



## 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 First Quarter

<i>Adjusted<sup>1</sup></i>	Q1 2021 USD (m)	Q1 2020 USD (m)	Q1 2021 RMB (m)	Q1 2020 RMB (m)
<b>Revenues</b>	<b>1,109</b>	<b>973</b>	<b>7,187</b>	<b>6,782</b>
Cost of Sales	782	673	5,069	4,696
Other costs	5	3	34	20
<b>Gross profit</b>	<b>322</b>	<b>296</b>	<b>2,085</b>	<b>2,066</b>
<i>% of revenue</i>	<i>29.0%</i>	<i>30.5%</i>	<i>29.0%</i>	<i>30.5%</i>
<i>Selling &amp; Distribution expenses</i>	178	159	1,156	1,106
<i>General &amp; Administrative expenses</i>	32	27	208	188
<i>Research &amp; Development expenses</i>	17	17	110	116
<i>Other operating expenses</i>	-4	-3	-26	-23
Total operating expenses	223	199	1,448	1,387
<i>% of revenue</i>	<i>20.1%</i>	<i>20.5%</i>	<i>20.1%</i>	<i>20.5%</i>
<b>Operating income (EBIT)</b>	<b>98</b>	<b>97</b>	<b>637</b>	<b>679</b>
<i>% of revenue</i>	<i>8.9%</i>	<i>10.0%</i>	<i>8.9%</i>	<i>10.0%</i>
Financial expenses and investment income	36	31	236	217
<b>Income before taxes</b>	<b>62</b>	<b>66</b>	<b>401</b>	<b>462</b>
Taxes on Income	9	25	58	173
<b>Net Income</b>	<b>53</b>	<b>42</b>	<b>342</b>	<b>289</b>
Attributable to:				
Non-controlling interest	1	-	5	-
<b>Shareholders of the Company</b>	<b>52</b>	<b>42</b>	<b>337</b>	<b>289</b>
<i>% of revenue</i>	<i>4.7%</i>	<i>4.3%</i>	<i>4.7%</i>	<i>4.3%</i>
Adjustments	-29	-44	-188	-306
<b>Reported Net income attributable to the shareholders of the Company</b>	<b>23</b>	<b>-2</b>	<b>162</b>	<b>-17</b>
<i>% of revenue</i>	<i>2.1%</i>	<i>-</i>	<i>2.1%</i>	<i>-</i>
<b>Adjusted EBITDA</b>	<b>157</b>	<b>153</b>	<b>1,018</b>	<b>1,069</b>
<i>% of revenue</i>	<i>14.2%</i>	<i>15.8%</i>	<i>14.2%</i>	<i>15.8%</i>
<b>Adjusted EPS<sup>2</sup></b>				
– Basic	0.0223	0.0170	0.1447	0.1182
– Diluted	0.0223	0.0170	0.1447	0.1182
<b>Reported EPS<sup>2</sup></b>				
– Basic	0.0098	-0.0010	0.0639	-0.0068
– Diluted	0.0098	-0.0010	0.0639	-0.0068

<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 2021 is 2,329.8 million shares, reflecting the buyback and cancellation of 102.4 million shares from CNAC in July 2020 and repurchase of 14.3 million B shares during the second half of 2020. The number of shares used to calculate both basic and diluted earnings per share in 2020 is 2,446.6 million shares.



## Abridged Consolidated Balance Sheet

	March 31 2021 USD (m)	March 31 2020 USD (m)	March 31 2021 RMB (m)	March 31 2020 RMB (m)
<b>Assets</b>				
<b>Current assets:</b>				
Cash at bank and on hand	596	602	3,915	4,264
Bills and accounts receivable	1,707	1,414	11,220	10,019
Inventories	1,663	1,424	10,931	10,091
Other current assets, receivables and prepaid expenses	383	461	2,516	3,264
<b>Total current assets</b>	<b>4,349</b>	<b>3,901</b>	<b>28,582</b>	<b>27,639</b>
<b>Non-current assets:</b>				
Fixed assets, net	1,235	1,099	8,115	7,786
Rights of use assets	80	75	528	534
Intangible assets, net	1,490	1,455	9,790	10,308
Deferred tax assets	133	118	874	833
Other non-current assets	83	96	542	681
<b>Total non-current assets</b>	<b>3,021</b>	<b>2,843</b>	<b>19,849</b>	<b>20,142</b>
<b>Total assets</b>	<b>7,370</b>	<b>6,743</b>	<b>48,431</b>	<b>47,780</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Loans and credit from banks and other lenders	618	507	4,063	3,595
Bills and accounts payable	781	680	5,131	4,814
Other current liabilities	760	813	4,995	5,760
<b>Total current liabilities</b>	<b>2,157</b>	<b>2,000</b>	<b>14,189</b>	<b>14,169</b>
<b>Long-term liabilities:</b>				
Loans and credit from banks and other lenders	368	167	2,416	1,181
Debentures	1,195	1,101	7,851	7,804
Deferred tax liabilities	59	63	387	448
Employee benefits	100	97	657	687
Other long-term liabilities	170	140	1,120	991
<b>Total long-term liabilities</b>	<b>1,892</b>	<b>1,568</b>	<b>12,431</b>	<b>11,111</b>
<b>Total liabilities</b>	<b>4,051</b>	<b>3,568</b>	<b>26,620</b>	<b>25,280</b>
<b>Equity</b>				
<b>Total equity</b>	<b>3,319</b>	<b>3,175</b>	<b>21,811</b>	<b>22,500</b>
<b>Total liabilities and equity</b>	<b>7,370</b>	<b>6,743</b>	<b>48,431</b>	<b>47,780</b>



## Abridged Consolidated Cash Flow Statement for the First Quarter

	Q1 2021 USD (m)	Q1 2020 USD (m)	Q1 2021 RMB (m)	Q1 2020 RMB (m)
<b>Cash flow from operating activities:</b>				
Cash flow from operating activities	-129	-55	-838	-385
<b>Cash flow from operating activities</b>	<b>-129</b>	<b>-55</b>	<b>-838</b>	<b>-385</b>
<b>Investing activities:</b>				
Acquisitions of fixed and intangible assets	-91	-51	-588	-357
Proceeds from disposal of fixed and intangible assets	1	1	9	9
Acquisition of subsidiaries	-8	-	-55	-
Other investing activities	-11	-3	-71	-25
<b>Cash flow used for investing activities</b>	<b>-109</b>	<b>-53</b>	<b>-704</b>	<b>-373</b>
<b>Financing activities:</b>				
Receipt of loans from banks and other lenders	287	171	1,862	1,194
Repayment of loans from banks and other lenders	-38	-61	-244	-429
Interest payment and other	-10	-7	-63	-46
Other financing activities	5	-13	26	-90
<b>Cash flow from (used for) financing activities</b>	<b>244</b>	<b>90</b>	<b>1,581</b>	<b>629</b>
Effects of exchange rate movement on cash and cash equivalents	-2	-3	18	47
<b>Net change in cash and cash equivalents</b>	<b>4</b>	<b>-21</b>	<b>57</b>	<b>-82</b>
Cash and cash equivalents at the beginning of the period	588	619	3,835	4,320
<b>Cash and cash equivalents at the end of the period</b>	<b>592</b>	<b>598</b>	<b>3,892</b>	<b>4,238</b>
<b>Free Cash Flow</b>	<b>-248</b>	<b>-116</b>	<b>-1,605</b>	<b>-805</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 March 31, 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

	Q1 2021 USD (m)	Q1 2020 USD (m)	Q1 2021 RMB (m)	Q1 2020 RMB (m)
<b>Net Income (Reported)</b>	<b>23.3</b>	<b>-2.4</b>	<b>150.8</b>	<b>-16.7</b>
<b>Adjustments to COGS &amp; Operating Expenses:</b>				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	0.3	11.5	1.6	79.9
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	7.8	7.9	50.8	54.9
3. Upgrade & Relocation related costs	15.4	15.4	99.8	107.6
4. Incentive plans (non-cash)	4.1	0.7	26.8	5.1
5. Amortization of acquisition-related PPA (non-cash) and other acquisition-related costs	3.7	2.6	24.3	17.8
6. Employee early retirement expenses	-	8.6	-	59.8
7. Provisions in tax expenses related to prior years' activities	1.6	-	10.3	-
<b>Total Adjustments to Operating Income (EBIT)</b>	<b>33.0</b>	<b>46.6</b>	<b>213.6</b>	<b>325.1</b>
<b>Total Adjustments to EBITDA</b>	<b>19.4</b>	<b>20.2</b>	<b>125.6</b>	<b>140.9</b>
<b>Adjustments to Taxes</b>				
1. Tax shield on Legacy PPA of 2011 acquisition of Solutions	0.0	1.9	0.3	13.6
3. Taxes related to restructuring costs	2.4	0.5	15.6	3.5
5. Deferred tax due to amortization of acquisition-related PPA and other acquisition-related costs	0.6	0.3	3.9	2.2
7. Provisions in tax expenses related to prior years' activities	0.4	-	2.5	-
<b>Total adjustments to Net Income</b>	<b>29.5</b>	<b>43.9</b>	<b>191.5</b>	<b>305.8</b>
<b>Net Income (Adjusted)</b>	<b>52.8</b>	<b>41.5</b>	<b>342.3</b>	<b>289.2</b>
<b>Total adjustments to Net Income attributable to the shareholders of the Company</b>	<b>29.1</b>	<b>43.9</b>	<b>188.4</b>	<b>305.8</b>

### Notes:

- 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.
- 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.
- 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).
- 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.
- 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.

## Exchange Rates of the Company's Principal Functional Currencies

	March 31			Q1 Average		
	2021	2020	Change	2021	2020	Change
EUR/USD	1.174	1.094	7.3%	1.206	1.102	9.4%
USD/BRL	5.697	5.199	(9.6%)	5.473	4.458	(22.8%)
USD/PLN	3.968	4.147	4.3%	3.772	3.920	3.8%
USD/ZAR	14.93	17.89	16.6%	14.970	15.351	2.5%
AUD/USD	0.761	0.609	25.0%	0.773	0.658	17.6%
GBP/USD	1.376	1.234	11.5%	1.380	1.234	11.8%
USD/ILS	3.334	3.565	6.5%	3.270	3.565	8.3%
USD LIBOR 3M	0.20%	1.45%	(86.2%)	0.20%	1.53%	(86.9%)

	March 31			Q1 Average		
	2021	2020	Change	2021	2020	Change
USD/RMB	6.571	7.085	(7.3%)	6.481	6.974	(7.1%)
EUR/RMB	7.712	7.751	(0.5%)	6.481	7.687	(15.7%)
RMB/BRL	0.867	0.734	(18.2%)	0.844	0.639	(32.1%)
RMB/PLN	0.604	0.585	(3.2%)	0.604	0.562	(7.4%)
RMB/ZAR	2.271	2.525	10.0%	2.271	2.201	(3.2%)
AUD/RMB	5.003	4.317	15.9%	5.012	4.586	9.3%
GBP/RMB	9.041	8.742	3.4%	9.041	8.926	1.3%
RMB/ILS	0.507	0.503	(0.8%)	0.507	0.501	(1.2%)