Q1 2022 Review

April 2022

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General Performance Overview

Q1 General Market Update

- **Continued strong demand for crop protection and elevated prices in Q1 in most regions**, driven by high crop prices of most major commodity crops and concerns over tight supply, supported by Ukraine-Russia conflict
- **Ukraine-Russia** conflict – farmers in Ukraine are attempting to keep up activities wherever possible, **transportation and logistics are a challenge**
  - EU and other geographies bringing online **additional land for agriculture**
- Severe **shortage of shipping and transportation resources**, posing limitations on production, import/export and sales driven by:
  - Disruptions in port activity in China due to COVID-19
  - Frictions in domestic supply lines due to pandemic-related restrictions
- Global **freight and logistics costs continue to increase**
- **Procurement prices of certain active ingredients have begun to soften while intermediates prices significantly increased**
  - COVID-19 and energy costs negatively impact agrochemical production and logistics
  - Although supply from China improved somewhat
- **Global energy prices** further increased during the quarter, impacted by Russia's strong share of global gas exports.
- Actions taken by ADAMA to mitigate these impacts:
  - Continued **active management of procurement and supply chain activities**
  - **Increasing pricing wherever market conditions allow**, to compensate for higher costs

Q1: record, price-driven sales growth driving significant increase in profits

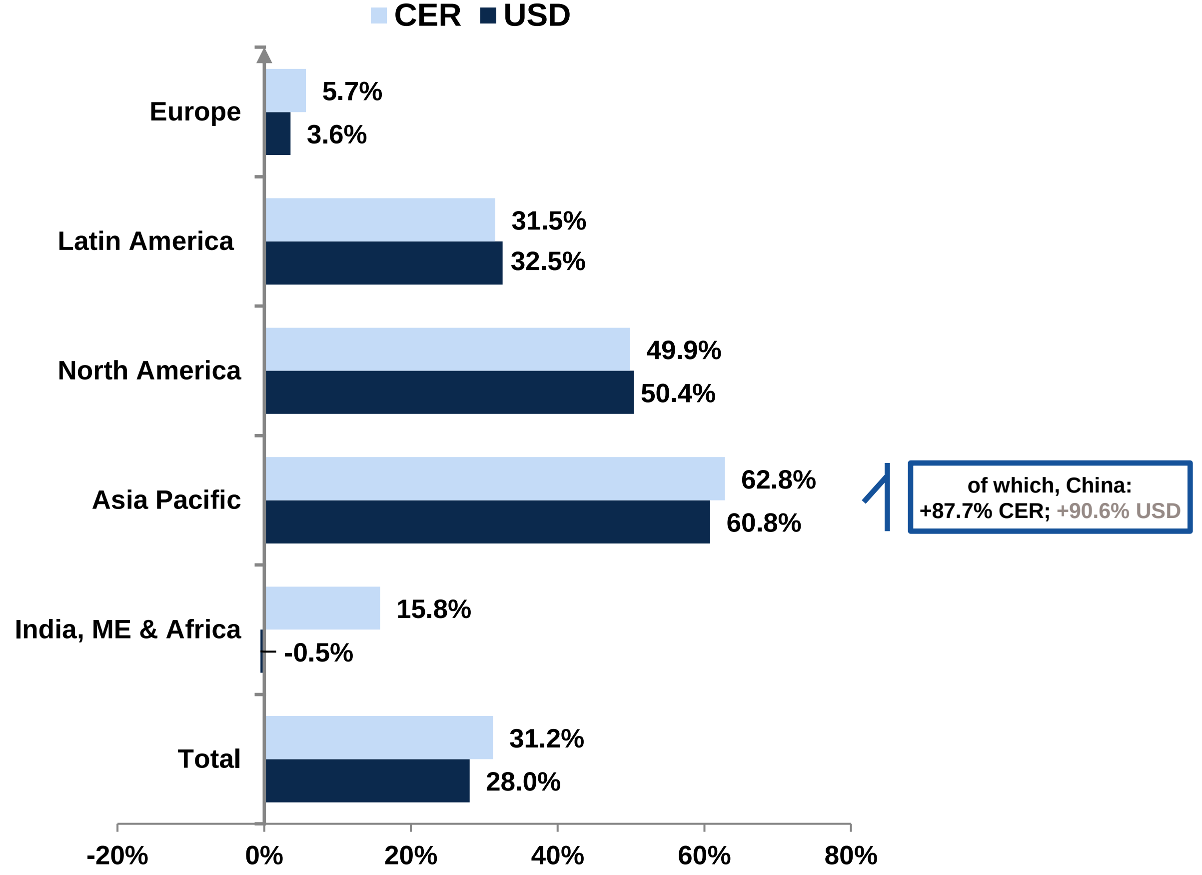
Adjusted $ million	Q1 2022	Q1 2021	%▲
Sales	**1,420**	**1,109**	**+28%**
Gross Profit	**414**	**322**	**+29%**
% of Sales	*29.2%*	*29.0%*	
EBITDA	**201**	**157**	**+28%**
% of Sales	*14.2%*	*14.2%*	
Adjusted Net Income	**75**	**52**	**+44%**
% of Sales	*5.3%*	*4.7%*	
Reported Net Income	*67*	*23*	193%
% of Sales	*4.7%*	*2.1%*	

Q1 Highlights

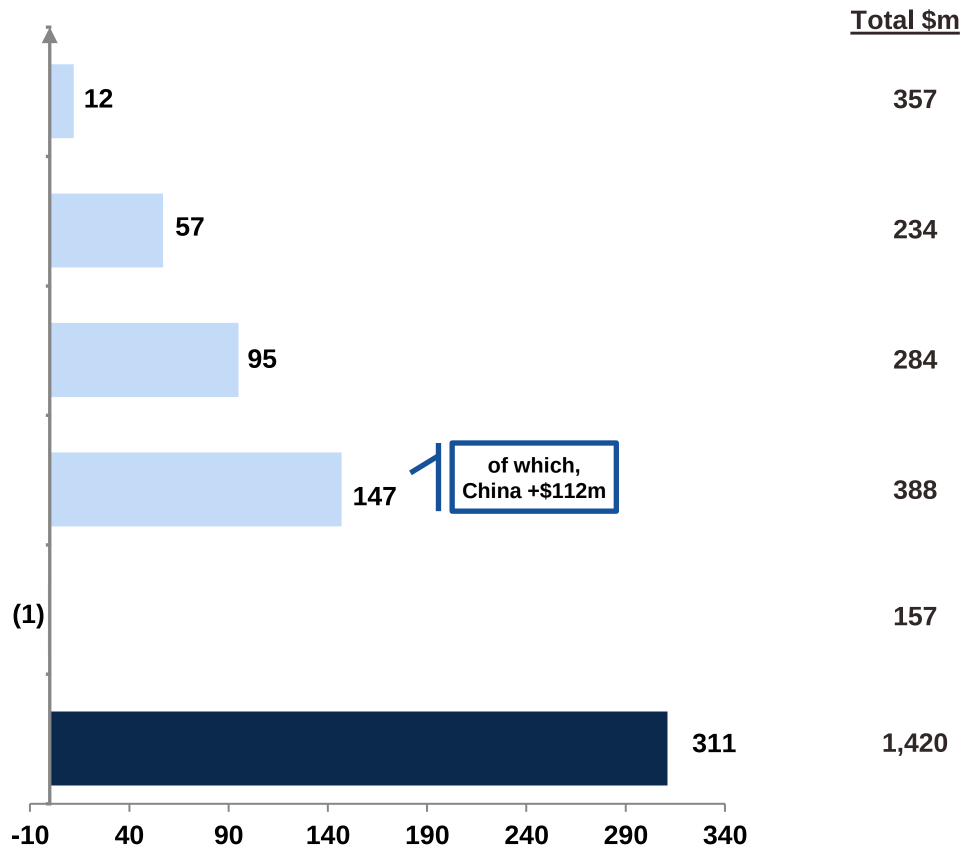
- **Sales**
  - Sales up 28% to all-time quarterly record-high $1.4bn
  - 18% higher prices, 14% volume growth
- **Gross Profit**
  - Up 29% above Q1 2021, driven by higher prices, continued volume growth
  - More than offsetting higher logistics, procurement and production costs, as well as negative FX impact
  - Reduction of adjustments – with the completion of the relocation to the Jingzhou site, certain charges will no longer be adjusted for
- **EBITDA**
  - 28% above Q1 2021
  - Improvement of opex/sales ratio (19.8% vs LY 20.1%) despite higher opex including a doubtful debt provision for trade receivables in Ukraine, higher transportation and logistics costs and recent acquisitions
- **Net income**
  - 44% above Q1 2021
  - Higher CPI and strong Shekel increase financial expenses
  - Relatively low effective Tax mainly due to BRL impact on DTA

Regional Sales Performance
Q1 2022 vs. Q1 2021

% Sales growth by region



Absolute Sales change (USD $m)



Q1 2022 Regional Highlights (USD)

North America

+50% Q1 | +50% CER

- Robust demand in the **Consumer & Professional** business, allowing for price increases in light of concerns regarding potential shortages.
- Strong demand and price increases in **US crop protection** sales for corn, soybeans, cereals and rice.

Europe

+4% Q1 | +6% CER

- Strong performance in France, Romania and Poland, more than offseting a decline in sales in Ukraine, drought conditions in parts of southern Europe, and the adverse impact of exchange rates.
- Sales supported by recently launched products POLEPOSITION® (Prothioconazole) and TIMELINE® FX.

China

+91% Q1 | +88% CER

- **Non-Ag:** strong demand for raw materials and intermediates amidst higher pricing environment in light general supply constraints as COVID-19 spreads.
- **Ag:** continued growth of branded, formulated portfolio, also bolstered by acquisition of Huifeng during the year.

Latin America

+33% Q1 | +32% CER

- **Brazil:** Increased demand and higher prices supported by good soybean and corn planting seasons.
- Demand for the Company's differentiated products including the fungicides ARMERO™, ACROSS® and the herbicide ARADDO®.
- **Other LatAm:** sales grew across the board as ADAMA strengthens its positioning in these countries.

IMA

-1% Q1 | +16% CER

- The sales in this region grew in constant exchange rates, mainly in India, despite a very strong first quarter in 2021.
- Negative impact of a cold and rainy season in the Middle East and Africa with low pest and disease pressure as well as the adverse impact of the depreciation of the Turkish Lira on the USD sales.

APAC

+29% Q1 | +36% CER

- Strong demand in the **Pacific** region and in certain countries in **the Far East** benefiting from favorable seasonal conditions.

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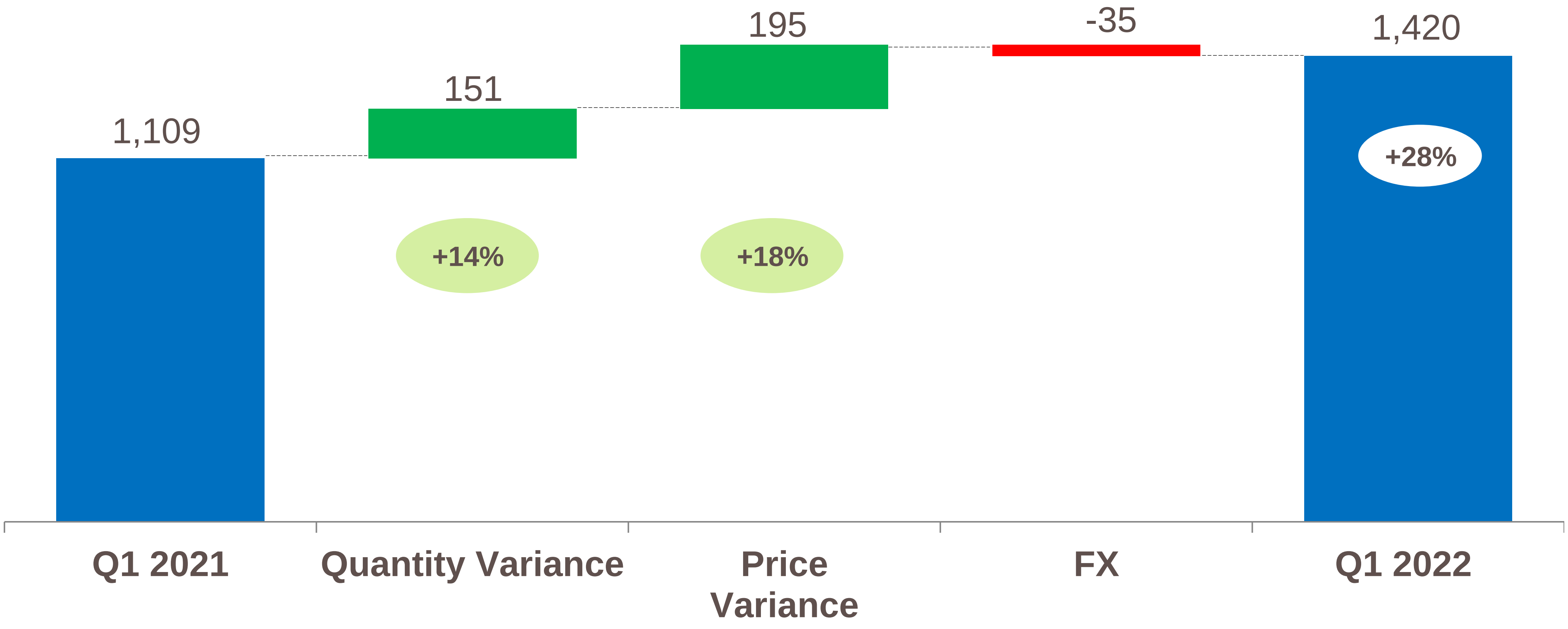
Detailed Financial Review

Q1 Sales +28%, driven by markedly higher prices

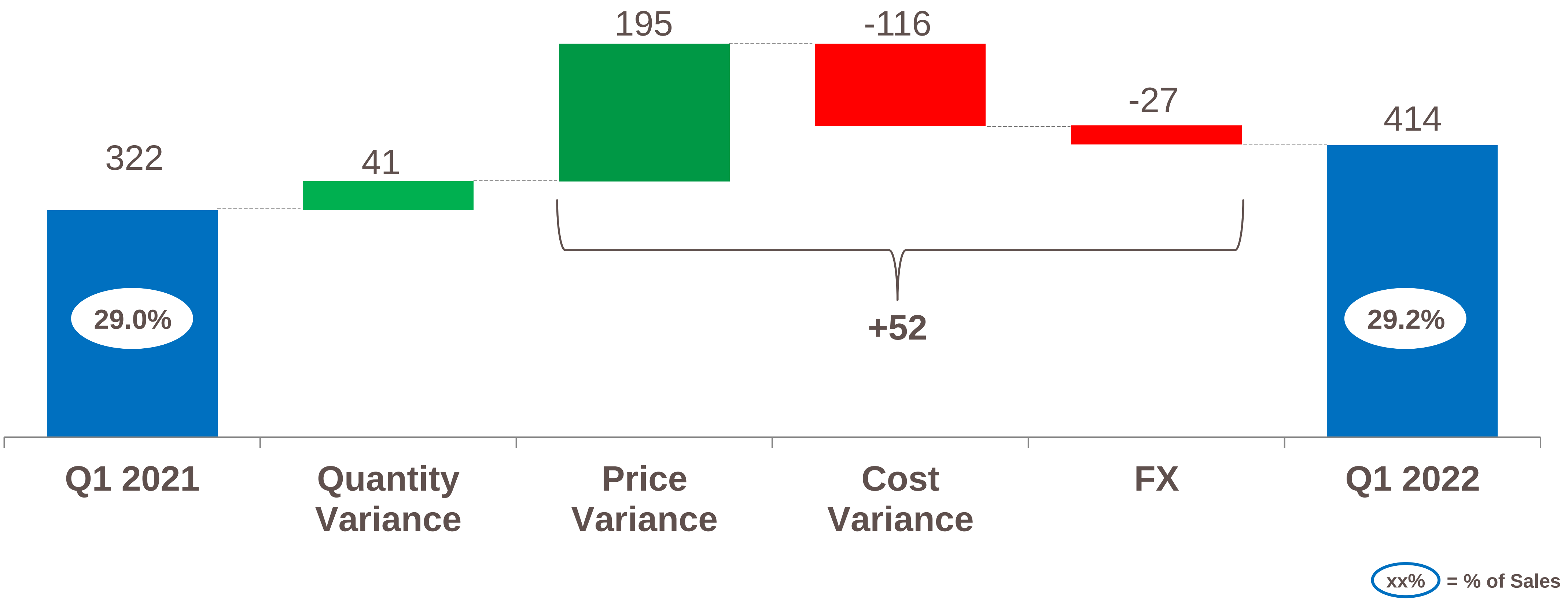
Sales bridge analysis



NOTE: FX includes currency effect on sales, net of hedging

Q1 GP +29%: margin increase – higher prices more than offset logistics, procurement cost pressures and negative FX

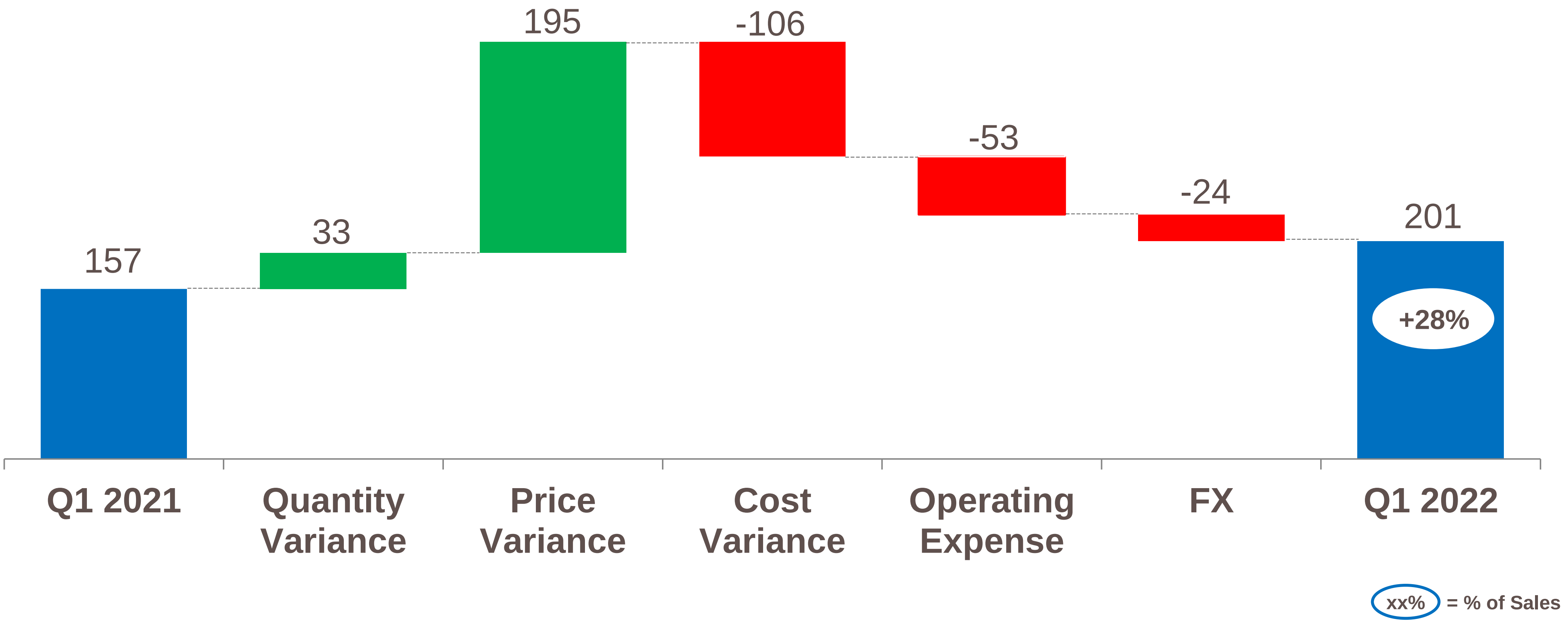
GP bridge analysis



NOTE: Quantity variance includes mix effect; FX includes currency effect on sales and costs, net of hedging

Q1 EBITDA +28%: higher pricing more than offsets logistics & procurement pressures and FX

EBITDA Bridge analysis



NOTE: Quantity variance includes mix effect; FX includes currency effect on sales, costs and opex, net of hedging

Supporting future growth in light of uncertain supply conditions

Increase in working capital levels supporting sales growth

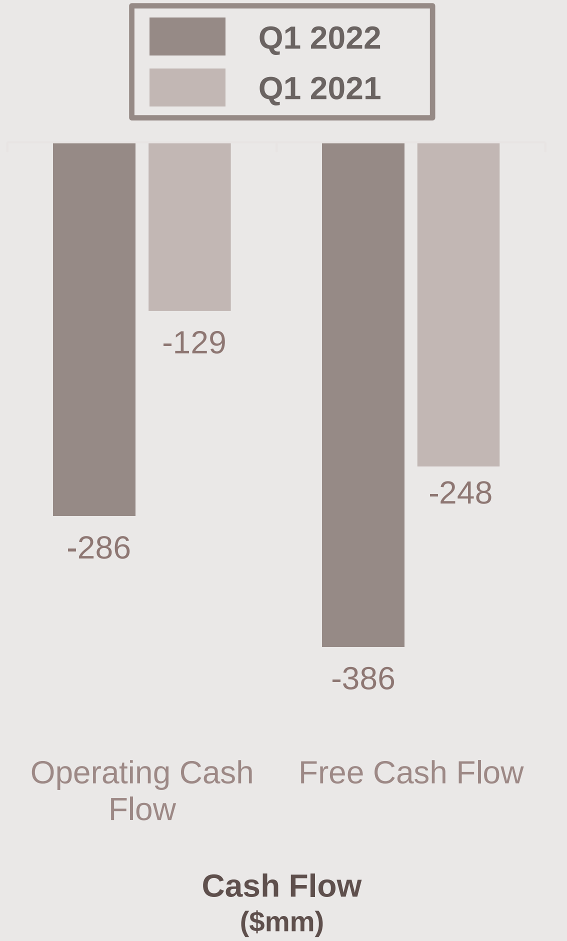
Inventory up in anticipation of further volume growth, potential supply shortages and cost increases

Higher receivables reflecting sales growth

Higher payables due to advancement of purchases in light of uncertain supply conditions

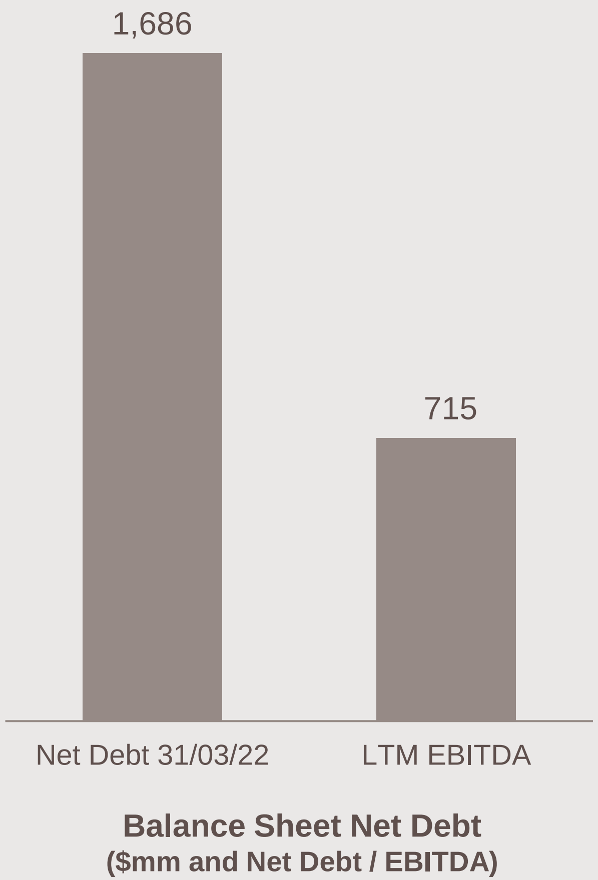
Working capital/LTM Sales ratio of 53% vs. 61% LY

Cash Flow



Strong Balance Sheet

Net debt / EBITDA ratio of 2.4x



Note: Operating Cash Flow excluding cash interest paid

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Outlook

2022 Outlook

- Crop prices are expected to remain elevated
- Strong global demand for crop protection as farmers are looking to secure availability pre-season, although high fertilizer prices may dampen demand to some extent
- Ukraine- Russia: East-European geopolitical uncertainty impacting supply of agricultural crops, ag-inputs and fertilizers as well as energy prices
- COVID-19 in China – limitations on production, import/export and sales
- Meeting the high demand in the market remains a challenge
  - Tight supply of crop protection (including AI, raw material and intermediate)
  - Global supply chain challenges continue – including pressure on ports, limited availability of shipping resources as well as cost of transportation
- Prices of certain active ingredients may have begun to soften as China production regains stability, but COVID-19 remains a risk factor, while intermediate prices have significantly increased
- ADAMA is continuing to raise prices to offset cost increases, however, highly competitive market environment persists, limiting breadth and scope of price increases
- Weaker global FX rates impacting USD sales
- Pressure on margins expected to continue:
  - Upward pressure on raw material and intermediate prices and availability in light of significant increase in oil and energy costs
  - Procurement costs expected to remain relatively high amid continued strong demand
  - Logistics and transportation costs expected to remain markedly elevated in addition to limited availability of shipping resources

Thank You

Adjusted vs. Reported P&L

$ million	Q1 2022 Adjusted	Q1 2021 Adjusted	%▲	Q1 2022 Reported	Q1 2021 Reported	%▲
Sales	1,420	1,109	**+28%**	1,420	1,109	**+28%**
Gross Profit	414	322	**+29%**	360	305	**+18%**
% of Sales	29.2%	29.0%		25.4%	27.5%	
EBITDA	201	157	**+28%**	203	138	**+48%**
% of Sales	14.2%	14.2%		14.3%	12.4%	
Net Income	75	52	**+44%**	67	23	**+193%**
% of Sales	5.3%	4.7%		4.7%	2.1%	

**In the Q1 2022 reported results, following recent changes in the guidelines in China, as of Q4 2021, certain transportations costs and opex idleness have been reclassified from operating expenses to costs of goods, while these expenses were not recorded in the cost of goods in Q1 2021, but rather in the operating expenses. In Q1 2022 the adjusted gross profit includes all idleness costs and excludes these certain transportation costs. Additionally, relocation and upgrade charges attributed to the Jingzhou site in China declined.*

Adjusted vs. Reported Financial Results

The financial results in this presentation are presented on an “Adjusted” basis, and differ to some extent from the “Reported” financials contained in the formal financial statements of the Company.

ADAMA’s approach on the use of adjustments:

- Adjusted results:
  - Exclude **items that are of a one-time or non-cash/non-operational nature that do not impact the ongoing performance of the business**
  - 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**

$ million	Q1’22 USD	Q1’21 USD
Net Income (Reported)	**67.3**	**23.3**
Amortization of Legacy PPA of 2011 acquisition of Solutions, net (non-cash)	0.3	0.3
Syngenta Divestments & Transfers (D&T) amortization (non-cash)	5.6	7.8
Upgrade & Relocation-related costs	1.9	15.4
Incentive plans (non-cash)	(4.1)	4.1
Others	4	1.9
Total adjustments to net income	7.7	29.5
Net Income (Adjusted)	**75.0**	**52.8**

Note: “Others” include: amortization of acquisition-related PPA (non-cash) and other acquisition-related costs, transportation re-classification OCGS/OPEX impact and provisions in respect of prior years’ tax-related costs,. Please see appendix to Q1 2022 press release for more details