



ADAMA

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 Third Quarter

Adjusted ¹	Q3 2021 USD (m)	Q3 2020 USD (m)	Q3 2021 RMB (m)	Q3 2020 RMB (m)
Revenues	1,147	978	7,425	6,769
Cost of Sales	829	691	5,366	4,785
Other costs	5	6	32	40
Gross profit	313	281	2,027	1,943
<i>% of revenue</i>	<i>27.3%</i>	<i>28.7%</i>	<i>27.3%</i>	<i>28.7%</i>
<i>Selling & Distribution expenses</i>	181	155	1,174	1,071
<i>General & Administrative expenses</i>	54	30	352	208
<i>Research & Development expenses</i>	18	17	114	116
<i>Other operating expenses</i>	1	2	5	11
Total operating expenses	254	203	1,645	1,406
<i>% of revenue</i>	<i>22.2%</i>	<i>20.8%</i>	<i>22.2%</i>	<i>20.8%</i>
Operating income (EBIT)	59	78	382	537
<i>% of revenue</i>	<i>5.1%</i>	<i>7.9%</i>	<i>5.1%</i>	<i>7.9%</i>
Financial expenses and investment income	53	47	344	325
Income before taxes	6	31	38	212
Taxes on Income	36	2	233	14
Net Income	-30	29	-195	198
Attributable to:				
Non-controlling interest	0	0	0	0
Shareholders of the Company	-30	29	-195	198
<i>% of revenue</i>	<i>-2.6%</i>	<i>2.9%</i>	<i>-2.6%</i>	<i>2.9%</i>
Adjustments	-27	-26	-175	-177
Reported Net income attributable to the shareholders of the Company	-57	3	-371	20
<i>% of revenue</i>	<i>-5.0%</i>	<i>0.3%</i>	<i>-5.0%</i>	<i>0.3%</i>
Adjusted EBITDA	122	137	788	950
<i>% of revenue</i>	<i>10.6%</i>	<i>14.0%</i>	<i>10.6%</i>	<i>14.0%</i>
Adjusted EPS²	– Basic	0.0120	-0.0839	0.0832
	– Diluted	0.0120	-0.0839	0.0832
Reported EPS²	– Basic	0.0012	-0.1592	0.0086
	– Diluted	0.0012	-0.1592	0.0086

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 Q3 and 9M 2020 is 2,378.3 million shares and 2,423.8 million shares, respectively. The number of shares used to calculate both basic and diluted earnings per share in Q3 and 9M 2021 is 2,329.8 million shares, reflecting the repurchase and cancellation of 102.4 million shares from CNAC in July 2020 and repurchase and cancellation of 14.3 million B shares during the second half of 2020.



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Abridged Consolidated Income Statement for the First Nine Months

Adjusted ³	9M 2021 USD (m)	9M 2020 USD (m)	9M 2021 RMB (m)	9M 2020 RMB (m)
Revenues	3,476	2,987	22,488	20,890
Cost of Sales	2,459	2,082	15,909	14,565
Other costs	17	16	110	111
Gross profit	1,000	888	6,469	6,213
<i>% of revenue</i>	<i>28.8%</i>	<i>29.7%</i>	<i>28.8%</i>	<i>29.7%</i>
<i>Selling & Distribution expenses</i>	545	465	3,528	3,253
<i>General & Administrative expenses</i>	125	89	811	624
<i>Research & Development expenses</i>	53	51	341	354
<i>Other operating expenses</i>	-6	-4	-37	-28
Total operating expenses	718	601	4,643	4,203
<i>% of revenue</i>	<i>20.6%</i>	<i>20.1%</i>	<i>20.6%</i>	<i>20.1%</i>
Operating income (EBIT)	282	287	1,827	2,010
<i>% of revenue</i>	<i>8.1%</i>	<i>9.6%</i>	<i>8.1%</i>	<i>9.6%</i>
Financial expenses and investment income	144	121	930	844
Income before taxes	139	166	897	1,166
Taxes on Income	52	42	338	298
Net Income	86	124	559	868
Attributable to:				
Non-controlling interest	1	0	7	0
Shareholders of the Company	85	124	552	868
<i>% of revenue</i>	<i>2.5%</i>	<i>4.1%</i>	<i>2.5%</i>	<i>4.2%</i>
Adjustments	-86	-92	-556	-643
Reported Net income attributable to the shareholders of the Company	-1	32	-4	225
<i>% of revenue</i>	<i>0.0%</i>	<i>1.1%</i>	<i>0.0%</i>	<i>1.1%</i>
Adjusted EBITDA	464	461	3,004	3,224
<i>% of revenue</i>	<i>13.4%</i>	<i>15.4%</i>	<i>13.4%</i>	<i>15.4%</i>
Adjusted EPS⁴	– Basic – Diluted	0.0366 0.0366	0.0511 0.0511	0.2367 0.2367
Reported EPS⁴	– Basic – Diluted	-0.0003 -0.0003	0.0131 0.0131	-0.0017 -0.0017

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 Q3 and 9M 2020 is 2,378.3 million shares and 2,423.8 million shares, respectively. The number of shares used to calculate both basic and diluted earnings per share in Q3 and 9M 2021 is 2,329.8 million shares, reflecting the repurchase and cancellation of 102.4 million shares from CNAC in July 2020 and repurchase and cancellation of 14.3 million B shares during the second half of 2020.



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Abridged Consolidated Balance Sheet

	Sept 30 2021 USD (m)	Sept 30 2020 USD (m)	Sept 30 2021 RMB (m)	Sept 30 2020 RMB (m)
Assets				
Current assets:				
Cash at bank and on hand	764	842	4,956	5,733
Bills and accounts receivable	1,553	1,420	10,071	9,668
Inventories	1,749	1,631	11,345	11,110
Other current assets, receivables and prepaid expenses	266	323	1,723	2,200
Total current assets	4,332	4,216	28,095	28,712
Non-current assets:				
Fixed assets, net	1,504	1,152	9,755	7,844
Rights of use assets	73	74	472	504
Intangible assets, net	1,498	1,441	9,713	9,815
Deferred tax assets	129	130	839	883
Other non-current assets	99	78	640	535
Total non-current assets	3,303	2,875	21,419	19,581
Total assets	7,635	7,091	49,514	48,293
Liabilities				
Current liabilities:				
Loans and credit from banks and other lenders	446	487	2,893	3,314
Bills and accounts payable	822	739	5,331	5,032
Other current liabilities	809	782	5,247	5,326
Total current liabilities	2,077	2,008	13,471	13,672
Long-term liabilities:				
Loans and credit from banks and other lenders	556	319	3,609	2,169
Debentures	1,259	1,234	8,167	8,402
Deferred tax liabilities	52	57	335	387
Employee benefits	116	102	751	693
Other long-term liabilities	312	147	2,027	1,004
Total long-term liabilities	2,295	1,859	14,889	12,657
Total liabilities	4,373	3,866	28,359	26,329
Equity				
Total equity	3,262	3,225	21,154	21,964
Total liabilities and equity	7,635	7,091	49,514	48,293



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Abridged Consolidated Cash Flow Statement for the Third Quarter

	Q3 2021 USD (m)	Q3 2020 USD (m)	Q3 2021 RMB (m)	Q3 2020 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	107	23	691	157
Cash flow from operating activities	107	23	691	157
Investing activities:				
Acquisitions of fixed and intangible assets	-96	-72	-624	-498
Proceeds from disposal of fixed and intangible assets	-	-	-	-3
Acquisition of subsidiaries	-	-14	-	-96
Other investing activities	-	2	5	18
Cash flow used for investing activities	-96	-84	-619	-579
Financing activities:				
Receipt of loans from banks and other lenders	92	149	593	1,030
Repayment of loans from banks and other lenders	-50	-134	-326	-926
Interest payment and other	-10	-7	-65	-50
Dividends to shareholders	-6	-1	-37	-5
Other financing activities	11	-0	73	-0
Cash flow from (used for) financing activities	37	7	237	49
Effects of exchange rate movement on cash and cash equivalents	-	6	17	-189
Net change in cash and cash equivalents	47	-48	325	-562
Cash and cash equivalents at the beginning of the period	714	884	4,615	6,256
Cash and cash equivalents at the end of the period	762	836	4,940	5,694
Free Cash Flow	1	-68	6	-471



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Abridged Consolidated Cash Flow Statement for the First Nine Months

	9M 2021 USD (m)	9M 2020 USD (m)	9M 2021 RMB (m)	9M 2020 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	338	196	2,182	1,392
Cash flow from operating activities	338	196	2,182	1,392
Investing activities:				
Acquisitions of fixed and intangible assets	-279	-186	-1,803	-1,301
Proceeds from disposal of fixed and intangible assets	3	3	20	18
Acquisition of subsidiaries	-101	-14	-655	-96
Other investing activities	-11	-3	-73	-15
Cash flow used for investing activities	-388	-200	-2,511	-1,394
Financing activities:				
Receipt of loans from banks and other lenders	675	550	4,370	3,852
Repayment of loans from banks and other lenders	-411	-240	-2,655	-1,672
Interest payment and other	-70	-57	-453	-400
Dividends to shareholders	-6	-2	-37	-11
Other financing activities	34	-34	222	-245
Cash flow from (used for) financing activities	223	217	1,446	1,524
Effects of exchange rate movement on cash and cash equivalents	1	4	-11	-148
Net change in cash and cash equivalents	174	217	1,105	1,374
Cash and cash equivalents at the beginning of the period	588	619	3,835	4,320
Cash and cash equivalents at the end of the period	762	836	4,940	5,694
Free Cash Flow	-115	-56	-745	-376



Notes to Abridged Consolidated Financial Statements

Note 1: Basis of preparation

Basis of presentation and accounting policies: The abridged consolidated financial statements for the quarters ended September 30, 2021 and 2020 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 issued or revised subsequently by the MoF (collectively referred to as "ASBE").

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" in this release 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
- "Other operating expenses" includes impairment losses (not including inventory impairment); gain (loss) from disposal of assets and non-operating income and expenses
- "Operating expenses" in this release differ from those in the formally reported financial statements in that in this release certain idleness charges have been reclassified to impact gross profit, in line with the approach taken by the Company with respect to idleness charges generally
- "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

	Q3 2021 USD (m)	Q3 2020 USD (m)	Q3 2021 RMB (m)	Q3 2020 RMB (m)
Net Income (Reported)	-57.3	3.0	-371.0	20.4
<u>Adjustments to COGS & Operating Expenses:</u>				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	0.3	11.5	1.6	79.2
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	4.3	7.6	27.8	52.5
3. Upgrade & Relocation related costs	26.7	7.8	172.5	54.1
4. Incentive plans (non-cash)	-2.0	-2.5	-13.1	-17.6
5. Amortization of acquisition-related PPA (non-cash), other acquisition-related costs	3.8	2.9	24.6	19.8
6. Employee early retirement expenses	-	0.6	-	3.8
8. Capital gain recognized on acquisition of control of an equity investee	-	-8.5	-	-59.0
9. Non-core assets impairment	-	9.0	-	62.6
Total Adjustments to Operating Income (EBIT)	33.0	28.3	213.3	195.5
Total Adjustments to EBITDA	18.7	0.1	120.8	0.8
<u>Adjustments to Taxes</u>				
1. Tax shield on Legacy PPA of 2011 acquisition of Solutions	0.0	1.9	0.3	13.8
3. Taxes related to restructuring costs	5.2	0.3	33.7	2.0
5. Deferred tax due to amortization of acquisition-related PPA, other acquisition-related costs	0.6	0.4	3.9	2.4
Total adjustments to Net Income	27.1	25.6	175.5	177.4
Net Income (Adjusted)	-30.2	28.6	-195.5	197.8

	9M 2021 USD (m)	9M 2020 USD (m)	9M 2021 RMB (m)	9M 2020 RMB (m)
Net Income (Reported)	-0.3	31.8	-1.7	225.1
<u>Adjustments to COGS & Operating Expenses:</u>				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	0.8	34.4	4.9	239.6
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	18.8	23.0	121.7	160.3
3. Upgrade & Relocation related costs	66.9	31.3	432.5	218.8
4. Incentive plans (non-cash)	1.5	-7.7	9.8	-54.5
5. Amortization of acquisition-related PPA (non-cash), other acquisition-related costs	11.3	8.0	73.3	56.8
6. Employee early retirement expenses	-	10.0	-	70.0
7. Provisions in tax expenses related to prior years' activities	1.6	-	10.3	-
8. Capital gain recognized on acquisition of control of an equity investee	-	-8.5	-	-59.0
9. Non-core assets impairment	-	9.0	-	62.6
Total Adjustments to Operating Income (EBIT)	100.8	99.4	652.5	694.7
Total Adjustments to EBITDA	59.4	22.2	384.7	154.9
<u>Adjustments to Financing Expenses</u>				
10. Revaluation of non-cash adjustment related to non-controlling interest	-	0.8	-	5.6
<u>Adjustments to Taxes</u>				
1. Tax shield on Legacy PPA of 2011 acquisition of Solutions	0.1	5.8	0.8	40.7
3. Taxes related to restructuring costs	11.9	1.3	77.0	9.2
5. Deferred tax due to amortization of acquisition-related PPA, other acquisition-related costs	1.8	1.0	11.6	7.1
7. Provisions in tax expenses related to prior years' activities	0.4	-	2.5	-
Total adjustments to Net Income	86.6	92.1	560.6	643.3
Net Income (Adjusted)	86.4	123.9	558.9	868.4



Total adjustments to Net Income attributable to the shareholders of the Company	85.9	92.1	555.5	643.3
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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. **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 mainly: (i) excess 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 (ii) elevated idleness charges largely related to suspensions at the facilities being relocated as well as to the temporary suspensions of the Jingzhou site in Q1 2020 (at the outbreak of COVID-19 in Hubei Province).
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. **Provisions in tax expenses related to prior years' activities:** Provisions in respect of tax expenses related to activities of prior years.
8. **Capital gain recognized on acquisition of control of an equity investee:** On 1 July 2020, the Company acquired the remaining 51% stake in Alfa Agricultural Supplies, S.A., and in so doing, gained control over the company which previously was accounted for as an equity investee. As a result of the change of consolidation scope, the Company recognized a one-time, non-cash, capital gain.
9. **Non-core assets impairment:** One-time, non-cash charge due to closure or impairment of peripheral, non-material assets
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 removed from the Adjusted performance figures.



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Exchange Rate Data for the Company's Principal Functional Currencies

	Sept 30			Q3 Average			9M Average		
	2021	2020	Change	2021	2020	Change	2021	2020	Change
EUR/USD	1.157	1.170	-1.11%	1.179	1.169	0.91%	1.198	1.123	6.74%
USD/BRL	5.439	5.641	3.57%	5.229	5.380	2.81%	5.323	5.076	-4.87%
USD/PLN	3.993	3.866	-3.28%	3.873	3.802	-1.86%	3.793	3.939	3.73%
USD/ZAR	15.060	16.920	10.99%	14.628	16.914	13.51%	14.460	16.747	13.66%
AUD/USD	0.719	0.712	1.08%	0.735	0.655	12.26%	0.761	0.675	12.84%
GBP/USD	1.344	1.282	4.84%	1.379	1.241	11.13%	1.388	1.270	9.27%
USD/ILS	3.229	3.441	6.16%	3.234	3.418	5.39%	3.259	3.477	6.28%
USD LIBOR 3M	0.13%	0.23%	-44.38%	0.13%	0.25%	-50.12%	0.16%	0.80%	-79.79%

	Sept 30			Q3 Average			9M Average		
	2021	2020	Change	2021	2020	Change	2021	2020	Change
USD/RMB	6.485	6.810	-4.77%	6.470	6.919	-6.49%	6.470	6.993	-7.47%
EUR/RMB	7.504	7.967	-5.82%	7.630	8.086	-5.64%	7.749	7.850	-1.28%
RMB/BRL	0.839	0.828	-1.26%	0.808	0.778	-3.94%	0.824	0.726	-13.55%
RMB/PLN	0.616	0.568	-8.45%	0.599	0.549	-8.93%	0.586	0.563	-4.10%
RMB/ZAR	2.322	2.485	6.54%	2.261	2.444	7.51%	2.236	2.395	6.64%
AUD/RMB	4.664	4.845	-3.74%	4.755	4.948	-3.90%	4.909	4.718	4.05%
GBP/RMB	8.716	8.729	-0.16%	8.921	8.935	-0.16%	8.976	8.883	1.06%
RMB/ILS	0.498	0.492	-1.14%	0.500	0.494	-1.18%	0.504	0.497	-1.34%
RMB LIBOR 3M	2.43%	2.69%	-9.66%	2.39%	2.53%	-5.87%	2.54%	2.22%	14.14%