



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

<i>Adjusted¹</i>	Q3 2022 USD (m)	Q3 2021 USD (m)	Q3 2022 RMB (m)	Q3 2021 RMB (m)
Revenues	1,359	1,147	9,282	7,425
Cost of Sales	966	829	6,594	5,366
Other costs	21	5	143	32
Gross profit	373	313	2,545	2,027
<i>% of revenue</i>	<i>27.4%</i>	<i>27.3%</i>	<i>27.4%</i>	<i>27.3%</i>
Selling & Distribution expenses	199	181	1,361	1,174
General & Administrative expenses	52	54	356	352
Research & Development expenses	21	18	142	114
Other operating expenses	0	1	2	5
Total operating expenses	273	254	1,862	1,645
<i>% of revenue</i>	<i>20.1%</i>	<i>22.2%</i>	<i>20.1%</i>	<i>22.2%</i>
Operating income (EBIT)	100	59	683	382
<i>% of revenue</i>	<i>7.4%</i>	<i>5.1%</i>	<i>7.4%</i>	<i>5.1%</i>
Financial expenses and investment income	86	53	587	344
Income before taxes	14	6	96	38
Taxes on Income	6	36	38	233
Net Income	8	(30)	57	(195)
Attributable to:				
Non-controlling interest	0	-	0	0
Shareholders of the Company	8	(30)	57	(195)
<i>% of revenue</i>	<i>0.6%</i>	<i>(2.6%)</i>	<i>0.6%</i>	<i>(2.6%)</i>
Adjustments	3	27	21	175
Reported Net income attributable to the shareholders of the Company	5	(57)	36	(371)
<i>% of revenue</i>	<i>0.4%</i>	<i>(5.0%)</i>	<i>0.4%</i>	<i>(5.0%)</i>
Adjusted EBITDA	171	122	1,165	788
<i>% of revenue</i>	<i>12.5%</i>	<i>10.6%</i>	<i>12.5%</i>	<i>10.6%</i>
Adjusted EPS²				
– Basic	0.0036	(0.0130)	0.0245	(0.0839)
– Diluted	0.0036	(0.0130)	0.0245	(0.0839)
Reported EPS²				
– Basic	0.0023	(0.0246)	0.0155	(0.1592)
– Diluted	0.0023	(0.0246)	0.0155	(0.1592)

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 both Q3 and 9M 2021 and 2022 is 2,329.8 million shares.



Abridged Consolidated Income Statement for the First Nine Months

<i>Adjusted³</i>	9M 2022 USD (m)	9M 2021 USD (m)	9M 2022 RMB (m)	9M 2021 RMB (m)
Revenues	4,258	3,476	28,078	22,488
Cost of Sales	2,967	2,459	19,569	15,909
Other costs	67	17	442	110
Gross profit	1,224	1,000	8,067	6,469
<i>% of revenue</i>	<i>28.7%</i>	<i>28.8%</i>	<i>28.7%</i>	<i>28.8%</i>
Selling & Distribution expenses	607	545	4,007	3,528
General & Administrative expenses	146	125	962	811
Research & Development expenses	63	53	416	341
Other operating expenses	5	(6)	32	(37)
Total operating expenses	821	718	5,417	4,643
<i>% of revenue</i>	<i>19.3%</i>	<i>20.6%</i>	<i>19.3%</i>	<i>20.6%</i>
Operating income (EBIT)	403	282	2,650	1,827
<i>% of revenue</i>	<i>9.5%</i>	<i>8.1%</i>	<i>9.4%</i>	<i>8.1%</i>
Financial expenses and investment income	220	144	1,462	930
Income before taxes	182	139	1,188	897
Taxes on Income	23	52	153	338
Net Income	159	86	1,035	559
Attributable to:				
Non-controlling interest	0	1	0	7
Shareholders of the Company	159	85	1,035	552
<i>% of revenue</i>	<i>3.7%</i>	<i>2.5%</i>	<i>3.7%</i>	<i>2.5%</i>
Adjustments	41	86	267	555
Reported Net income attributable to the shareholders of the Company	119	(1)	768	(4)
<i>% of revenue</i>	<i>2.8%</i>	<i>0.0%</i>	<i>2.7%</i>	<i>0.0%</i>
Adjusted EBITDA	611	464	4,027	3,004
<i>% of revenue</i>	<i>14.4%</i>	<i>13.4%</i>	<i>14.3%</i>	<i>13.4%</i>
Adjusted EPS⁴				
– Basic	0.0684	0.0366	0.4442	0.2367
– Diluted	0.0684	0.0366	0.4442	0.2367
Reported EPS²				
– Basic	0.0510	(0.0003)	0.3297	(0.0017)
– Diluted	0.0510	(0.0003)	0.3297	(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 both Q3 and 9M 2021 and 2022 is 2,329.8 million shares.



Abridged Consolidated Balance Sheet

	September 30 2022 USD (m)	September 30 2021 USD (m)	September 30 2022 RMB (m)	September 30 2021 RMB (m)
Assets				
Current assets:				
Cash at bank and on hand	524	764	3,720	4,956
Bills and accounts receivable	1,547	1,553	10,985	10,071
Inventories	2,448	1,749	17,381	11,345
Other current assets, receivables and prepaid expenses	318	266	2,256	1,723
Total current assets	4,836	4,332	34,343	28,095
Non-current assets:				
Fixed assets, net	1,666	1,504	11,829	9,755
Rights of use assets	82	73	582	472
Intangible assets, net	1,462	1,498	10,393	9,713
Deferred tax assets	185	129	1,314	839
Other non-current assets	105	99	746	640
Total non-current assets	3,501	3,303	24,864	21,419
Total assets	8,337	7,635	59,206	49,514
Liabilities				
Current liabilities:				
Loans and credit from banks and other lenders	704	446	4,997	2,893
Bills and accounts payable	1,172	822	8,322	5,331
Other current liabilities	892	809	6,330	5,247
Total current liabilities	2,768	2,077	19,650	13,471
Long-term liabilities:				
Loans and credit from banks and other lenders	591	556	4,193	3,609
Debentures	1,120	1,259	7,952	8,167
Deferred tax liabilities	53	52	379	335
Employee benefits	117	116	827	751
Other long-term liabilities	371	312	2,636	2,026
Total long-term liabilities	2,252	2,296	15,986	14,889
Total liabilities	5,019	4,373	35,636	28,359
Equity				
Total equity	3,318	3,262	23,570	21,154
Total liabilities and equity	8,337	7,635	59,206	49,514



Abridged Consolidated Cash Flow Statement for the Third Quarter

	Q3 2022 USD (m)	Q3 2021 USD (m)	Q3 2022 RMB (m)	Q3 2021 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	(31)	107	(213)	691
Cash flow from operating activities	(31)	107	(213)	691
Investing activities:				
Acquisitions of fixed and intangible assets	(99)	(96)	(677)	(624)
Proceeds from disposal of fixed and intangible assets	0	0	2	0
Acquisition of subsidiaries	0	0	-	-
Other investing activities	(3)	1	(22)	5
Cash flow used for investing activities	(102)	(96)	(697)	(619)
Financing activities:				
Receipt of loans from banks and other lenders	216	92	1,474	593
Repayment of loans from banks and other lenders	(24)	(50)	(161)	(326)
Interest payment and other	(20)	(10)	(140)	(65)
Dividends to shareholders	-	(6)	-	(37)
Other financing activities	4	11	28	73
Cash flow from (used for) financing activities	176	37	1,201	237
Effects of exchange rate movement on cash and cash equivalents	(5)	0	161	17
Net change in cash and cash equivalents	38	47	452	325
Cash and cash equivalents at the beginning of the period	475	714	3,191	4,615
Cash and cash equivalents at the end of the period	513	762	3,643	4,940
Free Cash Flow	(154)	1	(1,050)	6



Abridged Consolidated Cash Flow Statement for the First Nine Months

	9M 2022 USD (m)	9M 2021 USD (m)	9M 2022 RMB (m)	9M 2021 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	(246)	338	(1,559)	2,182
Cash flow from operating activities	(246)	338	(1,559)	2,182
Investing activities:				
Acquisitions of fixed and intangible assets	(298)	(279)	(1,969)	(1,803)
Proceeds from disposal of fixed and intangible assets	11	3	72	20
Acquisition of subsidiaries	0	(101)	-	(655)
Other investing activities	(12)	(11)	(80)	(73)
Cash flow used for investing activities	(299)	(388)	(1,976)	(2,511)
Financing activities:				
Receipt of loans from banks and other lenders	590	675	3,909	4,370
Repayment of loans from banks and other lenders	(201)	(411)	(1,324)	(2,655)
Interest payment and other	(83)	(70)	(553)	(453)
Dividends to shareholders	(3)	(6)	(19)	(37)
Other financing activities	(140)	35	(906)	222
Cash flow from (used for) financing activities	164	223	1,107	1,446
Effects of exchange rate movement on cash and cash equivalents	(9)	1	311	(11)
Net change in cash and cash equivalents	(390)	174	(2,117)	1,105
Cash and cash equivalents at the beginning of the period	903	588	5,759	3,835
Cash and cash equivalents at the end of the period	513	762	3,643	4,940
Free Cash Flow	(623)	(115)	(4,049)	(745)



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, 2022 and 2021 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”). Note that in the reported financial statements, as a result of recent changes in the ASBE guidelines (IAS 37), certain items as of Q4 2021 (specifically certain transportation costs and certain idleness charges) have been reclassified from Operating Expenses to COGS. See the notes to the financial statements for more details in this regard.

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 the reported financial statements, as a result of recent changes in the ASBE guidelines (IAS 37), certain items as of Q4 2021 (specifically certain transportation costs and certain idleness charges) have been reclassified from Operating Expenses to COGS.
- “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 2022 USD (m)	Q3 2021 USD (m)	Q3 2022 RMB (m)	Q3 2021 RMB (m)
Net Income (Reported)	5.3	(57.3)	36.0	(371.0)
Adjustments to COGS & Operating Expenses:				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	0.3	0.3	1.7	1.6
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	5.8	4.3	39.5	27.8
3. Upgrade & Relocation related costs	1.6	26.7	10.7	172.5
4. Incentive plans	(8.4)	(2.0)	(57.7)	(13.1)
5. Amortization of acquisition-related PPA (non-cash), other acquisition-related costs	4.9	3.8	33.6	24.6
6. Transportation classification COGS impact	(49.2)	-	(335.9)	-
7. Transportation classification OPEX impact	49.2	-	335.9	-
Total Adjustments to Operating Income (EBIT)	4.1	33.0	27.8	213.3
Total Adjustments to EBITDA	(6.8)	18.7	(46.6)	120.8
Adjustments to Financing Expenses				
Revaluation of non-cash adjustment related to non-controlling interest	-	-	-	-
Adjustments to Taxes				
1. Tax shield on Legacy PPA of 2011 acquisition of Solutions	0.0	0.0	0.3	0.3
3. Taxes related to Upgrade & Relocation related costs	0.1	5.2	0.5	33.7
5. Deferred tax on amortization of acquisition-related PPA, other acquisition-related costs	0.9	0.6	6.0	3.9
Total adjustments to Net Income	3.1	27.1	21.1	175.5
Net Income (Adjusted)	8.4	(30.2)	57.1	(195.5)
Total adjustments to Net Income attributable to the shareholders of the Company	3.1	27.1	21.1	175.5

	9M 2022 USD (m)	9M 2021 USD (m)	9M 2022 RMB (m)	9M 2021 RMB (m)
Net Income (Reported)	118.7	(0.3)	768.1	-1.7
Adjustments to COGS & Operating Expenses:				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	0.8	0.8	4.9	4.9
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	17.1	18.8	112.6	121.7
3. Upgrade & Relocation related costs	5.5	66.9	35.9	432.5
4. Incentive plans	1.7	1.5	10.4	9.8
5. Amortization of acquisition-related PPA (non-cash), other acquisition-related costs	15.0	11.3	99.2	73.3
6. Transportation classification COGS impact	(146.7)	-	967.3	-
7. Transportation classification OPEX impact	146.7	-	(967.3)	-
8. Provisions in respect of prior years' legal- and tax-related costs	-	1.6	-	10.3
Total Adjustments to Operating Income (EBIT)	40.0	100.8	263.1	652.5
Total Adjustments to EBITDA	6.7	59.4	43.4	384.7
Adjustments to Financing Expenses				
Revaluation of non-cash adjustment related to non-controlling interest	3.6	-	23.8	-
Adjustments to Taxes				
1. Tax shield on Legacy PPA of 2011 acquisition of Solutions	0.1	0.1	0.8	0.8
3. Taxes related to Upgrade & Relocation related costs	0.2	11.9	1.3	77.0
5. Deferred tax on amortization of acquisition-related PPA, other acquisition-related costs	2.7	1.8	17.9	11.6
8. Provisions in tax expenses in respect of prior years' legal- and tax-related costs	-	0.4	-	2.5
Total adjustments to Net Income	40.6	86.6	266.8	560.6
Net Income (Adjusted)	159.3	86.4	1,034.9	558.9
Total adjustments to Net Income attributable to the shareholders of the Company	40.6	85.9	266.8	555.5



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 & manufacturing facilities 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 were relocated to new sites in 2020, 2021 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. These charges have significantly declined since the first quarter of 2022, as the relocation and upgrade of the manufacturing Jingzhou site in China has been completed and is now at a high level of operation.
4. **Incentive plans:** ADAMA granted certain of its employees, a long-term incentive (LTI) in the form of ‘phantom’ awards linked to the Company’s share price. As such, the Company records an expense, or recognizes income, depending on the fluctuation in the Company’s share price, regardless of award exercises. 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 awards, 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. **Transportation classification COGS impact –** as a result of recent changes in the ASBE guidelines [IAS 37], certain items as of Q4 2021 (specifically certain transportation costs and certain idleness charges) have been reclassified from Operating Expenses to COGS.
7. **Transportation classification OPEX impact –** as a result of recent changes in the ASBE guidelines [IAS 37], certain items as of Q4 2021 (specifically certain transportation costs and certain idleness charges) have been reclassified from Operating Expenses to COGS.
8. **Provisions in tax expenses related to prior years’ activities:** Provisions in respect of tax expenses related to activities of prior years.



Exchange Rate Data for the Company's Principal Functional Currencies

	September 30			Q3 Average			9M Average		
	2022	2021	Change	2022	2021	Change	2022	2021	Change
EUR/USD	0.984	1.157	(14.97%)	1.008	1.179	(14.50%)	1.064	1.198	(11.24%)
USD/BRL	5.407	5.439	0.60%	5.249	5.229	(0.38%)	5.134	5.323	3.54%
USD/PLN	4.953	3.993	(24.07%)	4.706	3.873	(21.53%)	4.395	3.793	(15.89%)
USD/ZAR	17.953	15.060	(19.21%)	17.030	14.63	(16.42%)	15.950	14.460	(10.30%)
USD/AUD	0.652	0.719	(9.39%)	0.684	0.735	(6.93%)	0.707	0.761	(7.09%)
GBP/USD	1.118	1.344	(16.79%)	1.179	1.379	(14.50%)	1.256	1.388	(9.51%)
USD/RMB	7.100	6.485	9.47%	6.830	6.470	5.55%	6.597	6.470	1.97%
USD/ILS	3.543	3.229	(9.72%)	3.400	3.234	(5.13%)	3.313	3.259	(1.67%)
USD LIBOR 3M	3.75%	0.13%	362 bp	2.99%	0.13%	287 bp	1.69%	0.16%	153 bp

	September 30			Q3 Average			9M Average		
	2022	2021	Change	2022	2021	Change	2022	2021	Change
USD/RMB	7.100	6.485	9.47%	6.830	6.470	5.55%	6.597	6.470	1.97%
EUR/RMB	6.985	7.504	(6.91%)	6.886	7.630	(9.75%)	7.017	7.740	(9.35%)
RMB/BRL	0.762	0.839	9.20%	0.769	0.808	4.90%	0.778	0.824	5.57%
RMB/PLN	0.658	0.616	(6.96%)	0.649	0.599	(8.39%)	0.649	0.588	(10.39%)
RMB/ZAR	2.529	2.322	(8.89%)	2.494	2.261	(10.30%)	2.418	2.252	(7.34%)
AUD/RMB	4.627	4.664	(0.81%)	4.671	4.755	(1.76%)	4.666	4.909	(4.95%)
GBP/RMB	7.939	8.716	(8.91%)	8.051	8.921	(9.75%)	8.286	8.961	(7.53%)
RMB/ILS	0.499	0.498	(0.23%)	0.498	0.500	0.40%	0.502	0.503	0.22%
RMB LIBOR 3M	1.67%	2.43%	(76) bp	1.73%	2.39%	(65) bp	2.09%	2.54%	(45) bp