



ADAMA

## ADAMA Reports Results of Third Quarter and First Nine Months of 2021

***Strong Q3 and 9M sales growth driven by continued robust volume increase; profits impacted by continued margin pressure***

### Third Quarter 2021 Highlights

- Sales up 17% to a Q3 record-high of \$1,147 million (RMB: +10%), driven by robust 14% volume growth
- Adjusted EBITDA lower by 11%, reaching \$122 million (RMB: -17%)
- Reported net income of -\$57 million; Adjusted net income of -\$30 million

### First Nine Months 2021 Highlights

- Sales up 16% to a 9M record-high of \$3,476 million (RMB: +8%), with volumes up 14%
- Adjusted EBITDA up 1%, reaching \$464 million (RMB: -7%)
- Reported net income of -\$1 million; Adjusted net income of \$85 million

**BEIJING, CHINA and TEL AVIV, ISRAEL, October 27, 2021** – ADAMA Ltd. (the “Company”) (SZSE 000553), today reported its financial results for the third quarter and nine-month period ended September 30, 2021.

**Ignacio Dominguez, President and CEO of ADAMA**, said, “The third quarter was a challenging one for the global crop protection industry, including our company. While our sales continue to grow strongly, supported by continued high crop prices and robust farmer demand for our products, we are facing significant challenges on the cost and supply side. Global logistics and supply lines remain severely constrained, exacerbating the already stretched supply situation in many key products, further driving up raw material and intermediate procurement costs. These market imbalances continue to weigh on our profit margins, as the ever-competitive global market is proving slow to pass on the increased costs through price rises. Despite the challenges, our company is continuing to grow, raise prices, improve our portfolio and the quality of our business, and keep a tight rein on expenses, as we navigate through this volatile and uncertain time.”



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Table 1. Financial Performance Summary

USD (m)	As Reported			Adjustments		Adjusted		
	Q3 2021	Q3 2020	% Change	Q3 2021	Q3 2020	Q3 2021	Q3 2020	% Change
<b>Revenues</b>	<b>1,147</b>	<b>978</b>	<b>+17%</b>	-	-	<b>1,147</b>	<b>978</b>	<b>+17%</b>
Gross profit	287	266	+8%	27	14	313	281	+12%
% of sales	25.0%	27.2%				27.3%	28.7%	
Operating income (EBIT)	26	49	-47%	33	28	59	78	-24%
% of sales	2.3%	5.0%				5.1%	7.9%	
Income before taxes	(27)	2		33	28	6	31	-81%
% of sales	(2.4)%	0.2%				0.5%	3.1%	
<b>Net income</b>	<b>(57)</b>	<b>3</b>		<b>27</b>	<b>26</b>	<b>(30)</b>	<b>29</b>	
% of sales	(5.0)%	0.3%				(2.6)%	2.9%	
<b>EPS</b>								
- USD	(0.0246)	0.0012				(0.0130)	0.0120	
- RMB	(0.1592)	0.0086				(0.0839)	0.0832	
<b>EBITDA</b>	<b>103</b>	<b>137</b>	<b>-25%</b>	<b>19</b>	<b>0</b>	<b>122</b>	<b>137</b>	<b>-11%</b>
% of sales	9.0%	14.0%				10.6%	14.0%	
USD (m)	As Reported			Adjustments		Adjusted		
	9M 2021	9M 2020	% Change	9M 2021	9M 2020	9M 2021	9M 2020	% Change
<b>Revenues</b>	<b>3,476</b>	<b>2,987</b>	<b>+16%</b>	-	-	<b>3,476</b>	<b>2,987</b>	<b>+16%</b>
Gross profit	932	844	+10%	68	45	1,000	888	+13%
% of sales	26.8%	28.2%				28.8%	29.7%	
Operating income (EBIT)	182	188	-3%	101	99	282	287	-2%
% of sales	5.2%	6.3%				8.1%	9.6%	
Income before taxes	38	66	-43%	101	100	139	166	-17%
% of sales	1.1%	2.2%				4.0%	5.6%	
<b>Net income</b>	<b>(1)</b>	<b>32</b>		<b>86</b>	<b>92</b>	<b>85</b>	<b>124</b>	<b>-31%</b>
% of sales	0.0%	1.1%				2.5%	4.1%	
<b>EPS</b>								
- USD	(0.0003)	0.0131				0.0366	0.0511	-28%
- RMB	(0.0017)	0.0946				0.2367	0.3583	-34%
<b>EBITDA</b>	<b>405</b>	<b>438</b>	<b>-8%</b>	<b>59</b>	<b>22</b>	<b>464</b>	<b>461</b>	<b>+1%</b>
% of sales	11.6%	14.7%				13.4%	15.4%	

Notes:

"As Reported" denotes the Company's financial statements according to the Accounting Standards for Business Enterprises and the implementation guidance, interpretations and other relevant provisions issued or revised subsequently by the Chinese Ministry of Finance (the "MoF") (collectively referred to as "ASBE"). Please see the appendix to this release for further information.

Relevant income statement items contained in this release are also presented on an "Adjusted" basis, which exclude items that are of a transitory 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. A detailed summary of these adjustments appears in the appendix below.

The Q3 2020 and 9M 2020 Adjusted Income Statements have been amended from that presented at the time to include additional adjustments in order to consistently reflect largely the treatment of China Relocation & Upgrade Program-related costs amongst other adjustments that the Company has deemed non-operational and one-time in nature, as well as to reflect a change in allocation of certain costs between those impacting Operating Expenses and those impacting Gross Profit.

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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### **The general crop protection market environment**

During the third quarter of 2021, crop prices of most of the major commodity crops remained elevated, supporting strong crop protection demand in most regions. Demand was further aided by positive weather conditions in various regions, including Australia, Europe and most of China. Dry conditions in the US, Brazil and Canada restrained production of some crops and posed challenges for farmers in those regions.

Farmer incomes are generally expected to continue to improve as a result of high crop prices. However, farmers are experiencing broad inflationary pressures across most of their inputs, including seeds, fertilizers, crop protection, fuel and machinery.

During the quarter, availability of intermediates and active ingredients sourced from China was more constrained, contributing further to the already high procurement prices amid strong global demand. Beginning in mid-September, production of active ingredients and intermediates in China was further disrupted as a result of production suspensions due to power rationing for industrial customers due to a power shortage in the country, as well as the "Dual Control" policy measures to ensure the country's energy reduction targets are met. Energy prices have been increasing outside of China as well, with prices of natural gas, coal and oil all rising considerably.

Global freight and logistics costs remained significantly elevated during the third quarter of 2021, as COVID-19 continues to disrupt port activity, resulting in container shortages, while demand for container shipping remains high. Similarly, in-land logistics remain challenged as pandemic-related restrictions continue to create frictions in domestic supply lines. Taken together, these constraints have impacted both availability of shipping and transportation resources, as well as significantly increased their costs, a dynamic widely observed across all international trade-related industries.

The Company continues to actively manage its procurement and supply chain activities in order to mitigate these higher procurement and logistics costs. It also endeavors to adjust its pricing wherever market conditions allow, to compensate for these increased costs. Although intense competition in certain key markets continues to restrain the Company's ability to do so in an effective and timely manner, the Company is starting to see positive price movements in certain regions, most notably in China, as well as in North America and Latin America.

### **China Operations Update**

The Company's manufacturing site in Jingzhou, Hubei (ADAMA Sanonda) continues on its path of gradually ramping up production following the completion of the Relocation & Upgrade program at the site. This return to production at Sanonda will progressively reduce the need for incurring additional procurement costs which the Company had endured while the plant was previously suspended, and is expected to gradually reduce idleness charges as production and utilization levels steadily rise over the coming months.

As a result of the recent institution of China's "Dual Control" energy restrictions, the Company's manufacturing facilities in Huai'An (ADAMA Anpon) and in Dafeng (ADAMA Huifeng), both in Jiangsu province, were suspended for a number of weeks in September and October 2021 in advance of the Chinese Golden Week festival. As the restrictions have started to be loosened in recent weeks, operations at these sites have since resumed, albeit at a more limited capacity. This temporary suspension caused an increase in idleness costs during the quarter, and is expected to contribute to further idleness charges in the coming quarters, until the power restrictions are lifted and production is able to resume fully.

The energy restrictions and resulting widespread production suspensions have contributed to a significant increase in procurement costs of raw materials and intermediates, on top of the already high costs seen in recent months in the face of strong underlying demand and relatively constrained supply. These costs are expected to remain elevated, and will continue to impact the Company's



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profitability in the coming months. The Company endeavors, wherever possible and supported by market conditions, to increase prices in order to mitigate the impact of the higher costs. In China, although industry-wide supply shortages are causing increased procurement costs and posing challenges for the Company's margins, the Company is also benefiting to some extent from the generally higher pricing environment in the sales of its raw materials and intermediates, where it is seeing strong demand.

## Financial Highlights

**Revenues** in the third quarter grew by 17% (+10% in RMB terms) to \$1,147 million, driven by a combination of continued robust 14% volume growth, including the contribution of newly acquired companies, as well as moderately higher prices and favorable exchange rate movements.

In the quarter, ADAMA delivered significant growth in Europe, with strong demand driven by high crop prices being aided by supportive weather conditions in certain areas. The Company continues to grow strongly in China, where sales of its branded, formulated portfolio were supported by new product launches and further bolstered by the contribution of newly acquired companies. The Company also benefited from strong demand and higher prices for the sales of its raw materials and intermediates in the country. ADAMA delivered a strong performance in North America, driven by a combination of significant volume growth and higher prices, as well as in Latin America, led by Brazil, which saw robust demand and higher prices.

The accelerated growth in the quarter brought nine-month sales to a record-high of \$3,476 million, an increase of 16% (+8% in RMB terms).

**Gross Profit** reported in the third quarter was up 8% to \$287 million (gross margin of 25.0%), and up 10% to \$932 million (gross margin of 26.8%) in the nine-month period, compared to \$266 million (gross margin of 27.2%) and \$844 million (gross margin of 28.2%) in the corresponding periods last year, respectively.

The Company recorded certain extraordinary charges within its reported cost of goods sold, totaling approximately \$27 million in the third quarter (Q3 2020: \$14 million) and \$68 million in the nine-month period (9M 2020: \$45 million). These charges were largely related to its continuing Relocation & Upgrade program, and include mainly (i) excess procurement costs, both in quantity and cost terms, 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, and (ii) elevated idleness charges largely related to suspensions at the facilities being relocated and upgraded, as well as to the temporary suspension of the Jingzhou site in Q1 2020 at the outbreak of COVID-19 in Hubei Province. For further details on these extraordinary charges, please see the appendix to this release.

Excluding the impact of the abovementioned extraordinary items, adjusted gross profit in the third quarter was up 12% to \$313 million (27.3% of sales), and up 13% to \$1,000 million (gross margin of 28.8%) in the nine-month period, compared to \$281 million (gross margin of 28.7%) and \$888 million (gross margin of 29.7%) in the corresponding periods last year, respectively.

In the quarter, the higher gross profit was driven by a combination of strong top-line growth, improved portfolio mix, moderately higher prices and the strengthening of local currencies against the US dollar. In the nine-month period, the increased gross profit reflects the strong and consistent volume increases seen in each of the three quarters of this year, as well as a net positive impact from portfolio mix, alongside favorable currency movements.

However, the Company continues to see pressure on its gross margins, both in the third quarter and in the nine-month period, impacted by higher logistics, procurement and production costs, as well as the effect of the strong RMB and ILS, the Company's main production currencies. The recent



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temporary plant suspensions in China resulting from the country's Dual Control policy have further challenged supply of raw materials, intermediates and active ingredients, serving to further exacerbate the impact of already high procurement costs.

**Operating expenses** reported in the third quarter were \$261 million (22.7% of sales) and \$750 million (21.6% of sales) in the nine-month period, compared to \$217 million (22.2% of sales) and \$656 million (22.0% of sales) in the corresponding periods last year, respectively.

The Company recorded certain non-operational, mostly non-cash, charges within its reported operating expenses, totaling approximately \$6 million in the third quarter (Q3 2020: \$14 million) and \$32 million in the nine-month period (9M 2020: \$55 million). These charges include mainly (i) \$4 million in Q3 2021 (Q3 2020: \$8 million) and \$19 million in 9M 2021 (9M 2020: \$23 million) in non-cash amortization charges in respect of Transfer assets received from Syngenta related to the 2017 ChemChina-Syngenta acquisition, (ii) \$2 million benefit in Q3 2021 (Q3 2020: \$3 million) and \$1 million charge in 9M 2021 (9M 2020: benefit of \$8 million) in non-cash impacts related to incentive plans, and (iii) \$4 million in Q3 2021 (Q3 2020: \$3 million) and \$11 million in 9M 2021 (9M 2020: \$8 million) in charges 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. The higher aggregate amount of non-operational charges in Q3 and 9M 2020 then also included \$11 million and \$34 million, respectively, in non-cash amortization charges related to the legacy PPA of the 2011 acquisition of Adama Agricultural Solutions, which have now largely finished, and \$1 million and \$10 million, respectively, in early retirement expenses. For further details on these non-operational charges, please see the appendix to this release.

Excluding the impact of the abovementioned non-operational charges, adjusted operating expenses in the quarter and nine-month period were \$254 million (22.2% of sales) and \$718 million (20.6% of sales), compared to \$203 million (20.8% of sales) and \$601 million (20.1% of sales) in the corresponding periods last year, respectively.

The higher operating expenses in the quarter and the nine-month period largely reflect the strong volume-driven growth of the business and the additional operating expenses of the newly acquired companies, together with significantly higher global logistics and shipping costs, as well as the impact of generally stronger global currencies against the US dollar. In addition, alongside the many benefits ADAMA enjoys from the collaboration with other companies in the Syngenta Group, most notably in commercial cross-sales as well as in the areas of procurement and operations, ADAMA recorded certain related expenses and charges.

**Operating income** reported in the third quarter was \$26 million (2.3% of sales), and \$182 million (5.2% of sales) in the nine-month period, compared to \$49 million (5.0% of sales) and \$188 million (6.3% of sales) in the corresponding periods last year, respectively.

Excluding the impact of the abovementioned non-operational, mostly non-cash items, adjusted operating income in the third quarter was \$59 million (5.1% of sales) and \$282 million (8.1% of sales) in the nine-month period, compared to \$78 million (7.9% of sales) and \$287 million (9.6% of sales) in the corresponding periods last year, respectively.

The lower operating income in the quarter and nine-month period reflects the impact of the higher operating expenses, which more than offset the increase in gross profit that resulted from the strong growth but lower gross margin.

**EBITDA** reported in the third quarter was \$103 million (9.0% of sales) and \$405 million (11.6% of sales) in the nine-month period, compared to \$137 million (14.0% of sales) and \$438 million (14.7% of sales) recorded in the corresponding periods last year, respectively.



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Excluding the impact of the abovementioned non-operational, mostly non-cash items, adjusted EBITDA in the third quarter was \$122 million (10.6% of sales) and \$464 million (13.4% of sales) in the nine-month period, compared to \$137 million (14.0% of sales) and \$461 million (15.4% of sales) in the corresponding periods last year, respectively.

**Financial expenses and investment income** were \$53 million in the third quarter and \$144 million in the nine-month period, compared to \$47 million and \$121 million in the corresponding periods last year, respectively. The higher financial expenses in the quarter and the nine-month period were mainly driven by the net effect of the increase in the Israeli CPI on the ILS-denominated, CPI-linked bonds, as well as higher non-cash charges related to put options in respect of minority interests. These increases were partially offset by benefits on hedges in respect of the RMB.

**Taxes on income** in the third quarter were \$36 million and \$52 million in the nine-month period, compared to \$2 million and \$42 million in the corresponding periods last year, respectively. The significantly higher tax expenses in the third quarter, and the resulting increase over the nine-month period, reflects the incurring of higher taxes by the Company's high-growth selling entities in end-markets, as well as the largely non-cash impact on the value of non-monetary tax assets of the more significant weakening of the BRL in the third quarter of 2021 when compared to the same quarter in 2020. By contrast, over the nine-month period, the deterioration of the BRL in 2020 was more significant than in 2021, resulting in a relatively lower impact over the nine-month period in 2021.

**Net income attributable to the shareholders of the company** reported in the third quarter was \$(57) million (-5.0% of sales) and \$(1) million (0.0% of sales) in the nine-month period, compared to \$3 million (0.3% of sales) and \$32 million (1.1% of sales) in the corresponding periods last year, respectively.

Excluding the impact of the abovementioned extraordinary and non-operational charges, adjusted net income in the third quarter was \$(30) million (-2.6% of sales) and \$85 million (2.5% of sales) in the nine-month period, compared to \$29 million (2.9% of sales) and \$124 million (4.1% of sales) in the corresponding periods last year, respectively.

The lower adjusted net income in the quarter, and the resulting decline over the nine-month period, is largely a reflection of the lower operating income and significantly higher taxes, alongside somewhat higher financial expenses.

**Trade working capital** at September 30, 2021 was \$2,489 million compared to \$2,332 million at the same point last year. The Company is holding somewhat higher inventory levels due mainly to a shift in geographic and portfolio sales mix, the anticipation of further volume growth in coming quarters in the face of uncertain supply conditions, the increase in procurement and production costs, as well as the inclusion of recent acquisitions. The Company also saw an increase in trade receivables, driven largely by its strong growth over the nine-month period in emerging markets, most notably in Latin America and Brazil, where customer credit terms are generally longer. These increases were partially offset by higher trade payables.

**Cash Flow:** Operating cash flow of \$107 million was generated in the quarter and \$338 million in the nine-month period, compared to \$23 million and \$196 generated in the corresponding periods last year, respectively. The stronger operating cash flow generated in the third quarter and nine-month period reflects improved collections and the relatively modest increase in inventory levels, and was achieved despite the lower operating income.

Net cash used in investing activities was \$96 million in the quarter and \$388 million in the nine-month period, compared to \$84 million and \$200 million in the corresponding periods last year, respectively. The higher levels of cash used in investing activities in the periods largely reflect an increase in investments in fixed assets, mainly driven by the payments for the upgrading of facilities in Israel and the relocation of manufacturing facilities in China, as well as the payments for acquisitions.



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Free cash flow of \$1 million was generated in the third quarter and \$115 million consumed in the nine-month period compared to net free cash outflows of \$68 million and \$56 million in the corresponding periods last year, respectively, reflecting the aforementioned operating and investing cash flow dynamics.

### Portfolio Development Update

In the third quarter, ADAMA continued to advance the development of its differentiated product portfolio. The Company obtained multiple new product registrations in the quarter, including ARMERO®, ADAMA's unique, self-produced prothioconazole-based mixture for the control of Asian soybean rust in Brazil, as well as GALIL®, a mixture insecticide in Cambodia and SKOPE®, a mixture insecticide in Korea. In addition, the Company launched many new products in the quarter, including SUPRADO®, an insecticide with a unique mode of action targeting the US golf market, EXCEL AMINO PLUS®, a biostimulant for the reduction of stress in cereals in France, BARROZ®, a unique granular mixture formulation for rice crops which is enjoying a strong launch in India, and XUAN CHU®, a mixture herbicide for wheat in China.

Table 2. Regional Sales Performance

	Q3 2021 \$m	Q3 2020 \$m	Change USD	Change CER	9M 2021 \$m	9M 2020 \$m	Change USD	Change CER
Europe	220	181	+21.8%	+20.3%	825	790	+4.5%	+2.9%
North America	183	145	+26.3%	+26.0%	628	518	+21.4%	+20.6%
Latin America	372	335	+11.1%	+9.2%	820	714	+14.8%	+15.8%
Asia Pacific	194	148	+31.6%	+26.7%	677	497	+36.3%	+26.0%
Of which China	121	82	+46.6%	+41.6%	380	250	+52.0%	+43.5%
India, Middle East & Africa	178	170	+4.6%	+2.9%	525	468	+12.2%	+10.9%
<b>Total</b>	<b>1,147</b>	<b>978</b>	<b>+17.3%</b>	<b>+15.3%</b>	<b>3,476</b>	<b>2,987</b>	<b>+16.4%</b>	<b>+14.2%</b>

CER: Constant Exchange Rates

**Europe:** Sales were up by 20.3% in the third quarter and by 2.9% in the first nine months of the year, in CER terms, compared with the corresponding periods last year.

In the third quarter, the Company saw significant growth across most of Europe, with strong demand driven by continued high crop prices. Noteworthy performances were delivered in most markets of Central, Eastern and Northern Europe, where supportive weather later in the quarter ensured a positive start to the autumn season, especially in oilseed rape, winter cereals and sunflower.

In US dollar terms, sales were higher by 21.8% in the quarter and by 4.5% in the first nine months, compared to the corresponding periods last year, reflecting the net impact of the strengthening of regional currencies.

**North America:** Sales were up by 26.0% in the third quarter and by 20.6% in the first nine months of the year, in CER terms, compared with the corresponding periods last year.

The especially strong performance in the third quarter was driven by a combination of significant volume growth and higher prices, as the Company sees robust demand in both the Agriculture as well as Consumer & Professional arms. This pleasing result was achieved despite supply concerns in certain products. In Canada, the Company delivered a pleasing performance, as higher insecticide applications compensated for reduced fungicide usage as a result of drought in the prairies.



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In US dollar terms, sales were higher by 26.3% in the quarter and by 21.4% in the first nine months, compared to the corresponding periods last year, reflecting the strengthening of the Canadian Dollar.

**Latin America:** Sales grew by 9.2% in the third quarter and by 15.8% in the first nine months of the year, in CER terms, compared to the corresponding periods last year.

The pleasing performance in the quarter was led by strong growth in Brazil, driven by robust demand and higher prices, and benefiting from strong performance of newly launched products, as the country starts to reopen after the recent improvement in the COVID situation in the country, allowing resumption of normal commercial activities.

In US dollar terms, sales in the region grew by 11.1% in the quarter, reflecting a strengthening in regional currencies during the quarter compared to the parallel quarter in 2020. In the nine-month period, sales in the region grew by 14.8% in US dollar terms, compared to the corresponding period last year, reflecting the somewhat weaker average currency levels that prevailed during the first quarter of 2021 compared to the parallel quarter in 2020, which saw currency weakness against the USD only late in the quarter at the outbreak of COVID-19.

**Asia-Pacific:** Sales grew by 26.7% in the quarter and by 26.0% in the first nine months of the year, in CER terms, compared to the corresponding periods last year.

The Company is growing strongly in Asia Pacific, led by China where the Company continues to grow sales of its branded, formulated portfolio, supported by new product launches and bolstered by the acquisition of Huifeng's domestic commercial arm at the end of 2020. In China, although industry-wide supply shortages are causing increased procurement costs and posing challenges for the Company's margins, the Company is also benefiting to some extent from the generally higher pricing environment in the sales of its raw materials and intermediates where it is seeing strong demand.

In the rest of APAC, the Company delivered a noteworthy performance in the Pacific region, enjoying positive seasonal conditions and healthy demand as farmers benefit from the high crop prices. This more than offset somewhat softer performance in South East Asian countries, where ongoing COVID restrictions continued to impact commercial activities, and were further exacerbated by poor seasonal conditions in many countries, including floods in parts of Thailand.

In US dollar terms, sales in the region grew by 31.6% in the third quarter and by 36.3% in the first nine months of the year, compared to the corresponding periods last year, reflecting the impact of the strengthening of regional currencies, most notably the Australian Dollar and Chinese Renminbi.

**India, Middle East & Africa:** Sales grew by 2.9% in the quarter and by 10.9% in the first nine months of the year, in CER terms, compared to the corresponding periods last year.

The moderate growth in the region in the quarter was led by a noteworthy performance in South Africa, where the Company is benefiting from favorable cropping conditions and new product launches. However, growth in India is slowing as farmers missed some applications due to volatile weather conditions following a previously strong start to the monsoon season.

In US dollar terms, sales in the region grew by 4.6% in the quarter and by 12.2% in the first nine months of the year, compared to the corresponding periods last year, reflecting the impact of the strengthening of regional currencies compared to the USD, most notably the Israeli Shekel.



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Table 3. Revenues by operating segment

**Third quarter sales by segment**

	Q3 2021 USD (m)	%	Q3 2020 USD (m)	%
Crop Protection	1,041	90.7%	881	90.0%
Intermediates and Ingredients	106	9.3%	98	10.0%
<b>Total</b>	<b>1,147</b>	<b>100%</b>	<b>978</b>	<b>100%</b>

**Third quarter sales by product category**

	Q3 2021 USD (m)	%	Q3 2020 USD (m)	%
Herbicides	441	38.4%	345	35.2%
Insecticides	360	31.4%	329	33.6%
Fungicides	241	21.0%	207	21.1%
Intermediates and Ingredients	106	9.3%	98	10.0%
<b>Total</b>	<b>1,147</b>	<b>100%</b>	<b>978</b>	<b>100%</b>

Note: the sales split by product category is provided for convenience purposes only and is not representative of the way the Company is managed or in which it makes its operational decisions.

**Nine-month sales by segment**

	9M 2021 USD (m)	%	9M 2020 USD (m)	%
Crop Protection	3,152	90.7%	2,706	90.6%
Intermediates and Ingredients	324	9.3%	280	9.4%
<b>Total</b>	<b>3,476</b>	<b>100%</b>	<b>2,987</b>	<b>100%</b>

**Nine-month sales by product category**

	9M 2021 USD (m)	%	9M 2020 USD (m)	%
Herbicides	1,390	40.0%	1,231	41.2%
Insecticides	1,066	30.7%	859	28.8%
Fungicides	696	20.0%	617	20.6%
Intermediates and Ingredients	324	9.3%	280	9.4%
<b>Total</b>	<b>3,476</b>	<b>100%</b>	<b>2,987</b>	<b>100%</b>

Note: the sales split by product category is provided for convenience purposes only and is not representative of the way the Company is managed or in which it makes its operational decisions.



## Further Information

All filings of the Company, together with a presentation of the key financial highlights of the period, can be accessed through the Company website at [www.adama.com](http://www.adama.com).

## About ADAMA

ADAMA Ltd. is a global leader in crop protection, providing solutions to farmers across the world to combat weeds, insects and disease. ADAMA has one of the widest and most diverse portfolios of active ingredients in the world, state-of-the art R&D, manufacturing and formulation facilities, together with a culture that empowers our people in markets around the world to listen to farmers and ideate from the field. This uniquely positions ADAMA to offer a vast array of distinctive mixtures, formulations and high-quality differentiated products, delivering solutions that meet local farmer and customer needs in over 100 countries globally. For more information, visit us at [www.ADAMA.com](http://www.ADAMA.com) and follow us on Twitter® at [@ADAMAAgri](https://twitter.com/ADAMAAgri).

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## 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 <sup>1</sup>	Q3 2021 USD (m)	Q3 2020 USD (m)	Q3 2021 RMB (m)	Q3 2020 RMB (m)
<b>Revenues</b>	<b>1,147</b>	<b>978</b>	<b>7,425</b>	<b>6,769</b>
Cost of Sales	829	691	5,366	4,785
Other costs	5	6	32	40
<b>Gross profit</b>	<b>313</b>	<b>281</b>	<b>2,027</b>	<b>1,943</b>
<i>% of revenue</i>	<i>27.3%</i>	<i>28.7%</i>	<i>27.3%</i>	<i>28.7%</i>
<i>Selling &amp; Distribution expenses</i>	181	155	1,174	1,071
<i>General &amp; Administrative expenses</i>	54	30	352	208
<i>Research &amp; 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>
<b>Operating income (EBIT)</b>	<b>59</b>	<b>78</b>	<b>382</b>	<b>537</b>
<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
<b>Income before taxes</b>	<b>6</b>	<b>31</b>	<b>38</b>	<b>212</b>
Taxes on Income	36	2	233	14
<b>Net Income</b>	<b>-30</b>	<b>29</b>	<b>-195</b>	<b>198</b>
Attributable to:				
Non-controlling interest	0	0	0	0
<b>Shareholders of the Company</b>	<b>-30</b>	<b>29</b>	<b>-195</b>	<b>198</b>
<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
<b>Reported Net income attributable to the shareholders of the Company</b>	<b>-57</b>	<b>3</b>	<b>-371</b>	<b>20</b>
<i>% of revenue</i>	<i>-5.0%</i>	<i>0.3%</i>	<i>-5.0%</i>	<i>0.3%</i>
<b>Adjusted EBITDA</b>	<b>122</b>	<b>137</b>	<b>788</b>	<b>950</b>
<i>% of revenue</i>	<i>10.6%</i>	<i>14.0%</i>	<i>10.6%</i>	<i>14.0%</i>
<b>Adjusted EPS<sup>2</sup></b>	– Basic	0.0120	-0.0839	0.0832
	– Diluted	0.0120	-0.0839	0.0832
<b>Reported EPS<sup>2</sup></b>	– Basic	0.0012	-0.1592	0.0086
	– Diluted	0.0012	-0.1592	0.0086

<sup>1</sup> 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”.

<sup>2</sup> 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 <sup>3</sup>	9M 2021 USD (m)	9M 2020 USD (m)	9M 2021 RMB (m)	9M 2020 RMB (m)
<b>Revenues</b>	<b>3,476</b>	<b>2,987</b>	<b>22,488</b>	<b>20,890</b>
Cost of Sales	2,459	2,082	15,909	14,565
Other costs	17	16	110	111
<b>Gross profit</b>	<b>1,000</b>	<b>888</b>	<b>6,469</b>	<b>6,213</b>
<i>% of revenue</i>	<i>28.8%</i>	<i>29.7%</i>	<i>28.8%</i>	<i>29.7%</i>
<i>Selling &amp; Distribution expenses</i>	545	465	3,528	3,253
<i>General &amp; Administrative expenses</i>	125	89	811	624
<i>Research &amp; 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>
<b>Operating income (EBIT)</b>	<b>282</b>	<b>287</b>	<b>1,827</b>	<b>2,010</b>
<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
<b>Income before taxes</b>	<b>139</b>	<b>166</b>	<b>897</b>	<b>1,166</b>
Taxes on Income	52	42	338	298
<b>Net Income</b>	<b>86</b>	<b>124</b>	<b>559</b>	<b>868</b>
Attributable to:				
Non-controlling interest	1	0	7	0
<b>Shareholders of the Company</b>	<b>85</b>	<b>124</b>	<b>552</b>	<b>868</b>
<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
<b>Reported Net income attributable to the shareholders of the Company</b>	<b>-1</b>	<b>32</b>	<b>-4</b>	<b>225</b>
<i>% of revenue</i>	<i>0.0%</i>	<i>1.1%</i>	<i>0.0%</i>	<i>1.1%</i>
<b>Adjusted EBITDA</b>	<b>464</b>	<b>461</b>	<b>3,004</b>	<b>3,224</b>
<i>% of revenue</i>	<i>13.4%</i>	<i>15.4%</i>	<i>13.4%</i>	<i>15.4%</i>
<b>Adjusted EPS<sup>4</sup></b>	– Basic – Diluted	0.0366 0.0366	0.0511 0.0511	0.2367 0.2367
<b>Reported EPS<sup>4</sup></b>	– Basic – Diluted	-0.0003 -0.0003	0.0131 0.0131	-0.0017 -0.0017

<sup>3</sup> 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".

<sup>4</sup> 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)
<b>Assets</b>				
<b>Current assets:</b>				
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
<b>Total current assets</b>	<b>4,332</b>	<b>4,216</b>	<b>28,095</b>	<b>28,712</b>
<b>Non-current assets:</b>				
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
<b>Total non-current assets</b>	<b>3,303</b>	<b>2,875</b>	<b>21,419</b>	<b>19,581</b>
<b>Total assets</b>	<b>7,635</b>	<b>7,091</b>	<b>49,514</b>	<b>48,293</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
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
<b>Total current liabilities</b>	<b>2,077</b>	<b>2,008</b>	<b>13,471</b>	<b>13,672</b>
<b>Long-term liabilities:</b>				
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
<b>Total long-term liabilities</b>	<b>2,295</b>	<b>1,859</b>	<b>14,889</b>	<b>12,657</b>
<b>Total liabilities</b>	<b>4,373</b>	<b>3,866</b>	<b>28,359</b>	<b>26,329</b>
<b>Equity</b>				
<b>Total equity</b>	<b>3,262</b>	<b>3,225</b>	<b>21,154</b>	<b>21,964</b>
<b>Total liabilities and equity</b>	<b>7,635</b>	<b>7,091</b>	<b>49,514</b>	<b>48,293</b>



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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)
<b>Cash flow from operating activities:</b>				
Cash flow from operating activities	107	23	691	157
<b>Cash flow from operating activities</b>	<b>107</b>	<b>23</b>	<b>691</b>	<b>157</b>
<b>Investing activities:</b>				
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
<b>Cash flow used for investing activities</b>	<b>-96</b>	<b>-84</b>	<b>-619</b>	<b>-579</b>
<b>Financing activities:</b>				
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
<b>Cash flow from (used for) financing activities</b>	<b>37</b>	<b>7</b>	<b>237</b>	<b>49</b>
Effects of exchange rate movement on cash and cash equivalents	-	6	17	-189
<b>Net change in cash and cash equivalents</b>	<b>47</b>	<b>-48</b>	<b>325</b>	<b>-562</b>
Cash and cash equivalents at the beginning of the period	714	884	4,615	6,256
<b>Cash and cash equivalents at the end of the period</b>	<b>762</b>	<b>836</b>	<b>4,940</b>	<b>5,694</b>
<b>Free Cash Flow</b>	<b>1</b>	<b>-68</b>	<b>6</b>	<b>-471</b>



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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)
<b>Cash flow from operating activities:</b>				
Cash flow from operating activities	338	196	2,182	1,392
<b>Cash flow from operating activities</b>	<b>338</b>	<b>196</b>	<b>2,182</b>	<b>1,392</b>
<b>Investing activities:</b>				
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
<b>Cash flow used for investing activities</b>	<b>-388</b>	<b>-200</b>	<b>-2,511</b>	<b>-1,394</b>
<b>Financing activities:</b>				
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
<b>Cash flow from (used for) financing activities</b>	<b>223</b>	<b>217</b>	<b>1,446</b>	<b>1,524</b>
Effects of exchange rate movement on cash and cash equivalents	1	4	-11	-148
<b>Net change in cash and cash equivalents</b>	<b>174</b>	<b>217</b>	<b>1,105</b>	<b>1,374</b>
Cash and cash equivalents at the beginning of the period	<b>588</b>	<b>619</b>	<b>3,835</b>	<b>4,320</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>762</b>	<b>836</b>	<b>4,940</b>	<b>5,694</b>
<b>Free Cash Flow</b>	<b>-115</b>	<b>-56</b>	<b>-745</b>	<b>-376</b>



## 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)
<b>Net Income (Reported)</b>	<b>-57.3</b>	<b>3.0</b>	<b>-371.0</b>	<b>20.4</b>
<b><u>Adjustments to COGS &amp; Operating Expenses:</u></b>				
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
<b>Total Adjustments to Operating Income (EBIT)</b>	<b>33.0</b>	<b>28.3</b>	<b>213.3</b>	<b>195.5</b>
<b>Total Adjustments to EBITDA</b>	<b>18.7</b>	<b>0.1</b>	<b>120.8</b>	<b>0.8</b>
<b><u>Adjustments to Taxes</u></b>				
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
<b>Total adjustments to Net Income</b>	<b>27.1</b>	<b>25.6</b>	<b>175.5</b>	<b>177.4</b>
<b>Net Income (Adjusted)</b>	<b>-30.2</b>	<b>28.6</b>	<b>-195.5</b>	<b>197.8</b>

	9M 2021 USD (m)	9M 2020 USD (m)	9M 2021 RMB (m)	9M 2020 RMB (m)
<b>Net Income (Reported)</b>	<b>-0.3</b>	<b>31.8</b>	<b>-1.7</b>	<b>225.1</b>
<b><u>Adjustments to COGS &amp; Operating Expenses:</u></b>				
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
<b>Total Adjustments to Operating Income (EBIT)</b>	<b>100.8</b>	<b>99.4</b>	<b>652.5</b>	<b>694.7</b>
<b>Total Adjustments to EBITDA</b>	<b>59.4</b>	<b>22.2</b>	<b>384.7</b>	<b>154.9</b>
<b><u>Adjustments to Financing Expenses</u></b>				
10. Revaluation of non-cash adjustment related to non-controlling interest	-	0.8	-	5.6
<b><u>Adjustments to Taxes</u></b>				
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	-
<b>Total adjustments to Net Income</b>	<b>86.6</b>	<b>92.1</b>	<b>560.6</b>	<b>643.3</b>
<b>Net Income (Adjusted)</b>	<b>86.4</b>	<b>123.9</b>	<b>558.9</b>	<b>868.4</b>



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.



ADAMA

## 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%