and all issued shares have the same voting rights.

The 20 largest shareholders as of December 31, 2017 were:

Name	Related party	No of shares	Ownership
MANOR INVESTMENT SA	Board Member	71,343,748	46.56%
EUROCHEM GROUP AG	Board Member	22,250,000	14.52%
HAVFONN AS	Board Member	18,268,228	11.92%
STATE STREET BANK AND TRUST COMPA.		4,006,055	2.61%
TRAPESA AS		2,653,196	1.73%
THOENG AS		2,524,094	1.65%
EPSILON AS		2,393,193	1.56%
UBS SWITZERLAND AG		1,717,684	1.12%
ESQUER AGUIRRE		2,015,330	1.32%
SYNGENTA VENTURES PTE LTD		1,878,237	1.23%
CITIBANK, N.A.		3,696,143	2.41%
ANFAR INVEST AS		1,640,548	1.07%
SVENSK HYDRO AS		1,550,000	1.01%
SPECTER INVEST AS		1,300,000	0.85%
RUNNING RIGS AS		1,100,800	0.72%
LILLEBERG		1,000,000	0.65%
JOMANI AS		840,000	0.55%
THE BANK OF NEW YORK MELLON N.V.		745,390	0.49%
THEODOR INVEST AS		670,050	0.44%
FRANS ENGER AS		541,541	0.35%
Other Shareholders		11,104,420	7.25%
Total number of shares issued and outstanding		153,238,657	100.00%



Note 15 Equity

Agrinos AS

NOK	Issued capital	Share premium	Retained earnings	Total
Equity 31.12.2015	735,284	977,365,779	-1,236,771,157	-258,670,094
Equity 01.01.2016	735,284	977,365,779	-1,236,771,157	-258,670,094
Capital increase	797,103	307,920,788	-	308,717,890
Capital increase not registered	-	-	-	-
Transactions costs	-	-	-	-
Net profit for the year	-	-	-169,359,453	-169,359,453
Adjustment change in employee stock rights	-	-	-4,652,616	-4,652,616
Equity 31.12.2016	1,532,387	1,285,286,567	-1,410,783,226	-123,964,273
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

Agrinos Group

NOK	Issued capital	Share premium	Retained earnings	Currency translation differences	Total shareholders' equity	Minority interests	Total equity
Equity 31.12.2015	735,284	977,365,779	-1,024,221,008	-	-46,119,945	-6,343,009	-52,462,954
Equity 01.01.2016	735,284	977,365,779	-1,024,221,008	-	-46,119,945	-6,343,009	-52,462,954
Currency translation	-	-	-	36,235,265	36,235,265	-	36,235,265
Capital increase	797,103	307,920,788	-	-	308,717,881	-	308,717,881
Capital increase not registered	-	-	-	-	-	-	-
Net loss for the year	-	-	-184,286,916	-	-184,286,916	-3,535,683	-187,822,599
Adjustment change in employee stock rights	-	-	-4,654,283	-	-4,654,283	-	-4,654,283
Equity 31.12.2016	1,532,387	1,285,286,567	-1,213,162,206	36,235,265	109,892,003	-9,878,692	100,013,311
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	-	-	-	23,870,919	23,870,919	-	23,870,919
Issue cost capital increase	-	-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

Note 16 Transactions with Related Parties

Manor group extended a short-term loan to Agrinos AS in December 2016 in the amount of NOK 12,930,000. The loan was fully paid during 2017 Q1.

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.



Liquidity is deposited in bank accounts in NOK and USD with the exception of an amount dedicated to fund investments in MXN.

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	
	2017	2016	2017	2016
Offices rental	174,000	499,292	7,397,928	1,822,018
Warehouse lease	-	-	999,283	5,671,388
Vehicle cost (leasing)	-	-	680,362	584,210
Total annual lease cost	174,000	499,292	9,077,574	8,077,616

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

NOK	Agrinos AS		Agrinos Group	
	2017	2016	2017	2016
Within one year	-	-	7,497,465	337,235
Later than one year but within five years	174,000	429,600	16,216,061	3,934,066
Later than five years	-	-	1,931,947	1,622,926
Total annual commitment	174,000	429,600	25,645,473	5,894,227

Note 19 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 equity for the parent company and the group is negative. 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 board issued shares generating USD 15 million in January of 2018. 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.



Profit and Loss Statement at 31 December 2017

Profit and loss statement		
USD	2017	2016
Sales revenue	9,053,390	7,531,483
Other operating revenue	-	20,760
Operating revenue	9,053,390	7,552,242
Cost of goods sold	(1,255,334)	(1,103,242)
Salaries and personnel costs	(12,977,564)	(10,675,432)
Depreciation and amortization	(1,994,309)	(1,360,856)
Other operating expenses	(10,914,773)	(9,194,921)
Total operating expenses	(27,141,980)	(22,334,452)
Operating income	(18,088,589)	(14,782,209)
Net financial income / expense (-)	(3,760,411)	(7,189,914)
Net income / loss (-) before taxes	(21,849,000)	(21,972,123)
Tax expense	(220,256)	(551,176)
Minority Interest.	451,663	507,058
Net income / loss (-)	(21,617,593)	(22,016,241)

Balance Sheet Assets at 31 December 2017

USD	2017	2016
Assets		
Goodwill	-	-
Other intangible assets	1,748,418	1,884,655
Deferred Tax Asset	379,533	225,703
Total intangible assets	2,127,951	2,110,359
Land	50,666	48,227
Buildings	2,443,276	2,320,517
Improvements to leased premises	4,374,988	4,136,316
Vehicles	468,849	670,861
Machines, fixtures and fittings etc.	5,800,197	5,578,287
Accumulated depreciation	(6,365,618)	(4,901,681)
Property, plant and equipment	6,772,358	7,852,529
Total financial non-current assets	-	-
Total non-current assets	8,900,309	9,962,887
Inventories	3,038,329	1,982,846
Total goods	3,038,329	1,982,846
Accounts receivable	5,082,978	3,791,989
Other receivables	4,820,518	5,088,236
Total receivables	9,903,496	8,880,225
Bank deposits, cash etc.	2,231,905	1,565,446
Total current assets	15,173,730	12,428,518
Total assets	24,074,039	22,391,405



Balance Sheet Equity and Liabilities at 31 December 2017

USD	2017	2016
Equity		
Share capital	192,789	192,789
Premium reserve	167,787,125	167,908,413
Total paid in capital	167,979,913	168,101,201
Minority interests	(1,194,922)	(1,142,570)
Accumulated P&L	(173,060,569)	(155,376,925)
Total equity	(6,275,578)	11,581,706
Liabilities		
Deferred tax	95,814	147,440
Total provisions for liabilities	95,814	147,440
Other non-current liabilities	20,617,390	1,495,308
Total non-current liabilities	20,617,390	1,495,308
Accounts payable	2,391,654	2,787,297
Current tax payable	395,211	307,482
Other current liabilities	6,849,549	6,072,173
Total current liabilities	9,636,414	9,166,952
Total liabilities	30,349,618	10,809,699
Total equity and liabilities	24,074,039	22,391,405

Cash Flow Statement at 31 December 2017

USD	2017	2016
Cash flow from operating activities		
Profit/Loss (-) before tax	(21,849,000)	(21,972,123)
Depreciation and amortization	1,994,309	1,360,856
Changes in inventories, receivables and payables	(1,814,746)	(2,444,342)
Changes in other accruals/currency effects	4,113,004	2,526,491
Net cash flow from operating activities	(17,556,434)	(20,529,118)
Cash flow from investment activities		
Investment in Subsidiaries	-	-
Investments/disposals of tangible fixed assets	(777,901)	(3,288,533)
Changes in other investments	-	-
Net cash flow from investments activities	(777,901)	(3,288,533)
Cash flow from financing activities		
Proceeds from borrowings (current and non-current)	19,122,082	(13,268,306)
Net proceeds from issuance of shares	(121,288)	36,827,099
Net cash flow from financing activities	19,000,794	23,558,793
Net change in cash and cash equivalents	666,459	(258,859)
Cash and cash equivalents at beginning of period	1,565,446	1,824,305
Cash and cash equivalents at end of period	2,231,905	1,565,446



AUDITOR'S REPORT







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