



Fourth Quarter and Full Year 2016 Interim Report

Fourth Quarter Highlights

- **FY 2016 Sales Revenue of USD 7.56 million vs. USD 6.43 million in FY 2015, or a 17% Year-Over-Year Rate of Growth**
- **Agrinos Announces and Completes Deregistration from NOTC**
- **Featured Speaker Terry Stone Discusses Sustainability and Biologicals at 2016 Biostimulants Europe Conference**

"In the midst of another challenging year for multinational agriculture-related businesses, Agrinos made good progress in developing its core businesses and product-pipeline capabilities to ensure both near-term and long-term growth. Agrinos realized growth in revenue versus last year in our core geographies, which is a strong indicator that Agrinos' partnerships and products are gaining the traction in the key market segments required to fuel long-term growth. The Company made these accomplishments while also achieving a year-over-year reduction in total operating expenses," said D. Ry Wagner, CEO.

"For 2016, the company realized a 17% year-over-year rate of growth in sales revenue. In the core geographies of Brazil, India and the United States combined sales revenue growth exceeded 40% year-over-year in 2016 vs. 2015."

"The Company is now well positioned to accelerate commercial growth across our global business regions having completed our strategic reorganization, opened our global research and development facility in Davis, California, and commissioned our state-of-the-art microbial production facility in Portland, Oregon. I am very excited about the future of Agrinos and the opportunities the company has as a leader in developing the biological crop input market," concluded Wagner.

Profit and loss

Sales revenue amounted to USD 2.80 million in the fourth quarter, a USD 0.17 million decrease over the fourth quarter of 2015. The main driver of lower sales in Q4 was seasonal shift of sales to Q3 due to accelerated crop planting in some regions.

Cost of goods sold (COGS) was USD 1.50 million in the quarter, reflecting the volume sold in the quarter. COGS comprise raw materials, production costs and overhead, as well as shipping, handling and transportation.

Salaries and personnel costs amounted to USD 2.89 million in the quarter, a decrease of USD 0.80 million over the fourth quarter of 2015. Agrinos had 147 employees (FTE) at the end of the fourth quarter, up from 144 employees at the end of the fourth quarter 2015.

Other operating expenses amounted to USD 1.62 million in the quarter, a decrease of 9.71 million from the same period in 2015. The main driver of this decrease is the 2015 inventory write-down accrual, as well as the 2015 write-down of a previous Agrinos subsidiary in Colombia. Agrinos will continue to evaluate and explore cost containment opportunities while monitoring all primary cost drivers.

Depreciation and amortization amounted to USD 0.47 million in the quarter.

Total operating expenses in the fourth quarter amounted to USD 5.97 million before depreciation and amortization, a decrease of USD 9.28 million from fourth quarter 2015, largely driven by the 2015 inventory write-down.

Earnings before interest, taxes, depreciation and amortization (EBITDA) pre-earn-out, were negative at USD 3.16 million in the quarter vs. negative USD 12.08 million in the fourth quarter of 2015.



Cash flow and balance sheet

Net cash flow from operating activities was negative USD 3.61 million in the fourth quarter, mainly driven by operational expenditures and foreign exchange rate variances. This was off-set by a net loss before depreciation of USD 1.75 million.

Cash and cash equivalents totaled USD 1.57 million at the end of the quarter.

Total non-current assets amounted to USD 9.82 million at the end of the quarter, up from USD 9.53 million at the end of the third quarter. Goodwill and other intangibles related to intellectual property amounted to USD 1.92 million.

Inventories are up by USD 1.28 million to USD 1.98 million during the fourth quarter, reflecting sales in the quarter and the increase of the manufacturing goods.

Accounts receivable increased by USD 1.34 million to USD 3.82 million during the quarter. The increase was primarily driven by good sales performance.

Other receivables decreased by USD 1.55 million to USD 5.62 million during the quarter.

Accounts payable amounted to USD 2.91 million at the end of the quarter, up from 2.13 million, mainly driven by managing payments to vendors.

Other current liabilities decreased by USD 0.40 million in the quarter to USD 6.38 million. The reduction reflects value-added tax collection in Mexico. The main components in other current liabilities at the end of the quarter are: taxes and VAT of USD 4.30 million, accrued 2016 expenses 1.72 million, and deferred tax 0.38 million. Total current liabilities decreased by USD 0.33 million to USD 9.47 million during the quarter.



Corporate Governance

Board Composition

Jean Baptiste Oldenhove - Chairman
Morten Bergesen
Nick Adamchak
Svetoslav Volkov
Matthieu Baumgartner
Rudolf von-Plettenberg

Outlook

Agrinos is a biological solutions-based agricultural company pursuing growth through commercial activities, as well as research and development. The company's novel technology, strong field trial results and established channels to large agricultural inputs markets is believed to provide opportunities where the company can create value for its customers and capture an attractive margin on the sale of its products to support operations and new product development.

Commercially, the company is experiencing positive development within Agrinos' core geographies, driven by in-the-field results, maturing relationships with key partners, and end-user technology adoption. Despite the current headwinds in the agricultural sector, the company expects this progress to continue throughout 2017 and will continue to pursue growth in its core geographies. In addition, our partnership with EuroChem, along with the completion of loan facility announced in January 2017, sets the stage for continued growth by bringing our existing product line along with new technology solutions to both current and new markets.

Agrinos' strategy targets commercial growth in select geographies and continued development of the company's research and development operations. The company will strive toward all business units to becoming cash flow positive. For investments beyond the cash flow generated from sales, such as corporate charges, global research and development expenditures, and capital expenditures, the company will use its balance sheet and anticipates the need for additional capital increase to meet its long-term strategic objectives.

As part of its long-term growth strategy, Agrinos may consider a stock exchange listing and IPO. The company will look at various corporate development opportunities in the midterm based on performance indicators and organizational considerations while keeping its focus on cost control to reach a profitable state. The main objectives for 2016 were to implement the strategic plan, build a new production facility in the U.S., and continue the roll-out and distribution of Agrinos products in core geographies. With the progress made toward these 2016 objectives, in 2017 the company will focus efforts on the further development of commercial partners and our new product pipeline development.

January 31, 2017
The Board of Directors, Agrinos AS
Oslo, Norway



Consolidated Financial Statements – unaudited

Group Condensed Consolidated Profit & Loss Statement (Unaudited)

USD	YE 2016	Q4 2016	Q3 2016	Q2 2016	Q1 2016	YE 2015	Q4 2015
Sales revenue	7,563,205	2,799,873	2,481,039	1,581,405	700,887	6,430,748	2,971,956
Other operating revenue	20,760	11,148	49	2,118	7,444	228,534	197,475
Operating revenue	7,583,965	2,811,022	2,481,089	1,583,524	708,331	6,659,282	3,169,431
Cost of goods sold	(3,222,912)	(1,462,853)	(735,613)	(602,004)	(422,442)	(1,352,274)	(235,676)
Salaries and personnel costs	(11,197,323)	(2,891,868)	(2,871,518)	(2,630,437)	(2,803,500)	(11,038,803)	(3,687,198)
Depreciation and amortization	(1,381,334)	(473,517)	(288,094)	(308,035)	(311,688)	(2,188,005)	(510,941)
Other operating expenses	(7,218,275)	(1,618,913)	(1,936,532)	(1,748,113)	(1,914,716)	(20,262,754)	(11,330,696)
Earn-out	(7,437)	-	-	-	(7,437)	-	-
Total operating expenses	(23,027,282)	(6,447,151)	(5,831,758)	(5,288,588)	(5,459,784)	(34,841,837)	(15,764,511)
Operating income	(15,443,317)	(3,636,129)	(3,350,670)	(3,705,065)	(4,751,454)	(28,182,555)	(12,595,080)
Net financial income / expense (-)	(6,969,860)	1,883,138	(4,359,891)	(1,046,158)	(3,446,949)	2,295,857	3,200,966
Net income / loss (-) before taxes	(22,413,177)	(1,752,991)	(7,710,561)	(4,751,222)	(8,198,403)	(25,886,698)	(9,394,114)
Tax expense	(122,667)	(129,662)	6,995	-	-	(563,500)	(564,658)
Minority Interest.	498,849	84,311	65,655	146,971	201,912	275,485	(13,096)
Net income / loss (-)	(22,036,996)	(1,798,343)	(7,637,911)	(4,604,251)	(7,996,490)	(26,174,713)	(9,971,868)



Group Condensed Consolidated Balance Sheet Statement (Unaudited)

USD	12.31.2016	09.30.2016	06.30.2016	03.31.2016	12.31.2015
Assets					
Goodwill	-	-	-	-	-
Other intangible assets	1,522,924	1,753,690	1,667,291	1,730,558	1,103,570
Deferred Tax Asset	395,547	386,977	233,718	243,704	401,045
Total intangible assets	1,918,470	2,140,667	1,901,009	1,974,263	1,504,616
Land	48,227	51,694	54,074	58,067	57,973
Buildings	2,122,781	2,486,887	2,468,851	2,651,078	2,788,579
Improvements to leased premises	4,065,889	4,126,725	2,821,694	2,035,474	1,685,892
Vehicles	670,861	658,810	619,371	481,264	528,203
Machines, fixtures and fittings etc.	5,561,800	4,752,331	5,137,387	5,517,852	5,196,427
Accumulated depreciation	(4,566,555)	(4,687,992)	(4,570,794)	(4,534,429)	(3,551,137)
Total tangible fixed assets	7,903,004	7,388,455	6,530,582	6,209,306	6,705,937
Investments in other shares and interests	-	-	-	-	-
Total financial non-current assets	-	-	-	-	-
Total non-current assets	9,821,475	9,529,122	8,431,591	8,183,569	8,210,552
Inventories	1,981,717	697,007	1,272,143	736,512	775,764
Total goods	1,981,717	697,007	1,272,143	736,512	775,764
Accounts receivable	3,823,711	2,488,323	1,459,191	1,225,200	1,650,066
Other receivables	5,616,984	7,171,107	7,067,876	7,324,063	7,566,953
Total receivables	9,440,695	9,659,431	8,527,067	8,549,263	9,217,019
Bank deposits, cash etc.	1,565,446	4,485,266	10,034,033	16,016,637	1,824,305
Total current assets	12,987,859	14,841,704	19,833,243	25,302,412	11,817,089
Total assets	22,809,333	24,370,826	28,264,834	33,485,981	20,027,641



Group Condensed Consolidated Balance Sheet Statement (Unaudited)

USD	12.31.2016	09.30.2016	06.30.2016	03.31.2016	12.31.2015
Equity					
Share capital	192,789	192,789	97,803	97,803	97,803
Premium reserve	167,908,413	167,907,355	136,950,897	139,354,026	131,225,502
Total paid in capital	168,101,201	168,100,144	137,048,700	139,451,828	131,323,305
Minority interests	(1,142,570)	(1,139,580)	(1,092,817)	(952,417)	(716,391)
Accumulated P&L	(155,099,750)	(151,757,485)	(132,274,226)	(129,891,004)	(136,406,674)
Total equity	11,858,881	15,203,079	3,681,657	8,608,407	(5,799,760)
Liabilities					
Deferred tax	-	-	-	-	-
Total provisions for liabilities	-	-	-	-	-
Other non-current liabilities	1,482,950	32,286	16,536,777	16,242,580	14,763,614
Total non-current liabilities	1,482,950	32,286	16,536,777	16,242,580	14,763,614
Accounts payable	2,905,860	2,133,681	943,811	1,029,732	1,210,010
Current tax payable	183,655	220,005	755,448	1,165,652	263,297
Other current liabilities	6,377,986	6,781,775	6,347,142	6,439,610	9,590,481
Total current liabilities	9,467,502	9,135,461	8,046,401	8,634,994	11,063,788
Total liabilities	10,950,452	9,167,747	24,583,177	24,877,574	25,827,401
Total equity and liabilities	22,809,333	24,370,826	28,264,834	33,485,981	20,027,641



Group Condensed Consolidated Cash Flow Statement (Unaudited)

USD	YE 2016	Q4 2016	Q3 2016	Q2 2016	Q1 2016	YE 2015	Q4 2015
Cash flow from operating activities							
Profit/Loss (-) before tax	(22,413,177)	(1,752,991)	(7,710,561)	(4,751,222)	(8,198,403)	(25,886,698)	(9,394,114)
Depreciation and amortization	1,381,334	473,517	288,094	308,035	311,688	2,188,005	510,941
Changes in inventories, receivables and payables	(3,025,927)	(733,935)	531,831	(1,102,029)	(1,721,795)	6,129,857	2,029,277
Changes in other accruals/currency effects	3,293,936	(1,592,249)	(11,819,459)	2,227,601	14,478,046	(5,555,959)	(481,354)
Net cash flow from operating activities	(20,763,834)	(3,605,659)	(18,710,095)	(3,317,615)	4,869,537	(23,124,796)	(7,335,250)
Cash flow from investment activities							
Investments/disposals of tangible fixed assets	(2,992,270)	(765,883)	(1,385,628)	(556,059)	(284,707)	5,179,876	4,057,244
Changes in other investments	-	-	-	-	-	-	-
Net cash flow from investments activities	(2,992,270)	(765,883)	(1,385,628)	(556,059)	(284,707)	5,179,876	4,057,244
Cash flow from financing activities							
Proceeds from borrowings (current and non-)	(13,280,663)	1,450,664	(16,504,491)	294,197	1,478,966	(849,819)	(110,605)
Net proceeds from issuance of shares	36,777,896	1,057	31,051,444	(2,403,129)	8,128,524	49,202	0
Net cash flow from financing activities	23,497,233	1,451,722	14,546,953	(2,108,932)	9,607,490	(800,618)	(110,605)
Net change in cash and cash equivalents	(258,872)	(2,919,820)	(5,548,769)	(5,982,606)	14,192,319	(18,745,537)	(3,388,611)
Cash and cash equivalents at beginning of period	1,824,318	4,485,266	10,034,035	16,016,639	1,824,318	20,569,842	5,212,916
Cash and cash equivalents at end of period	1,565,446	1,565,446	4,485,266	10,034,033	16,016,637	1,824,305	1,824,305



Notes

Note 1 - Shareholders

List of largest shareholders is regularly updated on www.agrinos.com

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About Agrinos

Agrinos is a biological crop input provider committed to improving the productivity and sustainability of modern agriculture. Agrinos' range of biofertilizers and biostimulant products help farmers to practice profitable agriculture by providing increased crop productivity, improved efficiency of conventional fertilizer and a reduced environmental footprint.

Based on Agrinos' proprietary High Yield Technology (HYT) platform, the HYT® products provide benefits by strengthening the soil-based microbial ecosystem, stimulating crop development at key points in the growth cycle and boosting natural plant resistance to environmental stresses. With solutions for a variety of crop categories, the technology comprising the HYT products has demonstrated its value in third-party trials in key agricultural regions worldwide.

Cautionary statement on forward-looking statements

This document contains certain forward-looking statements relating to the business, financial performance and results of the company and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward-looking statements contained in this announcement, including assumptions, opinions and views of the company or cited from third party sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. Neither the company, nor any of its parent or subsidiary undertakings or any such person's officers or employees provides any assurance that the assumptions underlying such forward-looking statements are free from errors nor does any of them accept any responsibility for the future accuracy of the opinions expressed in this announcement or the actual occurrence of the forecasted developments. No obligation, except as required by law, is assumed to update any forward- looking statements or to conform these forward-looking statements to our actual results.