Abridged Adjusted Consolidated Financial Statements

The following abridged consolidated financial statements and notes have been prepared as described in Note 1 in this appendix. While prepared based on the principles of Chinese Accounting Standards (ASBE), they do not contain all of the information which either ASBE or IFRS would require for a complete set of financial statements, and should be read in conjunction with the consolidated financial statements of both ADAMA Ltd. and Adama Agricultural Solutions Ltd. as filed with the Shenzhen and Tel Aviv Stock Exchanges, respectively.

Relevant income statement items contained in this release are also presented on an "adjusted" basis, which exclude items that are of a one-time or non-cash/non-operational nature that do not impact the ongoing performance of the business, and reflect the way the Company's management and the Board of Directors view the performance of the Company internally. The Company believes that excluding the effects of these items from its operating results allows management and investors to effectively compare the true underlying financial performance of its business from period to period and against its global peers.

Abridged Consolidated Income Statement for the Fourth Quarter

Adjusted[1]	Q4 2020 USD (m)	Q4 2019 USD (m)	Q4 2020 RMB (m)	Q4 2019 RMB (m)
Revenues	**1,141**	**1,035**	**7,555**	**7,281**
Cost of Sales	804	717	5,324	5,045
Other costs	2	9	14	60
Gross profit	**335**	**310**	**2,218**	**2,177**
% of revenue	*29.4%*	*29.9%*	*29.4%*	*29.9%*
Selling & Distribution expenses	170	151	1,125	1,062
General & Administrative expenses	38	41	249	286
Research & Development expenses	19	17	128	119
Other	1	3	7	18
Total operating expenses	228	212	1,508	1,484
% of revenue	*20.0%*	*20.5%*	*20.0%*	*20.4%*
Operating income (EBIT)	**107**	**98**	**710**	**693**
% of revenue	*9.4%*	*9.4%*	*9.4%*	*9.5%*
Financial expenses and investment income	48	38	319	268
Income before taxes	**59**	**60**	**391**	**424**
Taxes on Income	7	12	43	85
Adjusted Net Income	**53**	**48**	**348**	**340**
% of revenue	*4.6%*	*4.6%*	*4.6%*	*4.7%*
Adjustments	-33	-121	-220	-857
Reported Net income	**19**	**-74**	**128**	**-518**
% of revenue	*1.7%*	*-*	*1.7%*	*-*
Adjusted EBITDA	**168**	**155**	**1,111**	**1,090**
% of revenue	*14.7%*	*15.0%*	*14.7%*	*15.0%*
Adjusted EPS[2] – Basic	*0.0225*	*0.0194*	*0.1489*	*0.1389*
– Diluted	*0.0225*	*0.0194*	*0.1489*	*0.1389*
Reported EPS[4] – Basic	*0.0083*	*-0.0301*	*0.0547*	*-0.2116*
– Diluted	*0.0083*	*-0.0301*	*0.0547*	*-0.2116*

[1] For an analysis of the differences between the adjusted income statement items and the income statement items as reported in the financial statements, see below "Analysis of Gaps between Adjusted Income Statement and Income Statement in Financial Statements".

2 The number of shares used to calculate both basic and diluted earnings per share in 2020 is 2,334.5 million shares, reflecting the buyback and cancellation of 102.4 million shares from CNAC in July. The number of shares used to calculate both basic and diluted earnings per share in 2019 is 2,446.6 million shares.

Abridged Consolidated Income Statement for the Full Year

Adjusted[3]		FY 2020 USD (m)	FY 2019 USD (m)	FY 2020 RMB (m)	FY 2019 RMB (m)
Revenues		**4,128**	**3,997**	**28,445**	**27,563**
Cost of Sales		2,886	2,697	19,897	18,610
Other costs		18	23	125	160
Gross profit		**1,223**	**1,276**	**8,422**	**8,793**
% of revenue		*29.6%*	*31.9%*	*29.6%*	*31.9%*
Selling & Distribution expenses		635	623	4,378	4,292
General & Administrative expenses		127	138	873	955
Research & Development expenses		70	63	478	437
Other		-3	-10	-21	-70
Total operating expenses		829	814	5,708	5,613
% of revenue		*20.1%*	*20.4%*	*20.1%*	*20.4%*
Operating income (EBIT)		**394**	**462**	**2,714**	**3,180**
% of revenue		*9.6%*	*11.5%*	*9.5%*	*11.5%*
Financial expenses and investment income		169	160	1,163	1,101
Income before taxes		**225**	**302**	**1,551**	**2,078**
Taxes on Income		49	44	341	302
Adjusted Net Income		**176**	**258**	**1,210**	**1,776**
% of revenue		*4.3%*	*6.5%*	*4.3%*	*6.4%*
Adjustments		-125	-215	-857	-1,499
Reported Net income		**51**	**43**	**353**	**277**
% of revenue		*1.2%*	*1.1%*	*1.2%*	*1.0%*
Adjusted EBITDA		**628**	**692**	**4,329**	**4,763**
% of revenue		*15.2%*	*17.3%*	*15.2%*	*17.3%*
Adjusted EPS[4]	– Basic	*0.0734*	*0.1054*	*0.5039*	*0.7260*
	– Diluted	*0.0734*	*0.1054*	*0.5039*	*0.7260*
Reported EPS[6]	– Basic	*0.0213*	*0.0175*	*0.1469*	*0.1132*
	– Diluted	*0.0213*	*0.0175*	*0.1469*	*0.1132*

[3] For an analysis of the differences between the adjusted income statement items and the income statement items as reported in the financial statements, see below "Analysis of Gaps between Adjusted Income Statement and Income Statement in Financial Statements".

[4] The number of shares used to calculate both basic and diluted earnings per share in 2020 is 2,401.5 million shares, reflecting the buyback and cancellation of 102.4 million shares from CNAC in July. The number of shares used to calculate both basic and diluted earnings per share in 2019 is 2,446.6 million shares.

Abridged Consolidated Balance Sheet

	December 31 2020 USD (m)	December 31 2019 USD (m)	December 31 2020 RMB (m)	December 31 2019 RMB (m)
Assets				
Current assets:				
Cash at bank and on hand	592	623	3,864	4,349
Bills and accounts receivable	1,512	1,298	9,867	9,052
Inventories	1,585	1,424	10,338	9,933
Other current assets, receivables and prepaid expenses	484	259	3,160	1,808
Total current assets	**4,173**	**3,604**	**27,228**	**25,142**
Non-current assets:				
Fixed assets, net	1,223	1,108	7,981	7,728
Rights of use assets	74	77	484	536
Intangible assets, net	1,504	1,483	9,811	10,347
Deferred tax assets	118	119	774	827
Other non-current assets	80	101	523	709
Total non-current assets	**3,000**	**2,888**	**19,573**	**20,147**
Total assets	**7,173**	**6,492**	**46,801**	**45,289**
Liabilities				
Current liabilities:				
Loans and credit from banks and other lenders	380	441	2,478	3,076
Bills and accounts payable	755	649	4,927	4,528
Other current liabilities	845	622	5,515	4,341
Total current liabilities	**1,980**	**1,712**	**12,920**	**11,945**
Long-term liabilities:				
Loans and credit from banks and other lenders	366	133	2,388	927
Debentures	1,238	1,142	8,078	7,966
Deferred tax liabilities	51	46	332	323
Employee benefits	99	106	646	739
Other long-term liabilities	154	146	1,004	1,017
Total long-term liabilities	**1,908**	**1,573**	**12,447**	**10,972**
Total liabilities	**3,888**	**3,285**	**25,367**	**22,917**
Equity				
Total equity	**3,285**	**3,207**	**21,434**	**22,372**
Total liabilities and equity	**7,173**	**6,492**	**46,801**	**45,289**

Abridged Consolidated Cash Flow Statement for the Fourth Quarter

	Q4 2020 USD (m)	Q4 2019 USD (m)	Q4 2020 RMB (m)	Q4 2019 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	95	107	631	749
Cash flow from operating activities	**95**	**107**	**631**	**749**
Investing activities:				
Acquisitions of fixed and intangible assets	-101	-95	-668	-670
Proceeds from disposal of fixed and intangible assets	1	1	5	5
Acquisition of subsidiaries	-41	-42	-275	-295
Other investing activities	-	-9	-	-56
Cash flow used for investing activities	**-141**	**-145**	**-938**	**-1,016**
Financing activities:				
Receipt of loans from banks and other lenders	93	52	613	364
Repayment of loans from banks and other lenders	-262	-	-1,733	-3
Interest payment and other	-48	-40	-317	-280
Other financing activities	8	-2	56	-8
Cash flow from (used for) financing activities	**-209**	**10**	**-1,381**	**73**
Effects of exchange rate movement on cash and cash equivalents	4	3	-183	-41
Net change in cash and cash equivalents	**-250**	**-25**	**-1,871**	**-235**
Cash and cash equivalents at the beginning of the period	836	644	5,694	4,555
Cash and cash equivalents at the end of the period	**586**	**619**	**3,823**	**4,320**
Free Cash Flow	**-93**	**-78**	**-613**	**-547**

Abridged Consolidated Cash Flow Statement for the Full Year

	FY 2020 USD (m)	FY 2019 USD (m)	FY 2020 RMB (m)	FY 2019 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	292	117	2,023	843
Cash flow from operating activities	**292**	**117**	**2,023**	**843**
Investing activities:				
Acquisitions of fixed and intangible assets	-287	-254	-1,970	-1,760
Proceeds from disposal of fixed and intangible assets	3	27	23	187
Acquisition of subsidiaries	-55	-165	-371	-1,122
Other investing activities	-2	2	-14	16
Cash flow used for investing activities	**-341**	**-390**	**-2,332**	**-2,679**
Financing activities:				
Receipt of loans from banks and other lenders	642	443	4,465	3,032
Repayment of loans from banks and other lenders	-502	-215	-3,405	-1,487
Interest payments and other	-104	-102	-717	-664
Dividend to shareholders	-2	-43	-11	-294
Acquisition via combination under common control	-	-59	-	-415
Other financing activities	-26	-50	-189	-383
Cash flow from (used for) financing activities	**8**	**-26**	**143**	**-211**
Effects of exchange rate movement on cash and cash equivalents	10	-7	-319	21
Net change in cash and cash equivalents	**-31**	**-306**	**-485**	**-2,026**
Cash and cash equivalents at the beginning of the period	619	925	4,320	6,346
Cash and cash equivalents at the end of the period	**588**	**619**	**3,835**	**4,320**
Free Cash Flow	**-150**	**-368**	**-990**	**-2,499**

Notes to Abridged Consolidated Financial Statements

Note 1: Basis of preparation

Basis of presentation and accounting policies: The abridged consolidated financial statements for the years ended December 31, 2020 and 2019 incorporate the financial statements of ADAMA Ltd. and of all of its subsidiaries (the "Company"), including Adama Agricultural Solutions Ltd. ("Solutions") and its subsidiaries.

The Company has adopted the Accounting Standards for Business Enterprises (ASBE) issued by the Ministry of Finance (the "MoF") and the implementation guidance, interpretations and other relevant provisions as contained in the Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15—General Provisions on Financial Reporting (revised by China Securities Regulatory Commission (hereinafter "CSRC") in 2014).

The abridged consolidated financial statements contained in this release are presented in both Chinese Renminbi (RMB), as the Company's shares are traded on the Shenzhen Stock Exchange, as well as in United States dollars ($) as this is the major currency in which the Company's business is conducted. For the purposes of this release, a customary convenience translation has been used for the translation from RMB to US dollars, with Income Statement and Cash Flow items being translated using the quarterly average exchange rate, and Balance Sheet items being translated using the exchange rate at the end of the period.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Note 2: Abridged Financial Statements
For ease of use, the Financial Statements shown in this release have been abridged as follows:

Abridged Consolidated Income Statement:

- "Gross profit" is revenue less costs of goods sold, taxes and surcharges, inventory impairment and other idleness charges (in addition to those already included in costs of goods sold); part of the idleness charges is removed in the Adjusted financial statements
- "Operating expenses" includes selling and distribution expenses; general and administrative expenses; research and development expenses; impairment losses; gain (loss) from disposal of assets and non-operating income and expenses
- "Financial expenses and investment income" includes net financing expenses; gains from changes in fair value; and investment income (including share of income of equity accounted investees)

Abridged Consolidated Balance Sheet:

- "Other current assets, receivables and prepaid expenses" includes financial assets held for trading; financial assets in respect of derivatives; prepayments; other receivables; and other current assets
- "Fixed assets, net" includes fixed assets and construction in progress
- "Intangible assets, net" includes intangible assets and goodwill
- "Other non-current assets" includes other equity investments; long-term equity investments; long-term receivables; investment property; and other non-current assets
- "Loans and credit from banks and other lenders" includes short-term loans and non-current liabilities due within one year
- "Other current liabilities" includes financial liabilities in respect of derivatives; payables for employee benefits, taxes, interest, dividends and others; advances from customers and other current liabilities
- "Other long-term liabilities" includes long-term payables, provisions, deferred income and other non-current liabilities

Income Statement Adjustments

	Q4 2020 USD (m)	Q4 2019 USD (m)	Q4 2020 RMB (m)	Q4 2019 RMB (m)
Net Income (Reported)	**19.3**	**-73.6**	**127.7**	**-517.7**
Adjustments to COGS & Operating Expenses:				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	10.2	11.5	67.7	80.5
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	7.7	7.7	50.7	54.3
3. Upgrade & Relocation related costs	21.4	104.9	142.1	743.1
4. Incentive plans (non-cash)	-4.7	0.8	-31.1	5.7
5. Amortization of acquisition-related PPA (non-cash) and other acquisition-related costs	2.9	2.4	19.1	16.7
6. Employee early retirement expenses	0.5	-	3.3	-
8. Assets impairment	-	3.0	-	21.1
9. Provisions in respect of prior years' legal- and tax-related costs	6.0	3.2	39.5	22.7
Total Adjustments to Operating Income (EBIT)	**44.0**	**133.5**	**291.2**	**944.3**
Total Adjustments to EBITDA	**13.8**	**59.4**	**91.3**	**418.7**
Adjustments to Financing Expenses:				
10. Revaluation of non-cash adjustment related to non-controlling interest	1.5	1.3	9.7	9.3
Total Adjustments to Income before Taxes	**42.5**	**132.2**	**281.5**	**934.9**
Adjustments to Taxes				
1. Tax shield on Legacy PPA of 2011 acquisition of Solutions	1.7	1.9	11.5	13.7
3. Taxes related to restructuring costs	0.7	9.1	4.6	63.6
5. Deferred tax due to PPA and other acquisition-related costs	0.5	-1.1	3.3	-7.6
9. Provisions in respect of prior years' legal- and tax-related costs	6.3	1.1	42.0	7.7
Total adjustments to Net Income	**33.2**	**121.2**	**220.1**	**857.5**
Net Income (Adjusted)	**52.5**	**47.6**	**347.7**	**339.8**

	FY 2020 USD (m)	FY 2019 USD (m)	FY 2020 RMB (m)	FY 2019 RMB (m)
Net Income (Reported)	**51.1**	**42.8**	**352.8**	**277.0**
Adjustments to COGS & Operating Expenses:				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	44.6	45.8	307.8	315.9
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	30.6	35.2	211.4	242.1
3. Upgrade & Relocation-related costs	52.8	146.5	355.2	1,027.6
4. Incentive plans (non-cash)	-12.4	-5.5	-85.4	-39.3
5. Amortization of acquisition-related PPA (non-cash) and other acquisition-related costs	10.8	9.6	73.9	66.5
6. Employee early retirement expenses	10.5	-	73.5	-
7. Capital gain recognized on acquisition of control of an equity investee	-8.5	-	-59.0	-
8. Assets impairment	9.0	3.0	62.6	21.1
9. Provisions in respect of prior years' legal- and tax-related costs	6.0	3.2	39.5	22.7
Total Adjustments to Operating Income (EBIT)	**143.4**	**237.8**	**979.5**	**1,656.6**
Total Adjustments to EBITDA	**35.9**	**81.4**	**240.4**	**567.4**
Adjustments to Financing Expenses:				
10. Revaluation of non-cash adjustment related to non-controlling interest	0.7	4.4	4.0	29.9
Total Adjustments to Income before Taxes	**142.7**	**233.4**	**975.5**	**1,626.7**

Adjustments to Taxes					
1.	Tax shield on Legacy PPA of 2011 acquisition of Solutions	7.6	7.8	52.3	53.7
3.	Taxes related to restructuring costs	2.0	10.1	13.5	71.2
5.	Deferred tax due to PPA and other acquisition-related costs	1.5	-0.7	10.2	-5.1
9.	Provisions in respect of prior years' legal- and tax-related costs	6.3	1.1	42.0	7.7
Total adjustments to Net Income		**125.3**	**215.1**	**857.4**	**1,499.2**
Net Income (Adjusted)		**176.4**	**257.9**	**1,210.2**	**1,776.2**

Notes:

1. **Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)**: Under ASBE, since the first combined reporting for Q3 2017, the Company has inherited the historical "legacy" amortization charge that ChemChina previously was incurring in respect of its acquisition of Solutions in 2011. This amortization is done in a linear manner on a quarterly basis, most of which will have been completed by the end of 2020.
2. **Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash):** The proceeds from the Divestment of crop protection products in connection with the approval by the EU Commission of the acquisition of Syngenta by ChemChina, net of taxes and transaction expenses, were paid to Syngenta in return for the transfer of a portfolio of products in Europe of similar nature and economic value. Since the products acquired from Syngenta are of the same nature and with the same net economic value as those divested, and since in 2018 the Company adjusted for the one-time gain that it made on the divested products, the additional amortization charge incurred due to the written-up value of the acquired assets is also adjusted to present a consistent view of Divestment and Transfer transactions, which had no net impact on the underlying economic performance of the Company. These additional amortization charges will continue until 2032 but at a reducing rate, yet will still be at a meaningful level until 2028.
3. **China Upgrade & Relocation-related costs:** These charges all relate to the multi-year Upgrade & Relocation program in China. As part of this program, production assets located in the old production sites in Jingzhou and Huai'An are being relocated to the new sites, both in 2020 and in the coming years. Since some of the older production assets may not be able to be relocated, some of these assets which are no longer operational are being written off (or impaired), while for others, their economic life has been shortened and therefore will be depreciated over a shorter period. Since these are older assets that were built many years ago and will be replaced by newer production facilities at the new sites, and since the ongoing operations of the business will not be impacted thereby, the Company adjusts for the impact of all charges related to the China Upgrade & Relocated program, which include: (i) higher idleness charges mainly related to suspensions at the facilities being relocated as well as to the temporary suspensions of the Jingzhou site in both Q1 2020 (at the outbreak of COVID-19 in Hubei Province) as well as Q1 2019 (due to environmental inspections carried out at the time); (ii) non-cash accelerated depreciation charges due to the relocations; (iii) one-time, non-cash asset impairment charges (mainly in 2019); (iv) one-time provision for employee severance and other costs (mainly in 2019); and (iv) higher procurement costs incurred as the Company continued to fulfill demand for its products, in order to protect its market position, through replacement sourcing at significantly higher costs from third-party suppliers.
4. **Incentive plans (non-cash):** The Company granted its employees, who are mainly non-Chinese residents, a long-term incentive (LTI) in the form of 'phantom' options, due to the complexity of granting Chinese-listed, equity-settled options to non-Chinese employees. As such, the Company records an expense, or recognizes income, depending on the fluctuation in the Company's share price, even though the Company will not incur any cash impact prior to exercise of the phantom options. To neutralize the impact of such share price movements on the measurement of the Company's performance and expected employee compensation and to reflect the existing phantom options, in the Company's adjusted financial performance, the LTI is presented on an equity-settled basis in accordance with the value of the existing plan at the grant date.
5. **Amortization of acquisition-related PPA (non-cash) and other acquisition-related costs**: Related mainly to the non-cash amortization of intangible assets created as part of the Purchase Price Allocation (PPA) on acquisitions, with no impact on the ongoing performance of the companies acquired, as well as other M&A-related costs.
6. **Employee early retirement expenses:** Provision for early retirement plan of employees at the Company's Israeli manufacturing sites.
7. **Capital gain recognized on acquisition of control of an equity investee**: During 2020, ADAMA acquired the remaining shares in an equity investee, and in so doing, gained control over the company. As a result of the change of consolidation scope, the Company recognized a one-time, non-cash, capital gain.
8. **Assets impairment:** One-time, non-cash charges due to impairment of mostly peripheral, non-material assets.
9. **Provisions in respect of prior years' legal- and tax-related costs:** Provisions in respect of future legal costs related to insured legal claims, as well as in respect of tax expenses related to activities of prior years.
10. **Revaluation of non-cash adjustment related to non-controlling interest:** Relates to put options issued to non-controlling interests as part of historical business combinations which took place before January 1, 2010. The put options are presented as a liability at the present value of the future exercise price. The revaluation of these put options in Solutions is recognized under IFRS to Goodwill, but due to the acquisition of Solutions by the Company in 2017, which is treated from an accounting perspective as a "Business Combination Under Common Control", such revaluation is recorded as a profit or loss item in the financial reports of the Company. The revaluations of such put options have no bearing on the ongoing performance of the Company and are therefore adjusted for.

Exchange Rates of the Company's Principal Functional Currencies

	December 31			Q4 Average			FY Average		
	2020	2019	Change	2020	2019	Change	2020	2019	Change
EUR/USD	1.227	1.122	9.3%	1.192	1.107	7.7%	1.139	1.120	1.7%
USD/BRL	5.197	4.031	(28.9%)	5.396	4.119	(31.0%)	5.156	3.945	(30.7%)
USD/PLN	3.758	3.798	1.0%	3.781	3.871	2.3%	3.900	3.839	(1.6%)
USD/ZAR	14.620	14.065	(3.9%)	15.648	14.689	(6.5%)	16.472	14.448	(14.0%)
AUD/USD	0.772	0.701	10.2%	0.731	0.684	6.8%	0.688	0.695	(1.1%)
GBP/USD	1.366	1.319	3.5%	1.321	1.289	2.5%	1.282	1.277	0.5%
USD/ILS	3.215	3.456	7.0%	3.333	3.492	4.6%	3.441	3.565	3.5%
USD LIBOR 3M	0.24%	1.91%	(87.5%)	0.22%	1.93%	(88.4%)	0.65%	2.33%	(72.3%)

	December 31			Q4 Average			FY Average		
	2020	2019	Change	2020	2019	Change	2020	2019	Change
USD/RMB	6.525	6.976	(6.5%)	6.621	7.034	(5.9%)	6.993	6.897	1.4%
EUR/RMB	8.005	7.937	0.8%	7.894	7.743	1.9%	7.860	7.671	2.5%
RMB/BRL	0.493	0.570	14.7%	0.503	0.589	14.0%	0.499	0.576	12.8%
RMB/PLN	0.576	0.537	(7.3%)	0.571	0.554	(3.1%)	0.565	0.560	(0.9%)
RMB/ZAR	2.485	1.989	(24.9%)	2.444	2.101	(16.3%)	2.395	2.109	(13.6%)
AUD/RMB	5.040	4.959	1.6%	4.837	4.782	1.2%	4.746	1.334	(0.4%)
GBP/RMB	8.913	9.332	(4.5%)	8.744	9.010	(3.0%)	8.849	8.746	1.2%
RMB/ILS	0.493	0.489	(0.8%)	0.503	0.500	(0.8%)	0.565	0.520	(8.6%)