

**INNKALLING TIL ORDINÆR  
GENERALFORSAMLING I  
AGRINOS AS**

Styret innkaller herved aksjonærene i selskapet til ordinær generalforsamling den

**28. juni 2018 klokken 17:30**

Møtet vil avholdes i lokalene til DLA Piper i Bryggegata 6, 0250 Oslo.

Til behandling foreligger følgende saker:

- 1. Åpning av møtet ved Magnus Brox eller en annen person bemyndiget av styret til å åpne møtet og registrering av fremmøtte aksjonærer**
- 2. Valg av møteleder og person til å medundertegne protokollen sammen med møteleder**
- 3. Godkjenning av innkalling og dagsorden**
- 4. Godkjenning av årsregnskapet og årsberetningen for 2017**
- 5. Godtgjørelse til styret for 2017**
- 6. Godkjenning av revisors honorar for 2017**
- 7. Ansvarsfrihet for styremedlemmer**
- 8. Godkjenning av garantiavtaler**
- 9. Godkjenning av aksjonærlån**
- 10. Styrefullmakt til kapitalforhøyelse**
- 11. Styrevalg**

Ytterligere informasjon om, og styrets forslag til beslutning under punktene 4 til 11 er inntatt nedenfor.

**Sak 4:**

Årsregnskap, herunder resultatregnskap, balanse pr. 31. desember 2017, og noteopplysninger, samt årsberetning og revisjonsberetning er vedlagt.

**NOTICE OF AN ORDINARY  
GENERAL MEETING  
IN  
AGRINOS AS**

The Board of Directors hereby gives notice of an ordinary general meeting of the company to be held on

**28 June 2018 at 17:30 hours**

The meeting will be held at the offices of DLA Piper in Bryggegata 6, 0250 Oslo, Norway.

The following matters will be dealt with:

- 1. Opening of the meeting by Magnus Brox or another person appointed by the board to open the meeting and registration of attending shareholders**
- 2. Election of person to chair the meeting and person to co-sign the minutes together with the chairperson**
- 3. Approval of the notice to the meeting and the agenda**
- 4. Approval of the annual accounts and the annual report for 2017**
- 5. Remuneration for the Board of Directors for 2017**
- 6. Approval of auditor's remuneration for 2017**
- 7. Discharge of liability for Board Members**
- 8. Approval of guarantee agreements**
- 9. Approval of shareholder loan**
- 10. Authorization to carry out a capital increase**
- 11. Election of the Board of Directors**

Further information on and the Board's proposals for resolutions related to matters 4 through 11 are set out below.

**Matter 4:**

The annual accounts, including the profit and loss account, the balance sheet as of 31 December 2017 and the notes to the annual accounts along with the annual report and the auditor's report is attached.

Det foreslås at generalforsamlingen godkjenner styrets forslag til årsregnskap og årsberetning for 2017, herunder den foreslåtte disponeringen av underskuddet som fremgår av balansen.

#### **Sak 5:**

Det innstilles på godkjenning av følgende honorar til styret for dets arbeid i 2017:

Uavhengige styremedlemmer – USD 20.000

Øvrige styremedlemmer har fraskrevet seg retten til styrehonorar for 2017.

Videre foreslås det at generalforsamlingen forhåndsgodkjenner tilsvarende honorar for de uavhengige styremedlemmene for 2018.

Honorar utbetales pro rata for de som har tiltrådt eller fratrudd i løpet av året.

Det presiseres at honorarene er angitt som bruttobeløp (dvs. før skatt).

#### **Sak 6:**

Det foreslås at generalforsamlingen godkjenner godtgjørelse til selskapets revisor RSM Norge AS for revisjonsarbeid i regnskapsåret 2017 i henhold til regning. Godtgjørelsen fremgår av note 4 til årsregnskapet.

#### **Sak 7:**

Det foreslås at generalforsamlingen vedtar ansvarsfrihet for styremedlemmene for enhver handling eller unnlattelse de har foretatt i egenskap av å være medlem i selskapets styre for regnskapsåret 2017.

#### **Sak 8:**

I den ekstraordinære generalforsamlingen avholdt 24. januar 2017 godkjente generalforsamlingen at selskapet skulle inngå garantiavtaler med blant annet Manor Investment S.A. ("**Manor**") eller nærstående av Manor som skulle stille sikkerhet på inntil USD 11.500.000 til fordel for Silicon Valley Bank. Bakgrunnen for dette var at selskapet skulle inngå en lånefasilitet med Silicon Valley Bank, som krevde at det skulle stilles betryggende sikkerhet for rettidig betaling av lånet.

Med bakgrunn i dette vedtaket har Selskapet inngått to garantiavtaler med Manor ("**Garantiavtale Nr. 1 og Nr. 2**"), datert 3. februar 2017 og 9. mai 2017, på til sammen USD 7.875.000. Med bakgrunn i Garantiavtalene Nr. 1 og Nr. 2 har Manor besørget at

The Board proposes that the general meeting adopts the Board's proposed annual report and accounts for 2017, including the appropriations of the company's loss as shown in the balance sheet.

#### **Matter 5:**

The following remuneration is proposed for the Board's work in 2017:

Independent board members – USD 20,000

The other board members have waived their right to remuneration for 2017.

It is further proposed that the general meeting pre-approves the same remuneration to the independent board members for 2018.

The remuneration is paid pro rata for members who have served for less than the full year.

It is emphasised that the proposed remuneration is gross amounts (i.e. prior to tax deductibles).

#### **Matter 6:**

It is proposed that fees for audit services rendered by RSM Norge AS during the financial year 2017 is approved against invoice. The fees are disclosed in note 4 to the annual accounts.

#### **Matter 7:**

It is proposed that the general meeting resolves discharge of liability for the Board Members for any actions or omissions they have carried out in their capacity as members of the Board of Directors in the company for the accounting year 2017.

#### **Matter 8:**

In the extraordinary general meeting held 24 January 2017, the general meeting resolved to approve that the company could enter into guarantee agreements with *inter alia* Manor Investment S.A. ("**Manor**") or associates of Manor, which should furnish security of up to USD 11,500,000 in favour of Silicon Valley Bank. The background for this was that the company planned to enter into a loan facility with Silicon Valley Bank, who required adequate security for timely repayment of the loan.

On the basis of this resolution, the Company has entered into two guarantee agreements ("**Guarantee Agreement N°1 and N°2**") with Manor, dated 3 February 2017 and 9 May 2017, amounting to USD 7,875,000. On the basis of Guarantee Agreement N°1

det er stilt sikkerhet til Silicon Valley Bank på tilsvarende beløp.

I februar 2018 ble det vedtatt å forlenge løpetiden på Selskapets lån fra Silicon Valley Bank. I forbindelse med dette avtalte Selskapet og Manor den 7. februar 2018, gjennom en egen garantiavtale ("**Garantiavtale Nr. 3**") å forlenge løpetiden på Garantiavtale Nr. 1 og Nr. 2 frem til 6. desember 2018.

I mai 2018 ble det videre vedtatt å forlenge løpetiden på Selskapets lån fra Silicon Valley Bank ytterligere, frem til 30. juni 2019. I den forbindelse har Selskapet og Manor avtalt, gjennom en separat garantiavtale som skal inngås i slutten av juni 2018 ("**Garantiavtale Nr. 4**" og sammen med Garantiavtale Nr. 1, Nr. 2 og Nr. 3 "**Garantiavtalene**"), at løpetiden for Garantiavtale Nr. 1, Nr. 2 og Nr. 3 skal forlenges til slutten av oktober 2019.

Som kompensasjon for ytelsene mottar Manor en garantiprovisjon på 4,5 % p.a. av det garanterte beløpet.

Styret foreslår at generalforsamlingen godkjenner Garantiavtalene i henhold til aksjelovens § 3-8 og at Garantiavtalene om nødvendig kan forlenges på samme vilkår uten ytterligere involvering av generalforsamlingen.

Styrets redegjørelse vedrørende Garantiavtalene og revisors bekreftelse av redegjørelsen er inntatt som **vedlegg 3**.

#### **Sak 9:**

Selskapet har den 24. mai 2018 inngått en låneavtale ("**Låneavtalen**") med Manor og Havfonn AS ("**Långiverne**") vedrørende opptak av et arbeidskapitallån med en ramme på inntil (i) USD 800.000 og (ii) EUR 1,429,000. Lånet er øremerket til å dekke det kortsiktige arbeidskapitalbehovet til datterselskapet Agrinos India Private Limited ("**Agrinos India**") i forbindelse med en økning av Agrinos India sin produksjonskapasitet for 2018-sesongen.

Som vederlag for å yte lånet skal selskapet betale Långiverne en rentekompensasjon på 20% p.a. Renten kapitaliseres månedlig. Som sikkerhet for lånet vil Långiverne motta pant i selskapets aksjer i Agrinos India.

Styret foreslår at generalforsamlingen godkjenner Låneavtalen, inkludert sikkerhetsarrangementet, i henhold til aksjelovens § 3-8.

and N°2, Manor has furnished security in favour to Silicon Valley Bank for the same amount.

In February 2018 it was resolved to extend the term of the Company's loan with Silicon Valley Bank. In this relation, the Company and Manor agreed, on 7 February 2018, through a separate guarantee agreement ("**Guarantee Agreement N°3**") to extend the term of Guarantee Agreement N°1 and N°2 to 6 December 2018.

It has been further resolved in May 2018 to extend the term of the loan with Silicon Valley Bank to 30 June 2019. In this respect, the Company and Manor have agreed, through a separate guarantee agreement to be entered on or around end of June 2018 ("**Guarantee Agreement N°4**" and together with Guarantee Agreement N°1, N°2 and N°3, the "**Guarantee Agreements**"), to extend the term of the Guarantee Agreements N°1, N°2 and N°3 to end of October 2019.

As compensation for the services Manor receives a guarantee fee of 4.5% p.a. of the guaranteed amount.

The Board of Directors proposes that the general meeting approves the Guarantee Agreements in accordance with Section 3-8 of the Limited Liability Companies Act and that the Guarantee Agreements can be extended on the same terms without further involvement by the general meeting.

The statement from the Board of Directors regarding the Guarantee Agreements and the auditor's confirmation of the statement is attached as **appendix 3**.

#### **Matter 9:**

The company has on 24 May 2018 entered into a loan agreement (the "**Loan Agreement**") with Manor and Havfonn AS (the "**Lenders**") regarding a working capital loan with a frame of up to (i) USD 800,000 and (ii) EUR 1,429,000. The loan is earmarked to cover the short term working capital need of the subsidiary Agrinos India Private Limited ("**Agrinos India**") in relation to an increase of Agrinos India's production capacity for the 2018 season.

As compensation for providing the loan, the Lenders shall receive an interest compensation of 20% p.a. The interest will be capitalized monthly. As security for the loan, the Lenders will receive a pledge over the company's shares in Agrinos India.

The Board of Directors proposes that the General Meeting approves the Loan Agreement, including the security arrangements, in accordance with Section 3-8

Styrets redegjørelse, som inneholder informasjon om lånet, og revisors bekreftelse av redegjørelsen er inntatt som vedlegg 4.

#### **Sak 10:**

For å kunne oppfylle Garantiavtalene og Den Reviderte Garantiavtalen nevnt i punkt 8, foreslår styret at generalforsamlingen treffer følgende vedtak:

1. *Styret gis fullmakt til å forhøye selskapets aksjekapital med inntil NOK 766,193.28 ved utstedelse av inntil 76,619,328 aksjer hver pålydende NOK 0,01.*
2. *Tegningskursen skal utgjøre NOK 1 per aksje.*
3. *Styrefullmakten kan kun benyttes i forbindelse med emisjoner i forbindelse med oppgjør mot Manor Investment S.A. eller nærstående av Manor Investment S.A. ("Garantisten"), som har stilt sikkerhet for oppgjør av selskapets lånefasilitet hos Silicon Valley Bank, og som i denne forbindelse har inngått garantiavtaler med selskapet ("Garantiavtalene").*
4. *Innenfor fullmaktens rammer kan styret velge å benytte den en eller flere ganger.*
5. *Fullmakten omfatter kapitalforhøyelse med innskudd i annet enn penger, herunder konvertering av gjeld, etter aksjeloven § 10-2.*
6. *Fullmakten gjelder i 2 år fra generalforsamlingens beslutning.*
7. *Styret instrueres av generalforsamlingen om å benytte denne fullmakten innen 10 dager etter påkrav fra Garantisten i tråd med Garantiavtalene, med mindre det kan dokumenteres at kravet er oppgjort eller på annet grunnlag ikke er rettmessig.*
8. *Hvis ovennevnte styrefullmakt til kapitalforhøyelse ikke er tilstrekkelig til å gjøre opp den totale gjelden i henhold til hver Garantiavtalene gjennom utstedelse av aksjer til en tegningskurs på NOK 1 per*

of the Limited Liability Companies Act.

The statement from the Board of Directors, which includes further details regarding the loan and the auditor's confirmation of the statement is attached as appendix 4.

#### **Matter 10:**

In order to be able to honor the Guarantee Agreements covered in section 8, the Board of Directors proposes that the General Meeting passes the following resolution:

1. *The Board of Directors is granted an authorization to increase the company's share capital with up to NOK 766,193.28 by issuing up to 76,619,328 new shares each with a par value of NOK 0.01.*
2. *The subscription price shall be NOK 1 per share.*
3. *The authorization can only be used in connection with capital increases in relation to settlements towards Manor Investment S.A. or affiliates of Manor Investment S.A. (the "Guarantor"), which have furnished security for the company's credit facility with Silicon Valley Bank, and which in this relation have entered into a guarantee agreements with the company (the "Guarantees").*
4. *Within the limits of the authorization, the Board of Directors can use the authorization one or several times.*
5. *The authorization includes share issues with non-cash contribution, including conversion of debt, pursuant to section 10-2 of the Private Limited Liability Companies Act.*
6. *The authorization is valid for 2 years from the date of the general meetings resolution.*
7. *The Board of Directors is instructed by the general meeting to exercise this authorization within 10 days after receiving notification of doing so from the Guarantor in accordance with the Guarantees, unless it can be documented that the relevant claim has been settled or that it, on any other grounds, is not legitimate.*
8. *If the authorization to increase the share capital of the company granted to the Board of Directors above is insufficient to settle the full debt of the company under the Guarantees through issuance of shares at a*

aksje, instrueres styret av generalforsamlingen til å innkalle til en ekstraordinær generalforsamling innen 10 dager etter mottak av notifikasjon om dette fra Garantisten for å godkjenne en rettet emisjon mot Garantisten med det antall aksjer til en tegningskurs på NOK 1 per aksje som er nødvendig for å gjøre opp selskapets resterende gjeld.

9. Styrefullmakten erstatter styrefullmakten vedtatt av generalforsamlingen 24. januar 2017.

Fortrinnsretten til eksisterende aksjonærer fravikes fordi det er nødvendig for å kunne overholde Garantiavtalene.

#### Sak 11:

Jean-Baptiste Oldenhove og Rudolf von Plettenberg har fratrudd fra styret. På denne bakgrunn foreslår styret at det velges følgende nye styre:

Frederic de Stexhe, styrets leder  
Morten S. Bergesen, styremedlem  
Nick Adamchak styremedlem  
Svétoslav Valkov, styremedlem

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Det henstilles om at deltakelse på generalforsamlingen meldes til selskapet ved innsending av vedlagte påmeldingsblankett senest 27. juni 2018 kl. 16.00.

En aksjonær har rett til å møte med fullmektig. Fullmektigen må i så fall fremlegge skriftlig og datert fullmakt. Fullmakt kan eventuelt gis til selskapets styreformann eller en annen person ved bruk av fullmaktsskjemaet som er vedlagt innkallingen.

21. juni 2018

Frederic de Stexhe (sign.) (e.f. / by proxy)  
Interim Chairperson

#### Vedlegg:

1. Påmeldingsskjema
2. Fullmaktsskjema
3. Redegjørelse fra styret og revisors bekreftelse ifm. godkjenning av garantiavtaler
4. Redegjørelse fra styret og revisors bekreftelse ifm. godkjenning av låneavtale

subscription price of NOK 1 per share, the Board of Directors is instructed by the general meeting to call an extraordinary general meeting within 10 days after receiving notification of doing so from the Guarantor in order to approve a private placement towards the Guarantor, with a number of shares at a subscription price of NOK 1 per share which is required to settle the company's remaining debt.

9. The board authorization replaces the board authorization granted on 24 January 2017.

The preferential right of the existing shareholders is deviated from because this is necessary to be able to honor the Guarantees.

#### Matter 11:

Jean-Baptiste Oldenhove and Rudolf von Plettenberg have resigned from the Board of Directors. On this background, the Board proposes that the following new Board of Directors is elected:

Frederic de Stexhe, chairperson  
Morten S. Bergesen, board member  
Nick Adamchak, board member  
Svétoslav Valkov, board member

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It is requested that shareholders intending to participate in the general meeting should notify the company thereof by submitting the attached Registration Form no later than 27 June 2018 at 16:00 hours.

A shareholder has the right to be represented by a proxy. The proxy holder must present a written and dated power of attorney. A proxy can be given to the Chairperson of the company's Board of Directors or another person by using the proxy form attached to this notice.

#### Appendices:

1. Registration Form
2. Proxy Form
3. Statement by the Board of Directors and the auditor's confirmation in relation to approval of guarantee agreements
4. Statement by the Board of Directors and the auditor's confirmation in relation to approval of loan agreement

5. Årsregnskap, årsberetning og revisjonsberetning

5. Annual accounts, annual report and auditor's report

The above is an unofficial office translation into English of the Norwegian original minutes on the left side of the page. The translation is made for information purposes only and the Norwegian version prevails.

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## PÅMELDINGSSKJEMA

Undertegnede vil møte i den ordinære generalforsamlingen i Agrinos AS den 28. juni 2018 kl. 17:30 og (sett kryss):

- Avgi stemme for mine / våre aksjer
- Avgi stemme for aksjer i følge vedlagte fullmakt(er)

Påmeldingen må være Agrinos AS i hende senest 27. juni 2018 kl. 16:00, og skal returneres til:

Agrinos AS  
c/o Aker Brygge Business Village  
Grundingen 6  
0250 Oslo  
Norge  
E-post: nadiia.sokol@agrinos.com

Aksjonærens navn: \_\_\_\_\_

Sted / dato: \_\_\_\_\_

Signatur: \_\_\_\_\_

## REGISTRATION FORM

The undersigned will attend the ordinary general meeting in Agrinos AS on 28 June 2018 at 17:30 hours and (check-off):

- Vote for my / our shares
- Vote for the shares specified in the attached proxy(ies)

The registration form must reach Agrinos AS no later than 27 June 2018 at 16:00 hours, and shall be returned to:

Agrinos AS  
c/o Aker Brygge Business Village  
Grundingen 6  
0250 Oslo  
Norge  
E-mail: [nadiia.sokol@agrinos.com](mailto:nadiia.sokol@agrinos.com)

Shareholder's name: \_\_\_\_\_

Place / date: \_\_\_\_\_

Signature: \_\_\_\_\_

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### FULLMAKT

Undertegnede aksjonær i Agrinos AS gir herved (sett kryss):

- Styrets leder eller den han bemyndiger
- \_\_\_\_\_ (navn på fullmektig)

fullmakt til å møte og avgi stemme for mine / våre aksjer på ordinær generalforsamling i Agrinos AS den 28. juni 2018 kl. 17:30.

Dersom det er sendt inn fullmakt uten å navngi fullmektigen, anses fullmakten for å være gitt til styrets leder eller den han bemyndiger.

Stemmegivningen skal skje i henhold til instruksjonene nedenfor. Dersom det ikke er krysset av i rubrikkene nedenfor, anses dette som en instruks til å stemme "for" forslagene i henhold til styrets forslag, likevel slik at fullmektigen avgjør stemmegivningen i den grad det blir fremmet forslag i tillegg til eller til erstatning for styrets forslag.

Sak	For	Mot	Avstår	Fullmektigen avgjør
2. Valg av møteleder og en person til å medundertegne protokollen sammen med møteleder	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Godkjenning av innkalling og dagsorden	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Godkjenning av årsregnskapet og årsberetningen for 2017	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Godtgjørelse til styret for 2017	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Godkjenning av revisors honorar for 2017	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Ansvarsfrihet for styremedlemmer for 2017	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Godkjenning av garantiavtaler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Godkjenning av låneavtale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Styrefullmakt til kapitalforhøyelse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Styrevalg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Fullmakten returneres til Agrinos AS, c/o Aker Brygge Business Village, Grundingen 6, 0250 Oslo, Norge innen 27. juni 2018 kl. 16:00. Fullmakten kan også returneres per e-post til nadiia.sokol@agrinos.com. Fullmakten kan også medbringes til generalforsamlingen. Identifikasjonspapirer for fullmektigen og aksjonæren må vedlegges fullmakten. Dersom aksjonæren er en juridisk person må det også vedlegges firmaattest.

Aksjonærens navn: \_\_\_\_\_

Sted / dato: \_\_\_\_\_

Signatur: \_\_\_\_\_

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## PROXY FORM

The undersigned shareholder of Agrinos AS hereby grants (check-off):

- The chairman of the Board of Directors or the person he appoints
- \_\_\_\_\_ (name of proxy holder)

proxy to meet and vote for my / our shares at the ordinary general meeting of Agrinos AS to be held on 28 June 2018 at 17:30 hours.

If the proxy form is submitted without stating the name of the proxy holder, the proxy will be deemed to have been given to the Chairman of the Board of Directors or the person he appoints.

The votes shall be cast in accordance with the instructions below. If the alternatives below are not checked off, this will be deemed to be an instruction to vote "in favour" of the proposals suggested by the Board of Directors, provided, however, that the proxy holder determines the voting to the extent proposals are put forward in addition to, or instead of, the proposals from the Board of Directors.

<b>Matter</b>	<b>For</b>	<b>Against</b>	<b>Abstention</b>	<b>Proxy holder's discretion</b>
2. Election of person to chair the meeting and a person to co-sign the minutes together with the chairperson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval of notice to the meeting and the agenda	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of the annual accounts and the annual report for 2017	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Remuneration for the Board of Directors for 2017	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval of auditor's remuneration for 2017	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Discharge of liability for Board Members	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Approval of guarantee agreements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Approval of shareholder loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Authorization to carry out a capital increase	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Election of the Board of Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The proxy form must be returned to Agrinos AS, c/o Aker Brygge Business Village, Grundingen 6, 0250 Oslo Norway by 27 June 2018 at 16:00 hours. The proxy may also be returned by e-mail to nadiia.sokol@agrinos.com. The completed form may also be brought to the general meeting. Identification documents for the attorney and the beneficial holder of the shares must be enclosed to the proxy form, as well as a Certificate of Registration in the event the beneficial holder is a legal person

Shareholder's name: \_\_\_\_\_

Place / date: \_\_\_\_\_

Signature: \_\_\_\_\_

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**REDEGJØRELSE FRA STYRET OG REVISORS BEKREFTELSE IFM. GODKJENNING AV  
GARANTIAVTALER / STATEMENT BY THE BOARD OF DIRECTORS AND THE AUDITOR'S  
CONFIRMATION IN RELATION TO APPROVAL OF GUARANTEE AGREEMENTS**

Til generalforsamlingen i **Agrinos AS ("Selskapet")**

## **REDEGJØRELSE FRA STYRET I SELSKAPET I FORBINDELSE MED GODKJENNING AV GARANTIAVTALER**

Denne redegjørelsen er utarbeidet av styret i Agrinos AS til den ordinære generalforsamlingen i Selskapet som skal avholdes 26. juni 2018. Redegjørelsen er utarbeidet i henhold til aksjeloven § 3-8, jf. § 2-6.

### **1. Bakgrunn**

I den ekstraordinære generalforsamlingen avholdt 24. januar 2017 godkjente generalforsamlingen at Selskapet skulle inngå garantiavtaler med blant annet Manor Investment S.A. ("**Manor**") eller nærstående av Manor som skulle stille sikkerhet på inntil USD 11.500.000 til fordel for Silicon Valley Bank. Bakgrunnen for dette var at Selskapet skulle inngå en lånefasilitet med Silicon Valley Bank, som krevde at det skulle stilles betryggende sikkerhet for rettidig betaling av lånet.

Med bakgrunn i dette vedtaket har Selskapet inngått to garantiavtaler med Manor ("**Garantiavtale Nr. 1 og Nr. 2**"), datert 3. februar 2017 og 9. mai 2017, på til sammen USD 7.875.000. Med bakgrunn i Garantiavtalene Nr. 1 og Nr. 2 har Manor besørget at det er stilt sikkerhet til Silicon Valley Bank på tilsvarende beløp.

I februar 2018 ble det vedtatt å forlenge løpetiden på Selskapets lån fra Silicon Valley Bank. I forbindelse med dette avtalte Selskapet og Manor den 7. februar 2018, gjennom en egen garantiavtale ("**Garantiavtale Nr. 3**") å forlenge løpetiden på Garantiavtale Nr. 1 og Nr. 2 frem til 6. desember 2018.

I mai 2018 ble det videre vedtatt å forlenge løpetiden på Selskapets lån fra Silicon Valley Bank ytterligere, frem til 30. juni 2019. I den forbindelse har Selskapet og Manor avtalt, gjennom en separat garantiavtale som skal inngås i slutten av juni 2018 ("**Garantiavtale Nr. 4**" og sammen med Garantiavtale Nr. 1, Nr. 2 og Nr. 3 "**Garantiavtalene**"), at løpetiden for Garantiavtale Nr. 1, Nr. 2 og Nr. 3 skal forlenges til slutten av oktober 2019.

### **2. Vederlag og verdsettelsesprinsipper**

Som kompensasjon for ytelsene mottar Manor en garantiprovisjon på 4,5 % p.a. av det garanterte

To the General Meeting of **Agrinos AS (the "Company")**

## **STATEMENT FROM THE BOARD OF DIRECTORS IN RELATION TO APPROVAL OF GUARANTEE AGREEMENTS**

This statement has been prepared by the Board of Directors of Agrinos AS to the ordinary General Meeting in the Company to be held on 26 June 2018. The statement has been prepared in accordance with Section 3-8, cf. Section 2-6 of the Private Limited Liability Companies Act.

### **1. Background**

In the extraordinary general meeting held 24 January 2017, the general meeting resolved to approve that the Company could enter into guarantee agreements with *inter alia* Manor Investment S.A. ("**Manor**") or associates of Manor, which should furnish security of up to USD 11,500,000 in favour of Silicon Valley Bank. The background for this was that the Company planned to enter into a loan facility with Silicon Valley Bank, who required adequate security for timely repayment of the loan.

On the basis of this resolution, the Company has entered into two guarantee agreements ("**Guarantee Agreement N°1 and N°2**") with Manor, dated 3 February 2017 and 9 May 2017, amounting to USD 7,875,000. On the basis of Guarantee Agreement N°1 and N°2, Manor has furnished security in favour to Silicon Valley Bank for the same amount.

In February 2018 it was resolved to extend the term of the Company's loan with Silicon Valley Bank. In this relation, the Company and Manor agreed, on 7 February 2018, through a separate guarantee agreement ("**Guarantee Agreement N°3**") to extend the term of Guarantee Agreement N°1 and N°2 to 6 December 2018.

It has been further resolved in May 2018 to extend the term of the loan with Silicon Valley Bank to 30 June 2019. In this respect, the Company and Manor have agreed, through a separate guarantee agreement to be entered on or around end of June 2018 ("**Guarantee Agreement N°4**" and together with Guarantee Agreement N°1, N°2 and N°3, the "**Guarantee Agreements**"), to extend the term of the Guarantee Agreements N°1, N°2 and N°3 to end of October 2019.

### **2. Consideration and valuation principles**

As compensation for the services Manor receives a guarantee fee of 4.5% p.a. of the guaranteed amount.

The above is an unofficial office translation into English of the Norwegian original on the left side of the page. The translation is made for information purposes only and the Norwegian version prevails.

beløpet.

Styret er av den oppfatning at garantiprovisjonen er rimelig. Ved vurderingen er det lagt vekt på risikoen for at garantiene gjøres gjeldende og sannsynligheten for at Manor i et slikt tilfelle vil få dekket et regresskrav fra Selskapet.

Styret har også vurdert kompensasjonen som innenfor et intervall av det som er akseptert som markedsmessig i det gjeldende markedet.

### 3. Erklæring vedrørende verdi

Styret bekrefter herved at det er rimelig samsvar mellom verdien av det vederlaget Selskapet yter og verdien av den ytelsen Selskapet mottar i henhold til Garantiavtalene og Den Reviderte Garantiavtalen.

The Board of Directors is of the opinion that the guarantee fee is reasonable. In the assessment, it is put emphasis on the risk related to whether the guarantees will be drawn on and the likelihood related to whether Manor in such case successfully will be able to seek recourse from the Company.

The Board of Directors has also assessed that the compensation is within the range of what is accepted as market terms in the prevailing market.

### 3. Statement regarding value

The Board of Directors hereby confirms that there is reasonable agreement between the value of the consideration rendered by the Company and the value of the service to be received by the Company pursuant to the Guarantee Agreements.

\* \* \*

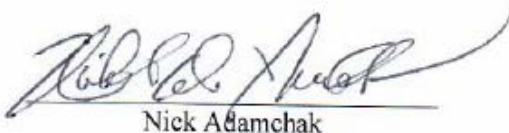
**Date: June 14th, 2018**



**Frederic de Stexhe**  
Fungerende styreleder / Interim chairperson



**Morten Bergesen**



**Nick Adamchak**



**Světoslav Valkov**

*\* - Det ble notert at Jean Baptiste Oldenhove og Rudolf von Plettenberg har fratrudd fra styret. Disse har derfor ikke signert erklæringen. / It was noted that Jean Baptiste Oldenhove and Rudolf von Plettenberg have resigned from the board. They have consequently not signed the statement.*

The above is an unofficial office translation into English of the Norwegian original on the left side of the page. The translation is made for information purposes only and the Norwegian version prevails.

Til generalforsamlingen i Agrinos AS

To the General Meeting of Agrinos AS [www.rsmnorge.no](http://www.rsmnorge.no)

### Uttalelsene om redegjørelse om garantiavtale med aksjeeier

Vi har kontrollert redegjørelsen datert 14. juni 2018 i forbindelse med inngåelse av garantiavtale med Manor Investment S.A. eller nærstående av Manor Investment S.A. Redegjørelsen består av styrets presentasjon av opplysninger i overensstemmelse med de krav som stilles i aksjeloven §§ 3-8, jf. § 2-6 første ledd nr. 1 til 4, og styrets erklæring om det er rimelig samsvar mellom det vederlaget selskapet skal yte og det vederlaget selskapet skal motta.

#### *Styrets ansvar for redegjørelsen*

Styret er ansvarlig for å utarbeide redegjørelsen og de verdsettelse som ligger til grunn for vederlaget.

#### *Revisors oppgaver og plikter*

Vår oppgave er å uttale oss om redegjørelsen på grunnlag av vår kontroll.

Vi har utført vår kontroll og avgir vår uttalelse i samsvar med standard for attestasjonsoppdrag SA 3802 "Revisors uttalelser og redegjørelser etter selskapslovgivningen". Standarden krever at vi planlegger og utfører kontroller for å oppnå betryggende sikkerhet for at redegjørelsen inneholder lovpålagte opplysninger og at det er rimelig samsvar mellom verdien av det vederlaget selskapet skal yte og det vederlaget selskapet skal motta.

### Opinion about statement regarding guarantee agreement with shareholder

We have performed procedures on the statement dated June 14, 2018 in connection with the guarantee agreement with Manor Investment S.A. or associates of Manor Investment S.A. The statement consists of the board of directors' presentation of information in compliance with the requirements of the Limited Liability Companies Act Sections 3-8, refer Section 2-6 first subsection No 1-4, and the board's statement that there is reasonable correspondence between the value of the consideration the company shall provide and the consideration the company shall receive.

#### *The board of director's responsibility*

The company's board of directors is responsible for preparing the statement and the valuations on which the consideration is based.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the statement based on our procedures

We have performed our procedures and issue our opinion on basis of the Norwegian standard NSAE 3802 "The auditor's assurance reports and statements required by Norwegian Company legislation" issued by the Norwegian Institute of Public Accountants. The standard requires that we plan and perform procedures to obtain reasonable assurance about whether the statement contains the statutory information and

Arbeidet omfatter en vurdering av betingelsene benyttet i garantiavtalen og at beskrivelsen av transaksjonen er hensiktsmessig og dekkende som grunnlag for en vurdering av om lånebetingelsene bygger på markedsmessige vurderinger. Videre har vi vurdert de verdsettelsesmetoder som er benyttet og de forutsetninger som ligger til grunn for verdsettelsen.

Etter vår oppfatning er innhentet bevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

#### *Konklusjon*

Etter vår mening tilfredsstillende opplysningene i redegjørelsen de krav aksjeloven § 2-6 første ledd nr. 1 til 4 stiller. Videre er etter vår mening lånebetingelsene bygget på markedsmessige vurderinger og etter vår mening er det rimelig samsvar mellom verdien av det vederlaget selskapet skal yte og det vederlaget selskapet skal motta.

21. juni 2018  
RSM Norge AS

A blue ink signature of Lars Løyning, consisting of several fluid, overlapping strokes.  
Lars Løyning  
Statsautorisert revisor

that there is reasonable correspondence between the value of the consideration the company shall provide and the consideration the company shall receive. Our procedures include an assessment of the valuation of both the consideration, and that the consideration is within the range of what is accepted as marked terms in the prevailing market. We have also assessed the valuation methods applied and the assumptions that form the basis for the valuation.

We believe that our procedures provide a reasonable basis for our opinion.

#### *Opinion*

In our opinion the statement includes the information required in the Limited Liability Companies Act Section 2-6 first subsection No 1-4, and that the guarantee terms are valued in conformity with the described principles and that there is reasonable correspondence between the value of the consideration the company shall provide, and the consideration the company shall receive.

*Vedlegg 4 / Appendix 4*

**REDEGJØRELSE FRA STYRET OG REVISORS BEKREFTELSE IFM. GODKJENNING AV  
LÅNEAVTALE / STATEMENT BY THE BOARD OF DIRECTORS AND THE AUDITOR'S  
CONFIRMATION IN RELATION TO APPROVAL OF LOAN AGREEMENT**

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Til generalforsamlingen i **Agrinos AS ("Selskapet")**

## **REDEGJØRELSE FRA STYRET I SELSKAPET I FORBINDELSE GODKJENNING AV LÅNEAVTALE**

Denne redegjørelsen er utarbeidet av styret i Agrinos AS til den ordinære generalforsamlingen i Selskapet som skal avholdes 26. juni 2018. Redegjørelsen er utarbeidet i henhold til aksjeloven § 3-8, jf. § 2-6.

### **1. Bakgrunn**

Selskapet har inngått en låneavtale ("**Låneavtalen**") med Manor Investment S.A. og Havfonn AS ("**Långiverne**") vedrørende opptak av et arbeidskapitallån med en ramme på inntil (i) USD 800.000 og (ii) EUR 1,429,000. Lånet er øremerket til å dekke det kortsiktige arbeidskapitalbehovet til datterselskapet Agrinos India Private Limited ("**Agrinos India**") i forbindelse med en økning av Agrinos India sin produksjonskapasitet for 2018-sesongen.

### **2. Vederlag og verdsettelsesprinsipper**

Som vederlag for å yte lånet skal Långivere motta en rentekompensasjon på 20 % p.a. Renten kapitaliseres månedlig. Som sikkerhet for lånet vil Långiverne motta pant i Selskapets aksjer i Agrinos India.

Styret er av den oppfatning at renten er rimelig. Ved vurderingen er det lagt vekt på risikoen knyttet til lånet og Selskapets alternativkost knyttet til annen finansiering.

Styret har også vurdert kompensasjonen som innenfor et intervall av det som er akseptert som markedsmessig i det gjeldende markedet for tilsvarende lån.

### **3. Erklæring vedrørende verdi**

Styret bekrefter herved at det er rimelig samsvar mellom verdien av det vederlaget Selskapet skal yte og verdien av den ytelsen Selskapet skal motta i henhold til Låneavtalen.

To the General Meeting of **Agrinos AS (the "Company")**

## **STATEMENT FROM THE BOARD OF DIRECTORS REGARDING IN RELATION TO APPROVAL OF LOAN AGREEMENT**

This statement has been prepared by the Board of Directors of Agrinos AS to the ordinary General Meeting in the Company to be held on 26 June 2018. The statement has been prepared in accordance with Section 3-8, cf. Section 2-6 of the Private Limited Liability Companies Act.

### **1. Background**

The Company has entered into a loan agreement (the "**Loan Agreement**") with Manor Investment S.A. and Havfonn AS (the "**Lenders**") regarding a working capital loan with a frame of up to (i) USD 800,000 and (ii) EUR 1,429,000. The loan is earmarked to cover the short term working capital need of the subsidiary Agrinos India Private Limited ("**Agrinos India**") in relation to an increase of Agrinos India's production capacity for the 2018 season.

### **2. Consideration and valuation principles**

As compensation for providing the loan, the Lenders shall receive an interest compensation of 20% p.a. The interest will be capitalized monthly. As security for the loan the Lenders will receive a pledge over the Company's shares in Agrinos India.

The Board of Directors is of the opinion that the interest rate is reasonable. In the assessment, the risk related to the loan and the Company's alternative cost related to other financing sources has been taken into consideration.

The Board of Directors has also assessed that the compensation is within the range of what is accepted as market terms in the prevailing market for similar loans.

### **3. Statement regarding value**

The Board of Directors hereby confirms that there is reasonable agreement between the value of the consideration to be rendered by the Company and the value of the service to be received by the Company pursuant to the Loan Agreement.

*[Signaturside følger/ signature page follows]*

The above is an unofficial office translation into English of the Norwegian original on the left side of the page. The translation is made for information purposes only and the Norwegian version prevails.

\* \* \*

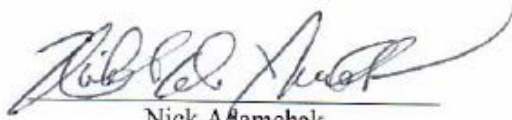
Date: June 14th, 2018



Frederic de Stexhe  
Fungerende styreleder / Interim chairperson



Morten Bergesen



Nick Adamchak



Světoslav Valkov

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**RSM Norge AS**

Filipstad Brygge 1, 0252 Oslo  
Pb 1312 Vika, 0112 Oslo  
NO 982 316 588 MVA

T: +47 23 11 42 00  
F: +47 23 11 42 01

Til generalforsamlingen i Agrinos AS

To the General Meeting of Agrinos AS [www.rsmnorge.no](http://www.rsmnorge.no)

**Uttalelsene om redegjørelse om låneavtale med aksjeeier**

Vi har kontrollert redegjørelsen datert 14. juni 2018 i forbindelse med inngåelse av låneavtale med Manor Investment S.A. og Havfonn AS. Redegjørelsen består av styrets presentasjon av opplysninger i overensstemmelse med de krav som stilles i aksjeloven §§ 3-8, jf. § 2-6 første ledd nr. 1 til 4, og styrets erklæring om det er rimelig samsvar mellom det vederlaget selskapet skal yte og det vederlaget selskapet skal motta.

*Styrets ansvar for redegjørelsen*

Styret er ansvarlig for å utarbeide redegjørelsen og de verdsettelsener som ligger til grunn for vederlaget.

*Revisors oppgaver og plikter*

Vår oppgave er å uttale oss om redegjørelsen på grunnlag av vår kontroll.

Vi har utført vår kontroll og avgir vår uttalelse i samsvar med standard for attestasjonsoppdrag SA 3802 "Revisors uttalelser og redegjørelser etter selskapslovgivningen". Standarden krever at vi planlegger og utfører kontroller for å oppnå betryggende sikkerhet for at redegjørelsen inneholder lovpålagte opplysninger og at det er rimelig samsvar mellom verdien av det vederlaget selskapet skal yte og det vederlaget selskapet skal motta.

**Opinion about statement regarding loan agreement with shareholder**

We have performed procedures on the statement dated June 14, 2018 in connection with the loan agreement with Manor Investment S.A. and Havfonn AS. The statement consists of information in compliance with the requirements of the Limited Liability Companies Act Sections 3-8, refer Section 2-6 first subsection No 1-4, and the board's statement that there is reasonable correspondence between the value of the consideration the company shall provide and the consideration the company shall receive.

*The board of director's responsibility*

The company's board of directors is responsible for preparing the statement and the valuations on which the consideration is based.

*Auditor's responsibility*

Our responsibility is to express an opinion on the statement based on our procedures

We have performed our procedures and issue our opinion on basis of the Norwegian standard NSAE 3802 "The auditor's assurance reports and statements required by Norwegian Company legislation" issued by the Norwegian Institute of Public Accountants. The standard requires that we plan and perform procedures to obtain reasonable assurance about whether the statement contains the statutory information and

Arbeidet omfatter en vurdering av lånebetingelsene benyttet i låneavtalen og at beskrivelsen av transaksjonen er hensiktsmessig og dekkende som grunnlag for en vurdering av om lånebetingelsene bygger på markedsmessige vurderinger. Videre har vi vurdert de verdsettelsesmetoder som er benyttet og de forutsetninger som ligger til grunn for verdsettelsen.

Etter vår oppfatning er innhentet bevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

#### *Konklusjon*

Etter vår mening tilfredsstillende opplysningene i redegjørelsen de krav aksjeloven § 2-6 første ledd nr. 1 til 4 stiller. Videre er etter vår mening lånebetingelsene bygget på markedsmessige vurderinger og etter vår mening er det rimelig samsvar mellom verdien av det vederlaget selskapet skal yte og det vederlaget selskapet skal motta.

21. juni 2018  
RSM Norge AS

A blue ink signature of Lars Løyning, consisting of several fluid, overlapping strokes.  
Lars Løyning  
Statsautorisert revisor

that there is reasonable correspondence between the value of the consideration the company shall provide and the consideration the company shall receive. Our procedures include an assessment of the valuation of both the consideration, and that the consideration is within the range of what is accepted as marked terms in the prevailing market. We have also assessed the valuation methods applied and the assumptions that form the basis for the valuation.

We believe that our procedures provide a reasonable basis for our opinion.

#### *Opinion*

In our opinion the statement includes the information required in the Limited Liability Companies Act Section 2-6 first subsection No 1-4, and that the loan terms are valued in conformity with the described principles and that there is reasonable correspondence between the value of the consideration the company shall provide, and the consideration the company shall receive.

*Vedlegg 5 / Appendix 5*

**ÅRSREGNSKAP, ÅRSBERETNING OG REVISJONSBERETNING / ANNUAL ACCOUNTS,  
ANNUAL REPORT AND AUDITOR'S REPORT**

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# Annual Report 2017



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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.

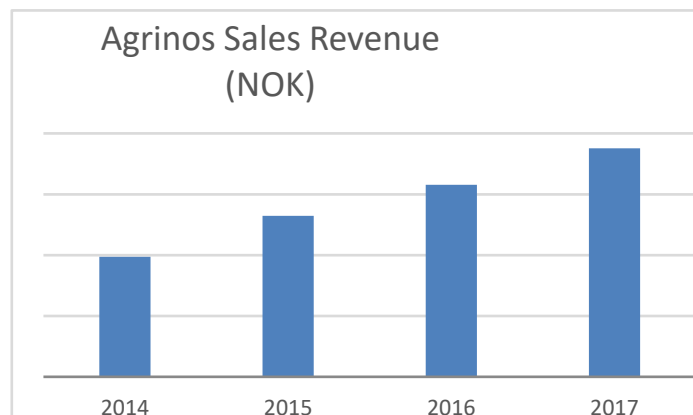
Additionally, governments around the world are influencing the adoption of environmentally-friendly practices in relation to food production. Many countries have implemented new measures including subsidies, promotional and educational programs and regulatory support. These actions add visibility and 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.





## Focus on the Future

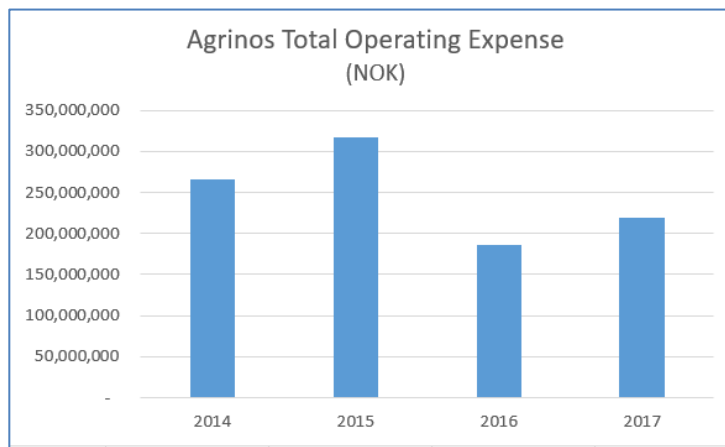
Looking ahead, we have identified a number of key strategic objectives for Agrinos in 2018.

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 3<sup>rd</sup> 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<sup>®</sup>) 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 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<sup>®</sup>, 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					
BL105	Biostimulant HYTB Platform					
BD102	Biostimulant HYTB Platform					
MD102	Microbial HYTA Platform					
ML110	Microbial HYTA Platform					
BL104	Biostimulant HYTB Platform					
ML112	Microbial HYTA Platform					

	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 Plettenberg.

### **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




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*Frederic de Stexhe*  
Interim Chairman



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**Morten Bergesen**



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*Nick Adamchak*  
Board Member



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*Svetoslav Valkov*  
Board Member



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*Kevin Helash*  
Chief Executive Officer

# FINANCIAL STATEMENTS

## Profit and Loss Statement

Agrinos AS			Agrinos Group		
2017	2016	NOK	Note:	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)	<b>Operating income</b>		(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)	<b>Net income / loss (-)</b>		(177,864,012)	(184,286,916)

## Balance Sheet Assets at 31 December 2017

Agrinos AS			Agrinos Group		
2017	2016	NOK	Note:	2017	2016
<b>Assets</b>					
-	-	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	<b>Total non-current assets</b>		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	<b>Total current assets</b>		123,598,013	107,327,934
40,763,694	35,040,243	<b>Total assets</b>		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
<b>Equity</b>					
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)	<b>Total equity</b>	(15)	(52,365,338)	100,013,301
<b>Liabilities</b>					
-	-	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	<b>Total liabilities</b>	(11)	248,978,043	93,464,219
40,763,694	35,040,243	<b>Total equity and liabilities</b>		196,612,705	193,477,520

## Cash Flow Statement

Agrinos AS			Agrinos Group		
2017	2016	NOK	2017	2016	
<b>Cash flow from operating activities</b>					
(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)	<b>Net cash flow from operating activities</b>	(148,260,512)	(167,107,169)	
<b>Cash flow from investment activities</b>					
(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	<b>Net cash flow from investments activities</b>	(2,178,378)	(26,437,537)	
<b>Cash flow from financing activities</b>					
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	(995,000)	308,717,891	
93,684,988	192,476,099	<b>Net cash flow from financing activities</b>	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



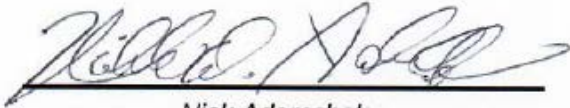
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*Frederic de Stexhe*  
Interim Chairman



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**Morten Bergesen**



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*Nick Adamchak*  
Board Member



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*Svetoslav Yalkov*  
Board Member



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*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
<b>Investment in Subsidiaries</b>		<b>2017</b>	<b>2016</b>
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	-
Book Value before impairment		551,924,902	539,648,429
Impairment of Investment in Subsidiaries		-534,353,866	-530,452,976
<b>Investment in sub. net value</b>		<b>17,571,037</b>	<b>9,195,454</b>

## Impairment on Intercompany Loans as of December 31, 2017

Agrinos AS Stand Alone

Intercompany Loan		NOK	NOK
		2017	2016
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	-
<b>Allowance for impairments for intercompany loans</b>		<b>-119,459,854</b>	<b>-122,721,582</b>

## Note 3 Revenue and Other Income

NOK	Agrinos AS		Agrinos Group	
	2017	2016	2017	2016
<b>Sales Revenues:</b>				
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
<b>Total revenue:</b>	<b>20,376,405</b>	<b>29,340,928</b>	<b>74,615,758</b>	<b>63,149,768</b>
<b>Other operating revenue:</b>				
Mexico	-	-	17,193	174,929
Rest of the world	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>17,193</b>	<b>174,929</b>
<b>Total operating revenue</b>	<b>20,376,405</b>	<b>29,340,928</b>	<b>74,632,951</b>	<b>63,324,697</b>

## 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
<b>Total</b>	<b>6,613,325</b>	<b>541,780</b>	<b>107,501,642</b>	<b>89,056,580</b>
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	-
<b>Total</b>	<b>9,203,936</b>	<b>4,667,234</b>

### 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
<b>Total</b>	<b>3,000,000</b>	<b>2,000,000</b>	<b>3,700,000</b>

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	-	-	-	-
<b>Total fee to auditor</b>	<b>773,862</b>	<b>469,462</b>	<b>1,197,470</b>	<b>1,386,006</b>

## 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)
<b>Total financial income</b>	<b>(8,010,071)</b>	<b>(35,057,864)</b>	<b>(19,044,352)</b>	<b>(52,043,450)</b>

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)
<b>Total financial expense</b>	<b>(7,781,726)</b>	<b>(8,650,500)</b>	<b>(10,674,241)</b>	<b>(8,918,047)</b>
<b>Net Financial Income/expense</b>	<b>(15,791,797)</b>	<b>(43,708,364)</b>	<b>(29,718,593)</b>	<b>(60,961,498)</b>

## Note 6 Income Taxes

### Agrinos AS

NOK	2017	2016
Tax payable	-	-
Changes in deferred tax	-	-
Total income tax expense	-	-
<b>Tax base calculation</b>		
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
<b>Temporary differences:</b>		
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)	-	-
<b>Effective tax rate</b>	<b>24%</b>	<b>24%</b>
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**

<b>NOK</b>	<b>2017</b>	<b>2016</b>
Tax payable	1,865,826	3,313,000
Changes in deferred tax	-24,055	1,414,038
<b>Total income tax expense</b>	<b>1,841,772</b>	<b>4,727,038</b>
<b>Temporary differences:</b>		
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
<b>Total</b>	<b>-1,513,212,068</b>	<b>-1,863,080,716</b>
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	-
<b>Acquisition cost 31.12.</b>	<b>8,456,100</b>
Accumulated amortisation thru 31.12.	(4,157,712)
Accumulated impairment loss 31.12.	-
Reversed impairments 31.12.	-
<b>Net carrying value as of 31.12.16</b>	<b>4,298,388</b>
Amortisation for the current year	(662,124)
Impairment loss for the current year	NOK 0
Reversed impairments current year	NOK 0
<b>Net carrying value as of 31.12.17</b>	<b>3,636,264</b>

### 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	-	-	-	-	-
<b>Net carrying value at 12/31/2016</b>	<b>0.00</b>	<b>-</b>	<b>3,877,936</b>	<b>5,645,368</b>	<b>9,523,304</b>
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
<b>Net carrying value at 12/31/2017</b>	<b>0.00</b>	<b>-</b>	<b>3,038,539</b>	<b>4,966,553</b>	<b>8,005,092</b>

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	-	-	-	-
<b>Total Accumulated Depreciation</b>	<b>-3,325,936</b>	<b>-8,190,664</b>	<b>-34,366,210</b>	<b>-45,882,810</b>
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:

	<u>Years</u>
*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
<b>Total before impairment</b>							<b>551,924,902</b>
Impairment (See also note 2)							-534,353,866
<b>Net book value after impairment</b>							<b>17,571,037</b>

\* 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
<b>Receivables:</b>		
<b>Loans to group companies</b>		
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
<b>Net value of loans to group companies</b>	<b>-</b>	<b>-</b>
<b>Accounts receivable</b>		
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
<b>Net value of accounts receivable</b>	<b>12,984,585</b>	<b>14,185,335</b>
<b>Total</b>	<b>12,984,585</b>	<b>14,185,335</b>
<b>Payables:</b>		
<b>Accounts payable</b>		
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
<b>Total</b>	<b>149,088,925</b>	<b>140,993,916</b>

## 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
<b>Total Receivables:</b>	<b>17,197,110</b>	<b>17,815,210</b>	<b>79,923,975</b>	<b>76,780,215</b>

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
<b>Total long term and current liabilities:</b>	<b>261,756,380</b>	<b>159,004,516</b>	<b>248,192,021</b>	<b>92,189,298</b>

## 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)
<b>Total:</b>	<b>-</b>	<b>-</b>	<b>25,364,352</b>	<b>17,011,229</b>

## 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
<b>Total</b>	<b>166,475</b>	<b>447,866</b>	<b>1,140,364</b>	<b>868,718</b>
Unrestricted funds				
Cash and cash equivalent	2,192,808	3,283,325	17,169,322	12,667,772
<b>Total</b>	<b>2,192,808</b>	<b>3,283,325</b>	<b>17,169,322</b>	<b>12,667,772</b>
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
<b>Equity 31.12.2015</b>	<b>735,284</b>	<b>977,365,779</b>	<b>-1,236,771,157</b>	<b>-258,670,094</b>
<b>Equity 01.01.2016</b>	<b>735,284</b>	<b>977,365,779</b>	<b>-1,236,771,157</b>	<b>-258,670,094</b>
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
<b>Equity 31.12.2016</b>	<b>1,532,387</b>	<b>1,285,286,567</b>	<b>-1,410,783,226</b>	<b>-123,964,273</b>
<b>Equity 01.01.2017</b>	<b>1,532,387</b>	<b>1,285,286,567</b>	<b>-1,410,783,226</b>	<b>-123,964,273</b>
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
<b>Equity 31.12.2017</b>	<b>1,532,387</b>	<b>1,284,291,567</b>	<b>-1,506,816,639</b>	<b>-220,992,686</b>

### Agrinos Group

NOK	Issued capital	Share premium	Retained earnings	Currency translation differences	Total shareholders' equity	Minority interests	Total equity
<b>Equity 31.12.2015</b>	<b>735,284</b>	<b>977,365,779</b>	<b>-1,024,221,008</b>	-	<b>-46,119,945</b>	<b>-6,343,009</b>	<b>-52,462,954</b>
<b>Equity 01.01.2016</b>	<b>735,284</b>	<b>977,365,779</b>	<b>-1,024,221,008</b>	-	<b>-46,119,945</b>	<b>-6,343,009</b>	<b>-52,462,954</b>
Currency translation differences	-	-	-	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	-	-	<b>-4,654,283</b>	-	-4,654,283	-	-4,654,283
<b>Equity 31.12.2016</b>	<b>1,532,387</b>	<b>1,285,286,567</b>	<b>-1,213,162,206</b>	<b>36,235,265</b>	<b>109,892,003</b>	<b>-9,878,692</b>	<b>100,013,311</b>
<b>Equity 01.01.2017</b>	<b>1,532,387</b>	<b>1,285,286,567</b>	<b>-1,213,162,206</b>	<b>36,235,265</b>	<b>109,892,013</b>	<b>-9,878,692</b>	<b>100,013,321</b>
Currency translation differences	-	-	-	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
<b>Equity 31.12.2017</b>	<b>1,532,387</b>	<b>1,284,291,567</b>	<b>-1,388,492,568</b>	<b>60,106,184</b>	<b>-42,562,430</b>	<b>-9,802,907</b>	<b>-52,365,337</b>

## 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
<b>Total annual lease cost</b>	<b>174,000</b>	<b>499,292</b>	<b>9,077,574</b>	<b>8,077,616</b>

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
<b>Total annual commitment</b>	<b>174,000</b>	<b>429,600</b>	<b>25,645,473</b>	<b>5,894,227</b>

## 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

<b>Profit and loss statement</b>			
	<b>USD</b>	<b>2017</b>	<b>2016</b>
Sales revenue		9,053,390	7,531,483
Other operating revenue		-	20,760
<b>Operating revenue</b>		<b>9,053,390</b>	<b>7,552,242</b>
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)
<b>Total operating expenses</b>		<b>(27,141,980)</b>	<b>(22,334,452)</b>
<b>Operating income</b>		<b>(18,088,589)</b>	<b>(14,782,209)</b>
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
<b>Net income / loss (-)</b>		<b>(21,617,593)</b>	<b>(22,016,241)</b>

## Balance Sheet Assets at 31 December 2017

	<b>USD</b>	<b>2017</b>	<b>2016</b>
<b>Assets</b>			
Goodwill		-	-
Other intangible assets		1,748,418	1,884,655
Deferred Tax Asset		379,533	225,703
<b>Total intangible assets</b>		<b>2,127,951</b>	<b>2,110,359</b>
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
<b>Total financial non-current assets</b>		<b>-</b>	<b>-</b>
<b>Total non-current assets</b>		<b>8,900,309</b>	<b>9,962,887</b>
Inventories		3,038,329	1,982,846
<b>Total goods</b>		<b>3,038,329</b>	<b>1,982,846</b>
Accounts receivable		5,082,978	3,791,989
Other receivables		4,820,518	5,088,236
<b>Total receivables</b>		<b>9,903,496</b>	<b>8,880,225</b>
Bank deposits, cash etc.		2,231,905	1,565,446
<b>Total current assets</b>		<b>15,173,730</b>	<b>12,428,518</b>
<b>Total assets</b>		<b>24,074,039</b>	<b>22,391,405</b>

## Balance Sheet Equity and Liabilities at 31 December 2017

USD	2017	2016
<b>Equity</b>		
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)
<b>Total equity</b>	<b>(6,275,578)</b>	<b>11,581,706</b>
<b>Liabilities</b>		
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
<b>Total liabilities</b>	<b>30,349,618</b>	<b>10,809,699</b>
<b>Total equity and liabilities</b>	<b>24,074,039</b>	<b>22,391,405</b>

## Cash Flow Statement at 31 December 2017

USD	2017	2016
<b>Cash flow from operating activities</b>		
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
<b>Net cash flow from operating activities</b>	<b>(17,556,434)</b>	<b>(20,529,118)</b>
<b>Cash flow from investment activities</b>		
Investment in Subsidiaries	-	-
Investments/disposals of tangible fixed assets	(777,901)	(3,288,533)
Changes in other investments	-	-
<b>Net cash flow from investments activities</b>	<b>(777,901)</b>	<b>(3,288,533)</b>
<b>Cash flow from financing activities</b>		
Proceeds from borrowings (current and non-current)	19,122,082	(13,268,306)
Net proceeds from issuance of shares	(121,288)	36,827,099
<b>Net cash flow from financing activities</b>	<b>19,000,794</b>	<b>23,558,793</b>
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

To the General Meeting of Agrinos AS

Filipstad Brygge 1, 0252 Oslo  
Pb 1312 Vika, 0112 Oslo  
NO 982 316 588 MVA

**Independent Auditor's Report**

T: +47 23 11 42 00

**Report on the Audit of the Financial Statements**

F: +47 23 11 42 01

*Opinion*

www.rsmnorge.no

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.



### *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

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

A blue ink signature of Lars Løyning, written in a cursive style, is placed over the printed name and title.

Lars Løyning  
*State Authorised Public Accountant*