

Q2 & H1 2022 Review

August 2022

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General Performance Overview

Q2 & H1 Market Environment

- **Crop Prices** remained high, despite slight decrease towards the end of the second quarter of 2022
- **Crop Protection Demand & Prices** – Positive farmer fundamentals support strong demand for crop protection and elevated price levels despite increased farmer production costs, mainly from fertilizers
- **Crop Protection Supply & Costs** – Tight supply of crop protection (including AIs, raw materials and intermediates); Logistic limitations have somewhat improved but meeting the high demand in the market remains a challenge
  - COVID-19 in China – limitations have improved with production back online, and an improvement in import/export (Shanghai port gradually recovering) and sales
  - Global supply chain challenges have improved with logistic prices softening somewhat and remaining at a stable but elevated level but limited availability of shipping resources and pressure on ports continue
  - Prices of certain AI's have begun to soften as China production regains stability, while intermediates prices have significantly increased with uncertain availability
  - Ukraine-Russia conflict continues to push energy prices up

Sources:
- Agbio Investor
- Rabobank ACMR monthly June 2022
- Morgan Stanley, Freight Transportation, June 2022
- JP Morgan Agricultural Markets Weekly, June 2022

Q2: Record, Price-Driven Sales Growth Driving Increase in Profits

Adjusted $ million	Q2 2022	Q2 2021	%▲
Sales	1,479	1,220	**+21%**
Gross Profit	437	365	**+20%**
% of Sales	*29.6%*	*29.9%*	
EBITDA	240	186	**+29%**
% of Sales	*16.2%*	*15.2%*	
Net Income	76	63	**+20%**
% of Sales	*5.1%*	*5.2%*	
Reported Net Income	46	34	**+36%**
% of Sales	*3.1%*	*2.8%*	

Note – Denotes adjusted figures unless otherwise noted.

Q2 Highlights

- **Sales**
  - Sales up 21% to all-time quarterly record-high $1.48 bn, 22% higher prices, 3% volume growth
- **Gross Profit**
  - Up 20% above Q2 2021, mainly driven by higher prices and continued volume growth
  - More than offsetting higher logistics, procurement and production costs, as well as negative FX impact
  - Despite not adjusting in Q2 2022 for manufacturing idleness and excess procurement
- **EBITDA**
  - 29% above Q2 2021, (margin of 16.2% vs LY 15.2%)
  - Improvement of opex/sales ratio (18.1% vs LY 19.7%) despite higher transportation and logistics costs, the inclusion of a recent acquisition
- **Net income**
  - 20% above Q2 2021
  - Increase of financial expenses due to higher CPI and higher hedging costs on exchange rates

H1: Record, Price-Driven Sales Growth Driving Increase in Profits

Adjusted $ million	H1 2022	H1 2021	%▲
Sales	2,899	2,329	**+24%**
Gross Profit	852	687	**+24%**
% of Sales	*29.4%*	*29.5%*	
EBITDA	441	343	**+29%**
% of Sales	*15.2%*	*14.7%*	
Net Income	151	115	**+31%**
% of Sales	*5.2%*	*5.0%*	
Reported Net Income	113	57	**+100%**
% of Sales	*3.9%*	*2.4%*	

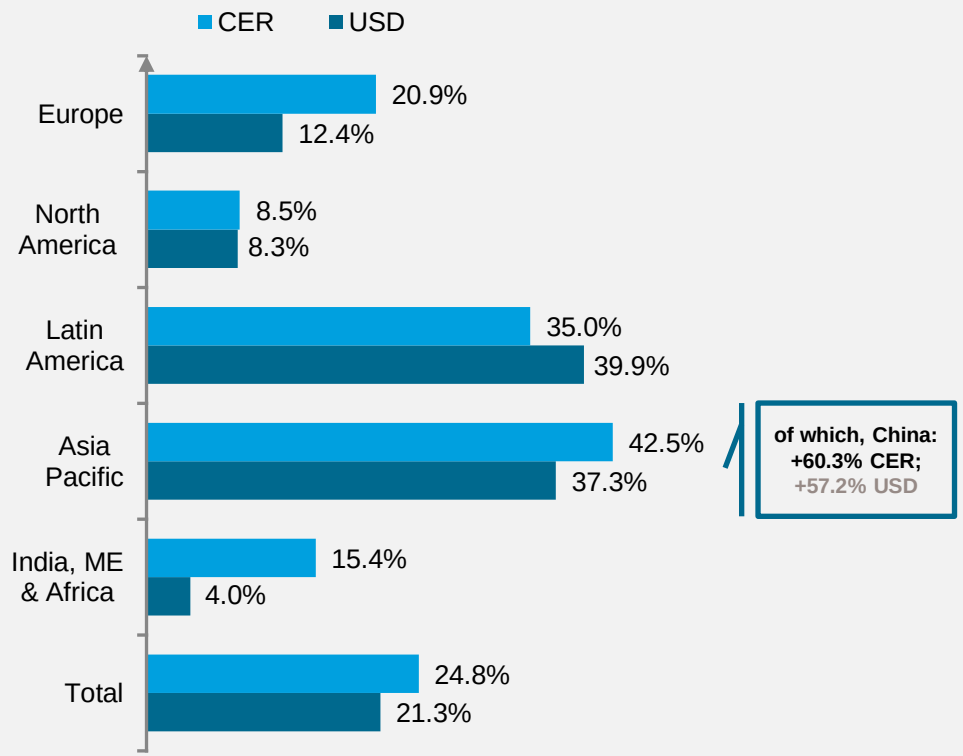
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H1 Highlights

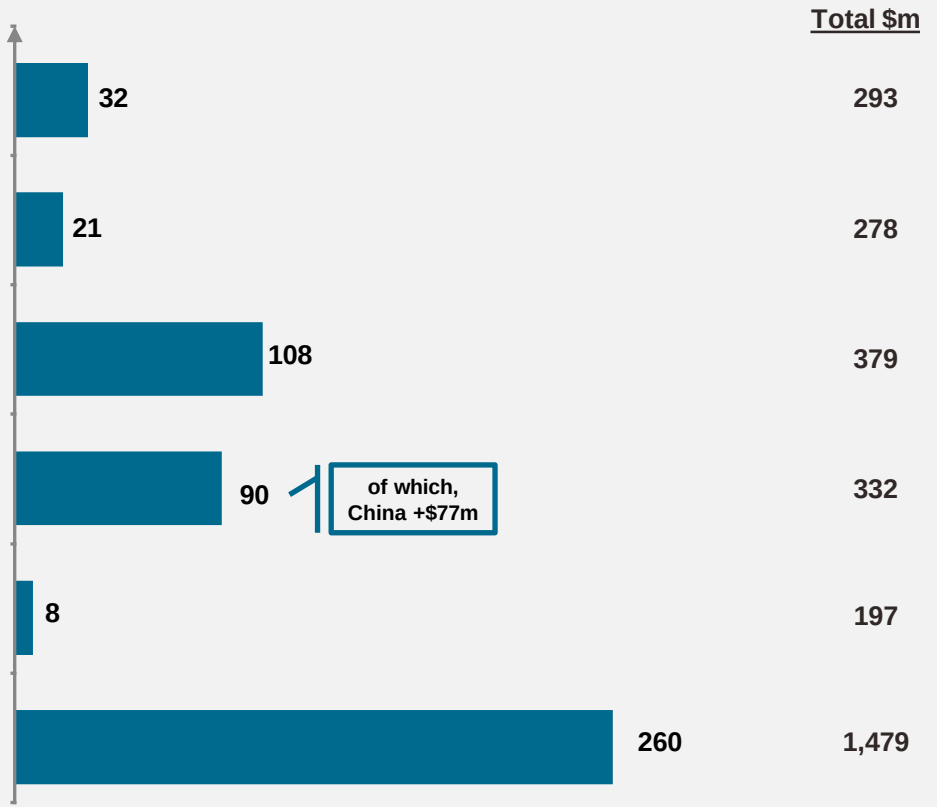
- **Sales**
  - Sales up 24% to a record-high $2.9 bn, 20% higher prices, 8% volume growth
- **Gross Profit**
  - Up 24% above H1 2021, driven by higher prices and continued volume growth
  - More than offsetting higher logistics, procurement and production costs, as well as negative FX impact
  - Despite not adjusting in H1 2022 for manufacturing idleness and excess procurement
- **EBITDA**
  - 29% above H1 2021, (margin of 15.2% vs LY 14.7%)
  - Improvement of opex/sales ratio (18.9% vs LY 19.9%) despite a doubtful debt provision for collection in Ukraine, higher transportation and logistics costs, the inclusion of a recent acquisition
- **Net income**
  - 31% above H1 2021
  - Increase of financial expenses due to higher CPI and higher hedging costs on exchange rates

Regional Sales Performance
Q2 2022 vs. Q2 2021

% Sales growth by region



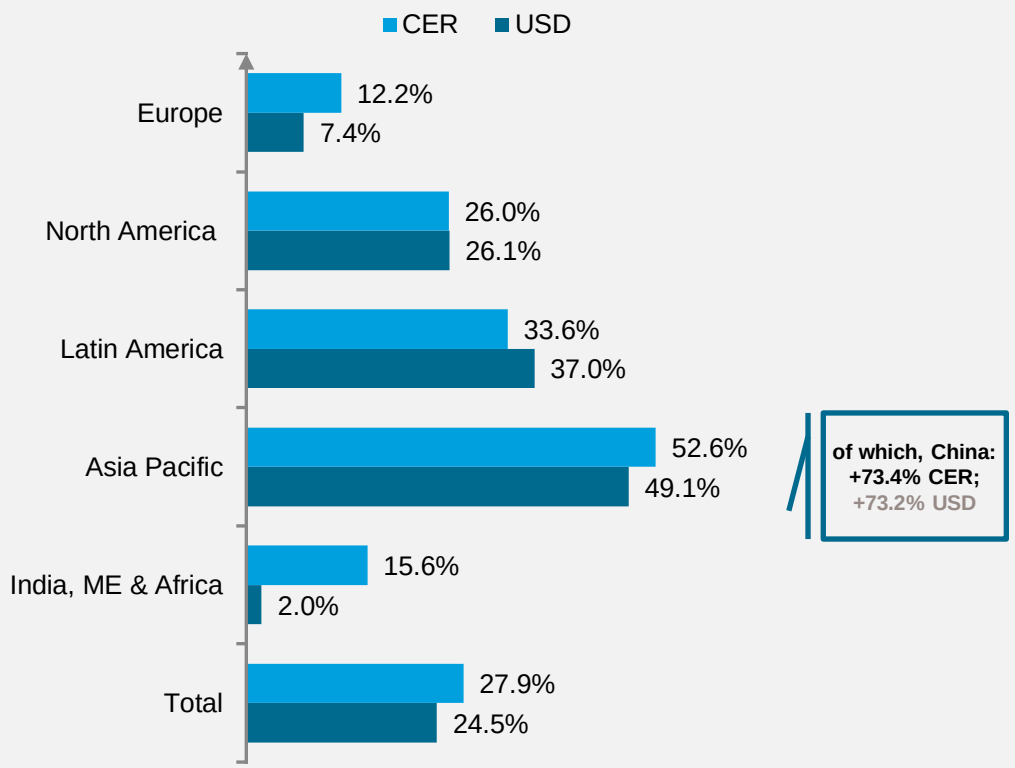
Absolute Sales change (USD $m)



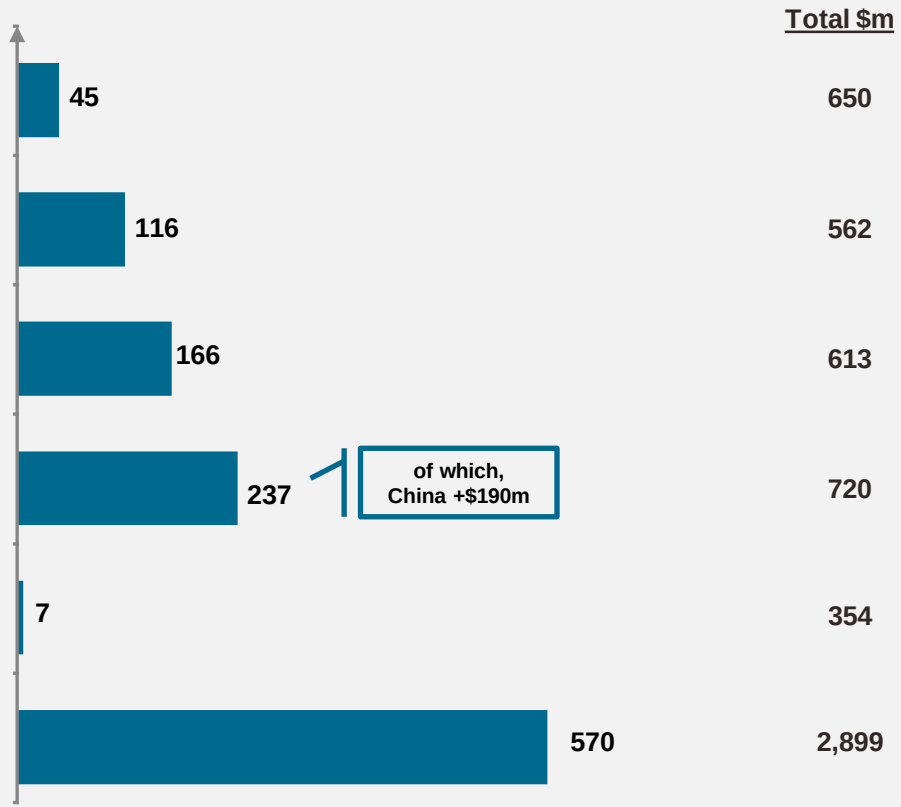
*CER - Constant Exchange Rates

Regional Sales Performance
H1 2022 vs. H1 2021

% Sales growth by region



Absolute Sales change (USD $m)



*CER - Constant Exchange Rates

Q2 & H1 2022 Regional Highlights (USD)

North America

+8% Q2 | +26% H1

- **Consumer & Professional** business – commercial business coming back to full strength after COVID shutdowns and very successful new launch of Suprado, the first Novaluron product registered on turf.
- Very strong CP sales in **Canada** due to seizing market opportunity to supply increased demand for cereal herbicides.
- In the **US Ag** market, sales increased despite drought conditions across western Texas and California that impacted demand.

Europe

+12% Q2 | +7% H1

- The Company continued to gain market share in key countries France and Italy, presenting strong sales across most countries in the region and particularly in France Germany, Hungary as well as in Scandinavian, BENELUX, Baltic and Balkan countries.
- Growth was achieved despite the negative impact of exchange rates, loss of sales due to the Ukraine-Russia conflict and some supply challenges.

China

+57% Q2 | +73% H1

- Exceptionally strong sales of **raw material, intermediates and fine chemicals**, driven both by volumes and prices, in light of the strong global demand for crop protection and achieved despite logistic challenges related to COVID.
- Sales of ADAMA's **branded portfolio** grew significantly as the Company gains market share, despite the negative impact of some seasonal conditions and the strong competition in the market.

Latin America

+40% Q2 | +37% H1

- **Brazil:** Significant growth in sales as ADAMA continues to reinforce its position in the Brazilian market.
- The Company's innovative herbicides Araddo®, Cheval® and Arremate® and fungicides Armero™ and Across® continued to be well received in the market.
- **Other LatAm:** Higher sales were also achieved in other LATAM countries, particularly in key countries Colombia, Argentina and Mexico, despite some supply challenges.

IMA

+4% Q2 | +2% H1

- The growth in sales was mainly led by Turkey and Israel following favorable weather conditions and was negatively impacted by the depreciation of the Turkish Lira and by a decline in sales in India.

APAC (ex. China)

+12% Q2 | +21% H1

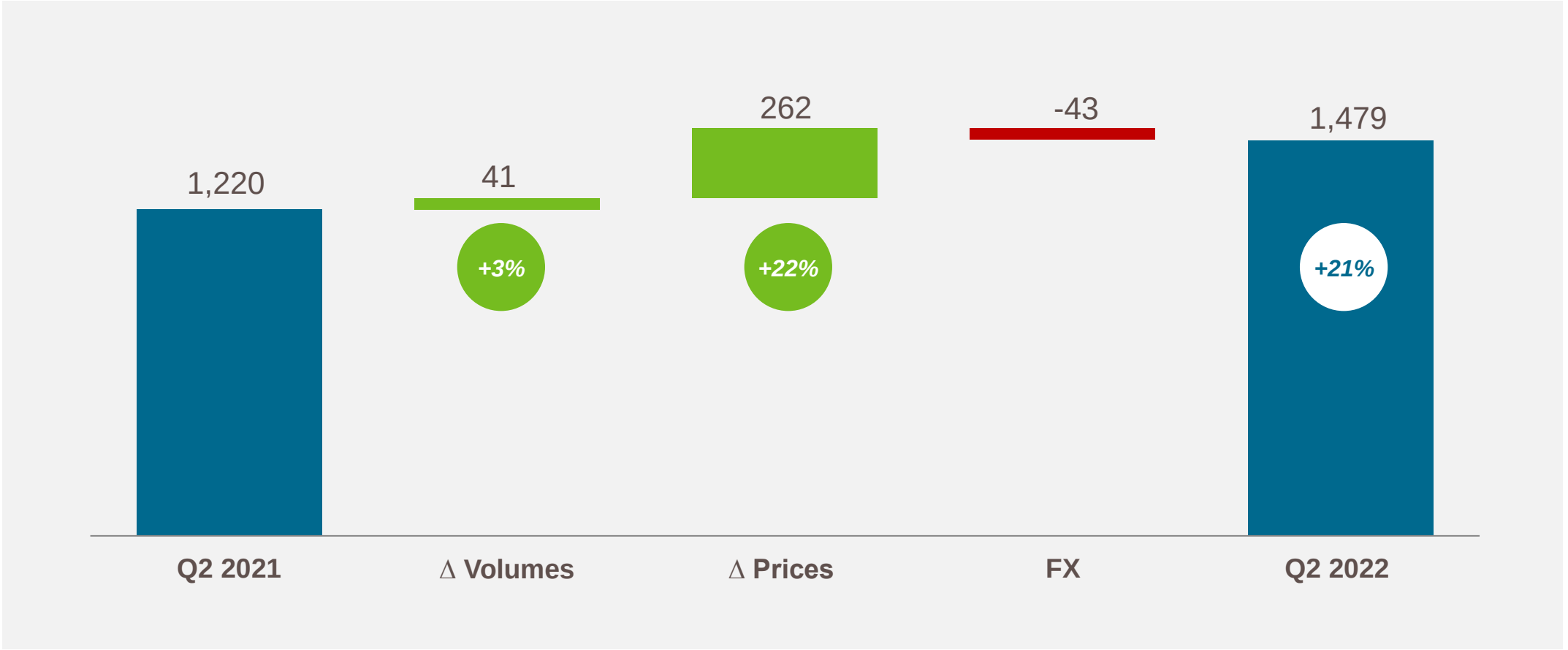
- In the wider APAC region, strong sales were delivered in the **Pacific** region, which continued to benefit from the favorable La Niña season, that has now potentially ended after an extended two-year season.

ADAMA

Detailed Financial Review

Q2 Sales +21%, driven by markedly higher prices and continued volume growth

Sales bridge analysis

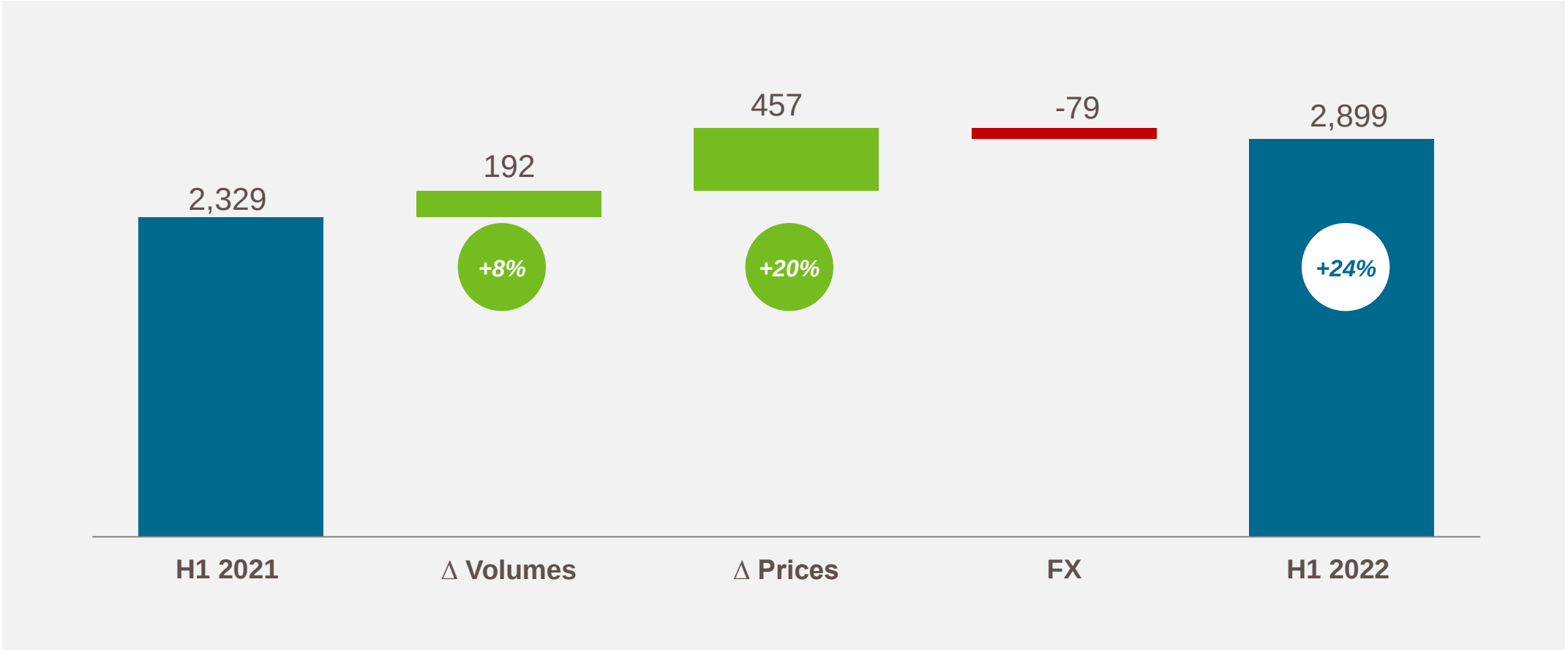


Notes –

- Numbers in million $;
- Denotes adjusted figures unless otherwise noted;
- Parts may not sum due to rounding;
- FX includes currency effect on sales, net of hedging.

H1 Sales +24%, driven by markedly higher prices and continued volume growth

Sales bridge analysis

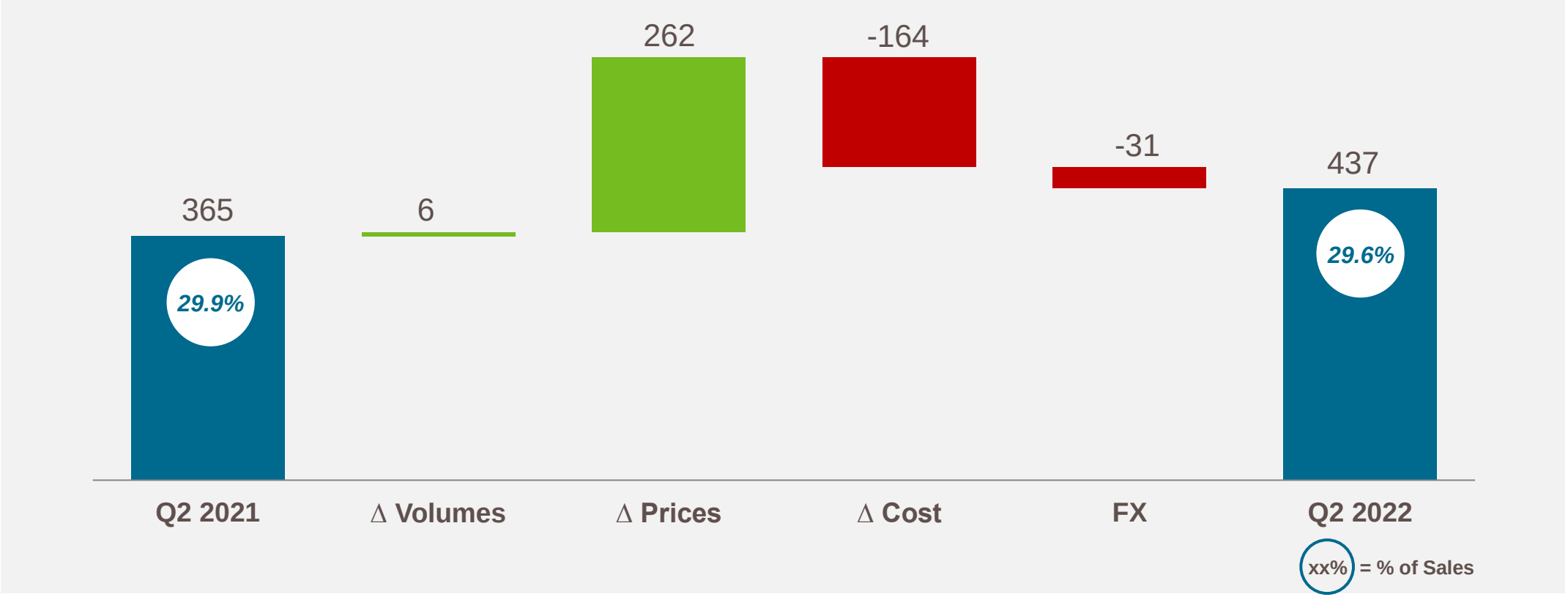


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Q2 Gross Profit +20%: higher prices more than offset cost pressures and negative FX

GP bridge analysis

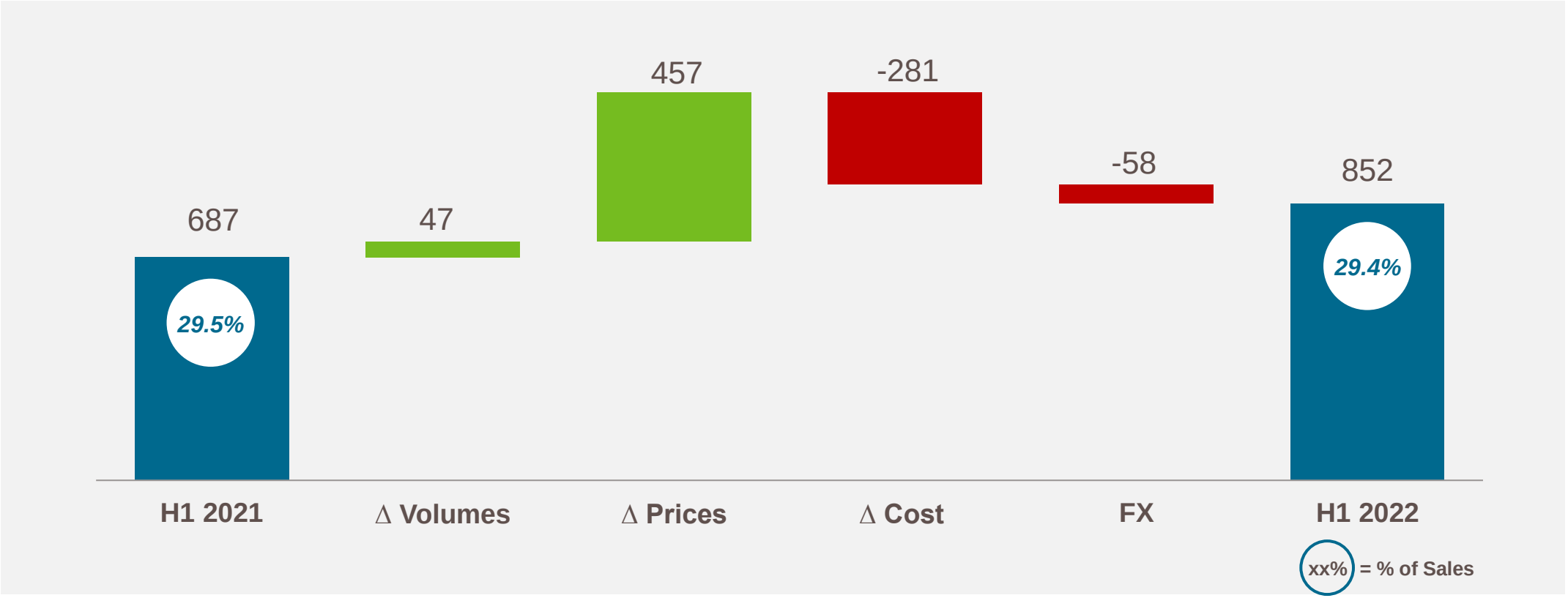


Notes –

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H1 Gross Profit +24%: higher prices and volume growth more than offset cost pressures and negative FX

GP bridge analysis

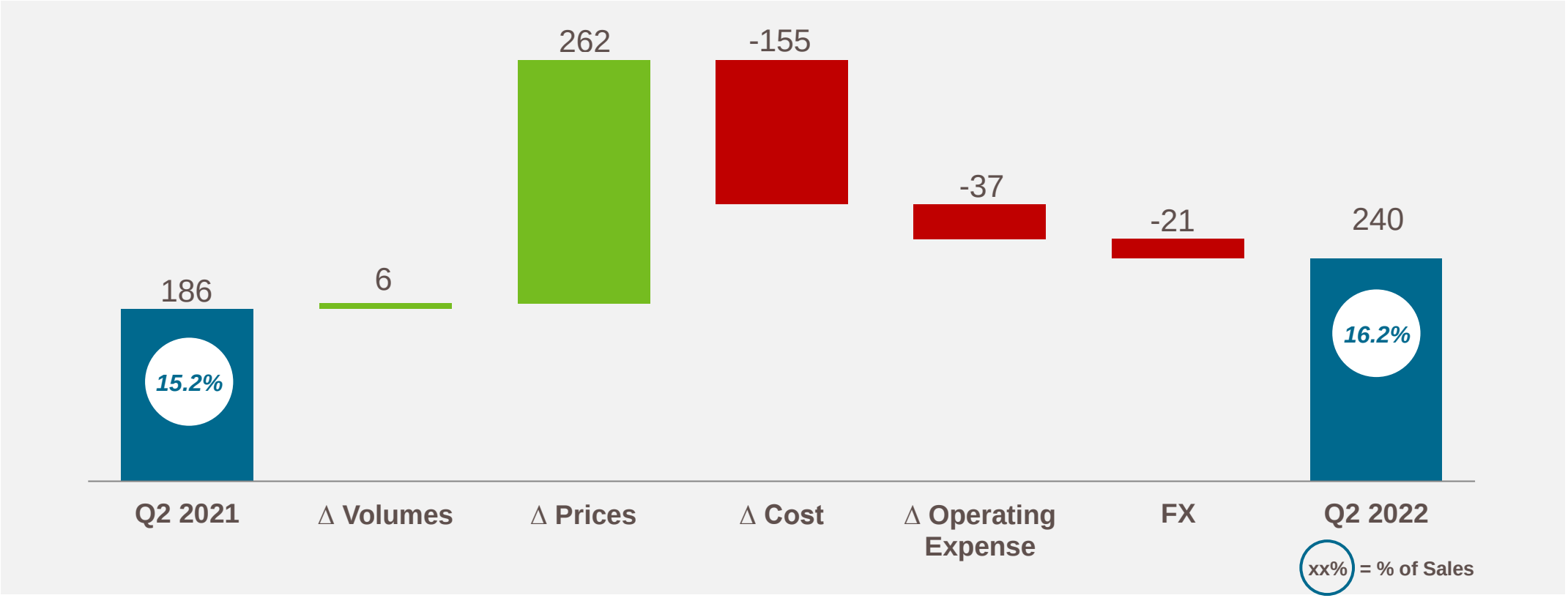


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Q2 EBITDA +29%: margin improvement - higher pricing more than offset cost pressures and negative FX

EBITDA Bridge analysis

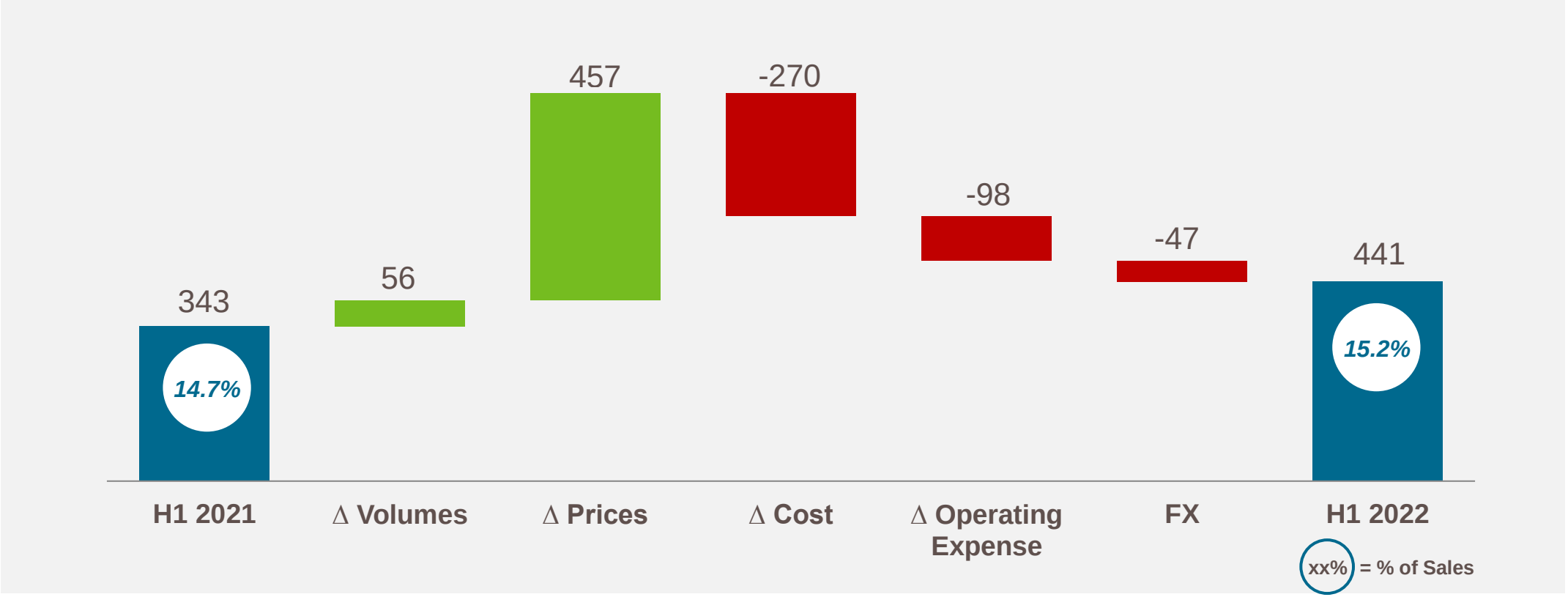


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H1 EBITDA +29%: margin improvement - higher pricing more than offset cost pressures and negative FX

EBITDA Bridge analysis



Notes –

- Numbers in million $;
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- Volumes include mix effect; FX includes currency effect on sales, costs and opex, net of hedging

Supporting Future Growth in light of Uncertain Supply Conditions

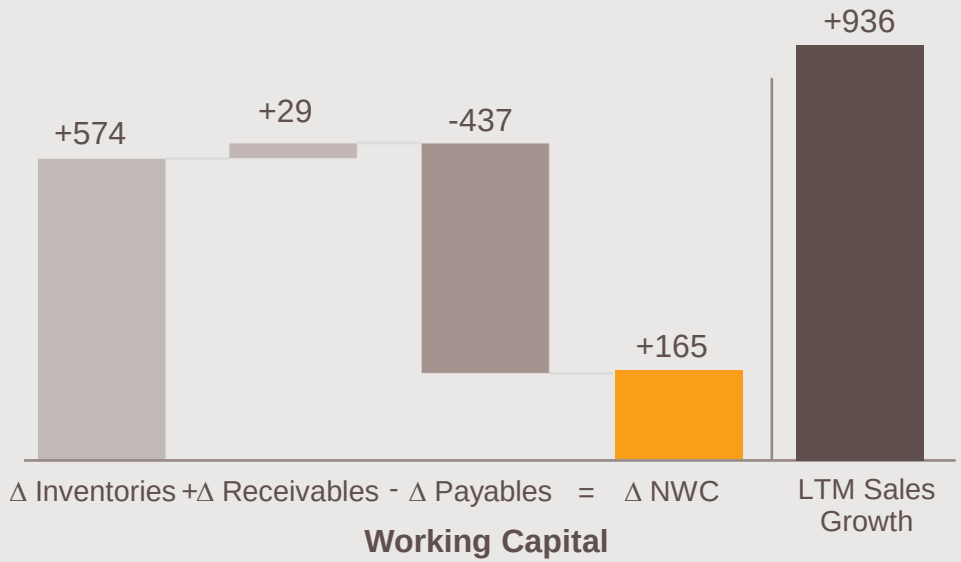
Increase in working capital levels supporting strong sales growth

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

Slightly higher receivables reflecting good collections

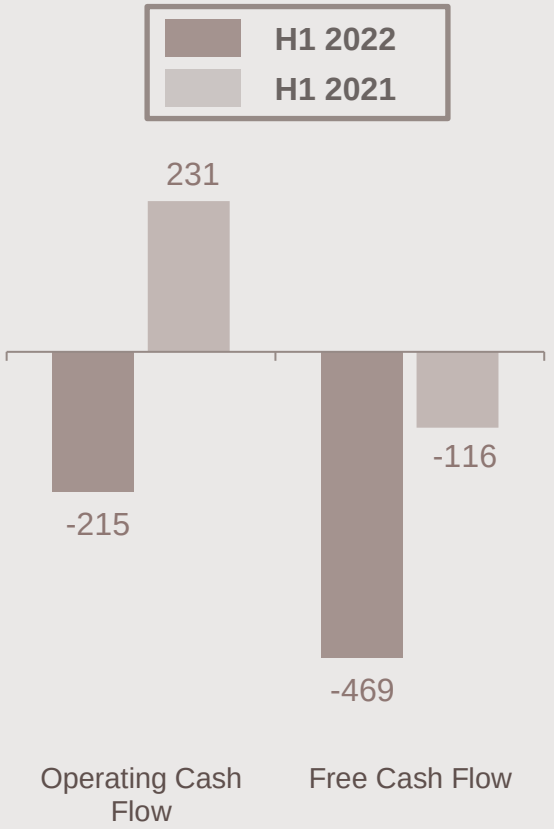
Higher payables due to advancement of purchases in light of uncertain supply conditions

Working capital/LTM Sales ratio of 49% vs. 56% LY



Working Capital

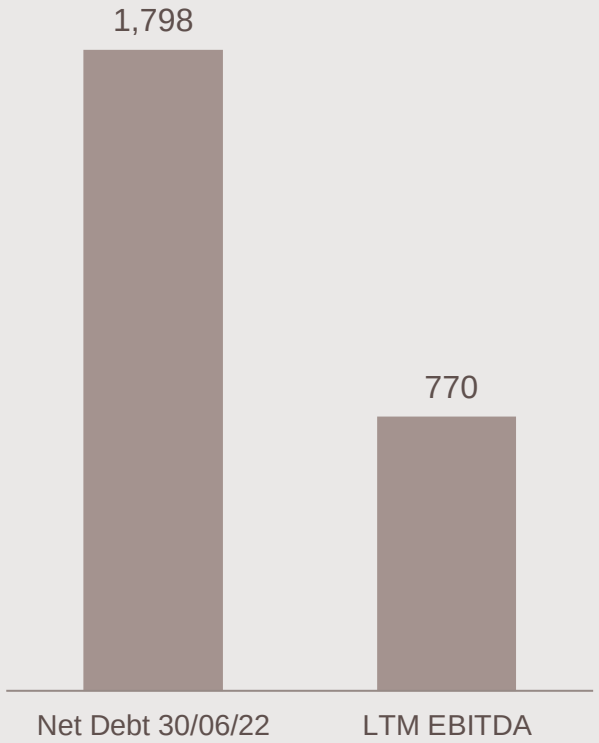
Cash Flow



Cash Flow
($mm)

Strong Balance Sheet

Net debt / EBITDA ratio of 2.3x



Balance Sheet Net Debt
($mm and Net Debt / EBITDA)

Notes –
- Numbers in million $;
- Operating Cash Flow excluding cash interest paid.

Appendix

Adjusted vs. Reported P&L

$ million	Q2 2022 Adjusted	Q2 2021 Adjusted	%▲	Q2 2022 Reported	Q2 2021 Reported	%▲	H1 2022 Adjusted	H1 2021 Adjusted	%▲	H1 2022 Reported	H1 2021 Reported	%▲
Sales	**1,479**	**1,220**	**+21%**	**1,479**	**1,220**	**+21%**	**2,899**	**2,329**	**+24%**	**2,899**	**2,329**	**+24%**
Gross Profit	437	365	+20%	386	340	+13%	852	687	+24%	746	645	+16%
% of Sales	*29.6%*	*29.9%*		*26.1%*	*27.9%*		*29.4%*	*29.5%*		*25.7%*	*27.7%*	
EBITDA	**240**	**186**	**+29%**	**224**	**164**	**+36%**	**441**	**343**	**+29%**	**427**	**302**	**+42%**
% of Sales	*16.2%*	*15.2%*		*15.1%*	*13.5%*		*15.2%*	*14.7%*		*14.7%*	*13.0%*	
Net Income	**76**	**63**	**+20%**	**46**	**34**	**+36%**	**151**	**115**	**+31%**	**113**	**57**	**+100%**
% of Sales	*5.1%*	*5.2%*		*3.1%*	*2.8%*		*5.2%*	*5.0%*		*3.9%*	*2.4%*	

**In the Q2/H1 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 Q2/H1 2021, but rather in the operating expenses. In Q2/H1 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

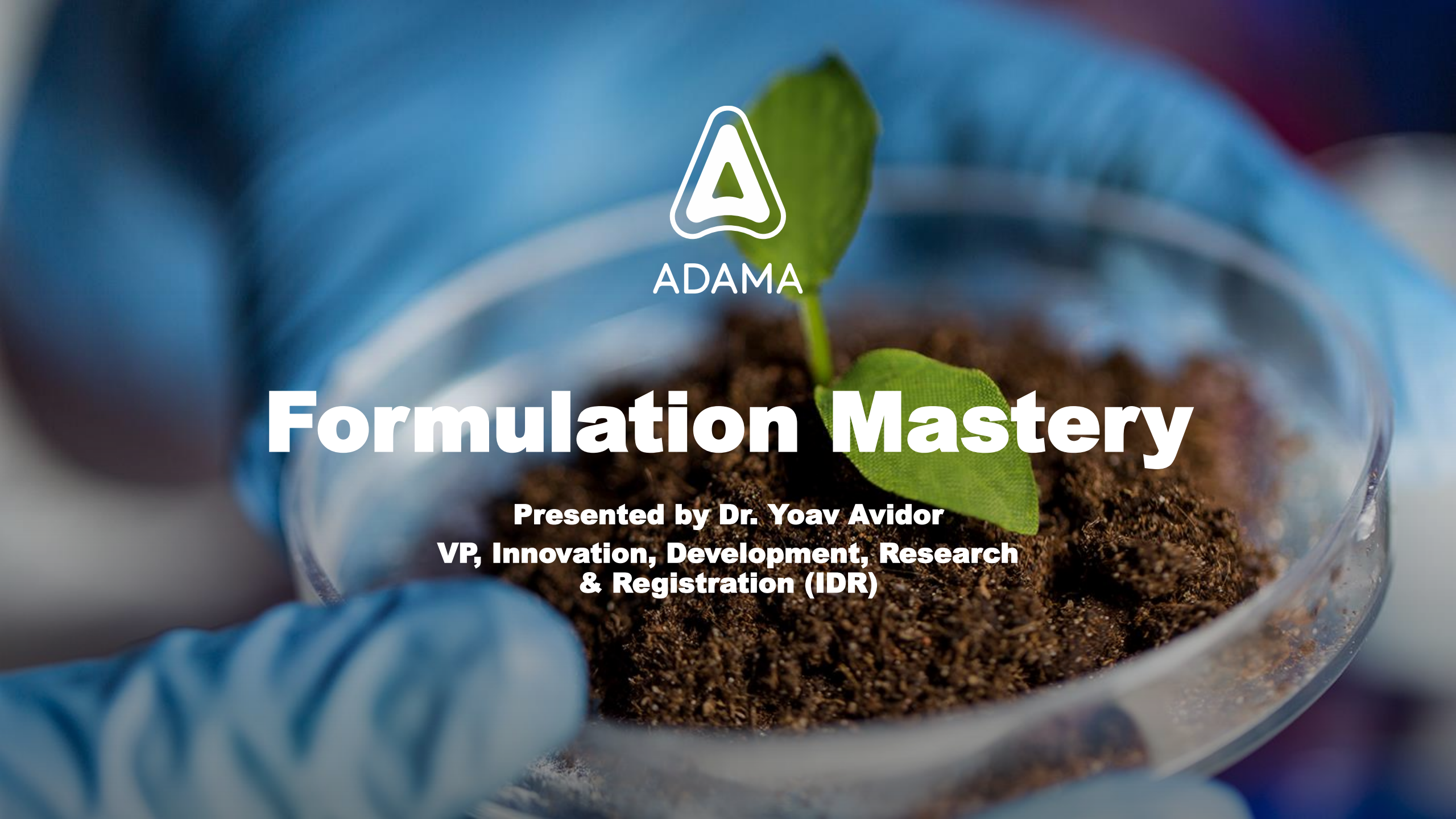
The financial results in this presentation are presented on an “Adjusted” basis, and differ to some extent from the “Reported” financials contained in the formal financial statements of the Company.

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	Q2’22 USD	Q2’21 USD	H1’22 USD	H1’21 USD
Net Income (Reported)	**46.1**	**33.8**	**113.5**	**56.7**
Syngenta Divestments & Transfers (D&T) amortization (non-cash)	5.7	6.7	11.3	14.5
Amortization of acquisition related PPA (non-cash) & other acquisition-related costs	5.0	3.8	10.1	7.5
Upgrade & Relocation-related costs	2.0	24.8	3.9	40.2
Incentive plans	14.3	(0.6)	10.1	3.5
Others	2.8	(5.0)	2.1	(7.0)
Total adjustments to net income	29.8	29.7	37.5	58.7
Net Income (Adjusted)	**75.9**	**63.5**	**150.9**	**115.5**

Note: “Others” include: amortization of legacy PPA of 2011 acquisition of Solutions (non-cash), transportation re-classification OCGS/OPEX impact, revaluation of non-cash adjustment related to non-controlling interest and provisions in respect of prior years’ tax-related costs,. Please see appendix to Q2/H1 2022 press release for more details. Net Income in 2021 refers to net income attributed to Shareholders of the Company



Formulation Mastery

Presented by Dr. Yoav Avidor
VP, Innovation, Development, Research & Registration (IDR)

ADAMA

Why is ADAMA, as an off-patent AI company investing in formulations?

Our Industry is Changing…



Regulatory and consumer pressure



Climate Change and Sustainability



Fewer new active ingredients coming from Discovery



Resistance

The Fate of the Active Ingredient is Governed by the Formulation



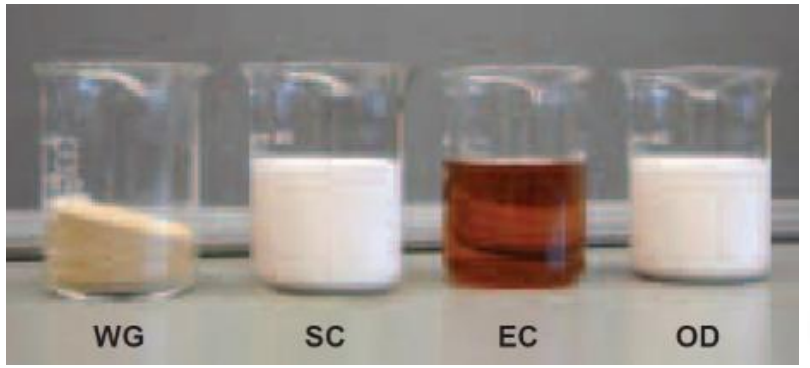
Synthesis → Formulation → Packaging



Raw Materials



Technical Material
Active Ingredient (AI)



Formulated Product

Liquid suspensions & emulsions - SC, EC, EW, CS, OD
Solid forms - WDG, SG
Formulating mixtures of multiple active ingredients

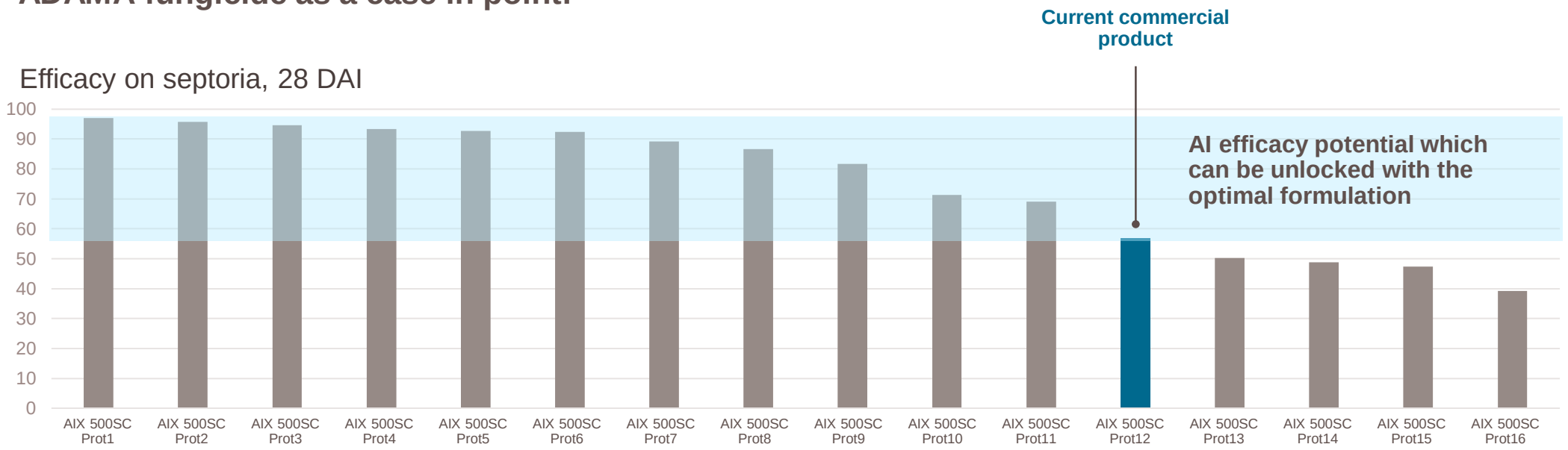


Packaged Product

Optimal Formulation Can Unlock an AI's Efficacy Potential

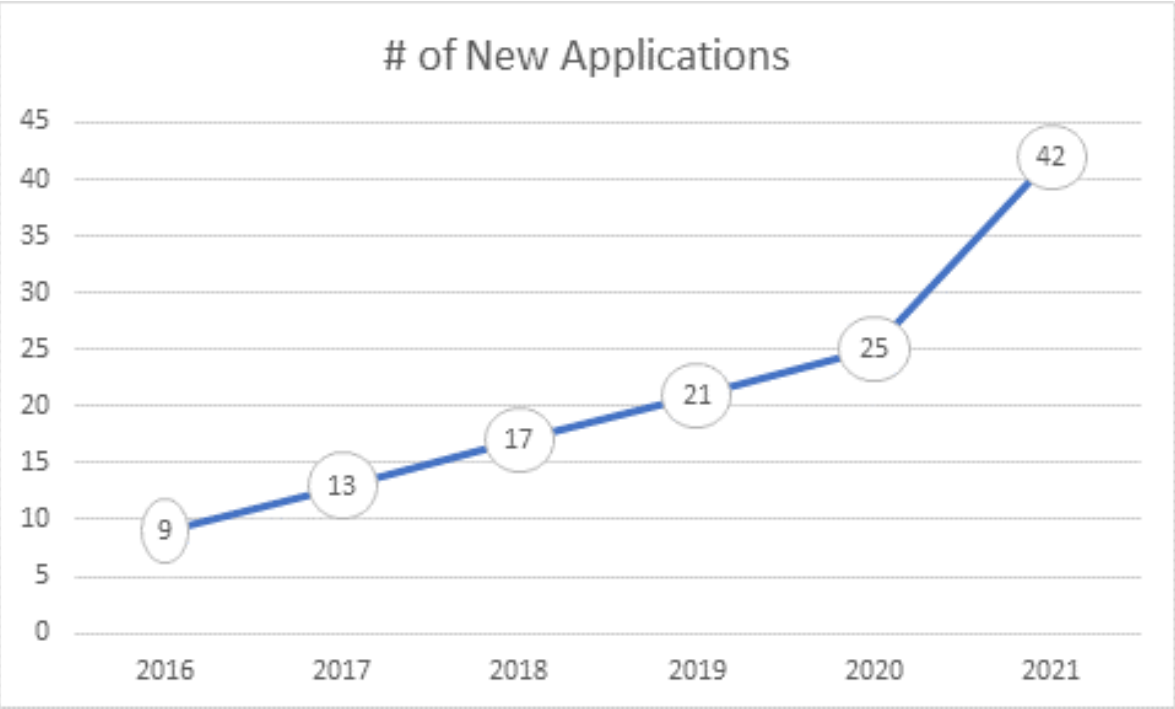
Formulation can create a 50% difference in efficacy for the same dose of AI

Formulation prototypes of a commercial ADAMA fungicide as a case in point:



Off-Patent AI's…

On-Patent Products



Number of new patents submitted has grown at a 36% CAGR since 2016, reflecting the transition from generic to innovative R&D strategy. Number of new patents also include "Freedom to Operate" projects

- Formulations are creating the incremental value in the off-patent space
- ADAMA is positioned very well with its wide off-patent AI portfolio and its long legacy of formulation capabilities
- ADAMA's future pipeline is focused on differentiated products Core Leap AI's & Formulation Mastery
- An increasing percentage of our pipeline products are covered by IP (pending/granted)

Off-patent AI leads to an on-patent product with a potentially improved profitability profile

ADAMA

ADAMA Proprietary Formulation Mastery Platforms

Formulation Technologies Platforms are the Basis for a Growing Number of Products

Complementing a wide AI portfolio with cutting-edge proprietary Formulation Mastery technology platforms; Focusing on Major Needs & Sustainability

ASORBITAL® Technology

First Product with ASORBITAL® tech launched in 2020

Penetration

Technology for optimized penetration enables enhanced and long-lasting protection

JERICHO™ Technology

First Product with JERICHO™ tech launched in 2022

High Load

Wide utility technology based on a unique polymeric surfactant developed in-house. Enables high-load suspensions

RAINFAST* Technology

Rainfastness

Proprietary technology enabling enhanced rainfastness in a variety of formulations

Future Formulation Platforms

ADJ-AMA (Adama adjuvants)
Soil Mobility
Drift Control
UV Stability
Persistence
Leaf Coverage
AI Chemical Incompatibility

*Tentative name

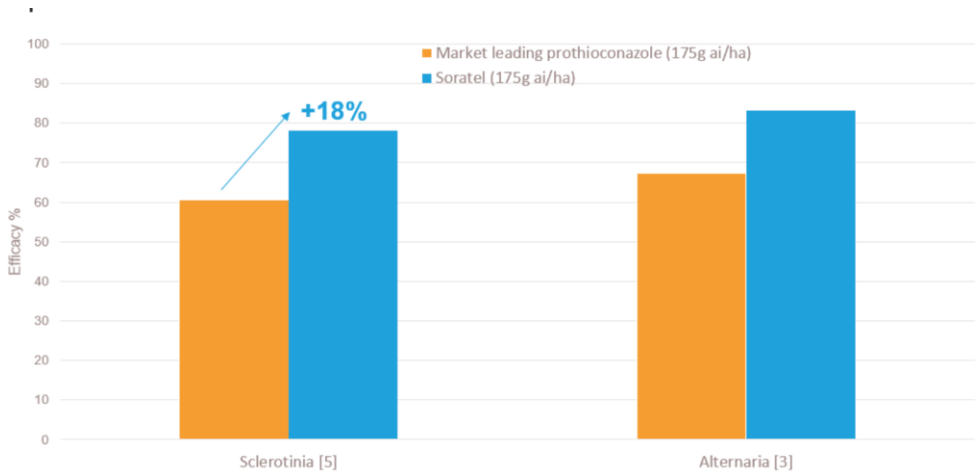
Soratel

Prothioconazole 250EC

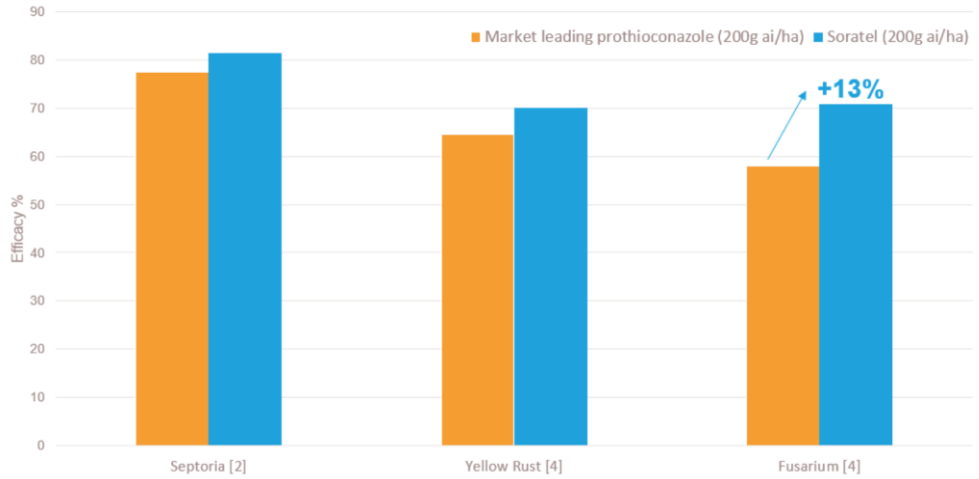
Comprising a unique combination of two solvents and an adjuvant, this novel formulation… improves uptake of the fungicide into the leaf and enables excellent systemic movement of the active ingredient through the plant to the site of action...



Improved Disease Control in OSR



Improved Disease Control in Wheat



Example of Differentiated Products in ADAMA's Pipeline

JERICHO™ formulation technology platform - high-load and salt compatible formulations based on key herbicide AI

- More **sustainable** (less co-formulants and packaging)
- **Reduced manufacturing cost** (less co-formulants and packaging)
- **Reduced cost** per Hectare for the farmer
- **Ease of use**: less rinsing and handling of packaging; less storage space and easier to carry around



Research based company
X gr AI

ADAMA
X gr AI

Delivering the same amount of AI per acre treated with significantly less packaging and raw materials

JERICHO™ formulation technology platform provides ADAMA with a compelling sustainability tool; already integrated in 13 formulations of which 9 are already in the process of registration


ADAMA
Thank you