

Stock Code: 000553(200553)    Stock Abbreviation: ADAMA A(B)    Announcement No.2021-45

The Company and all members of its board of directors hereby confirm that all information disclosed herein is true, accurate and complete with no false or misleading statement or material omission.



**ADAMA LTD.**

## **THIRD QUARTER REPORT 2021**

ADAMA Ltd. (hereinafter referred to as “**the Company**”) 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.

**Please see important additional information and further details included in the Annex.**

**October 2021**

**Important Notice**

**The Company's Board of Directors, Board of Supervisors, directors, supervisors and senior managers confirm that the content of the Report is true, accurate and complete and contains no false statements, misleading presentations or material omissions, and assume joint and several legal liability arising therefrom.**

**Ignacio Dominguez, the person leading the Company (President and Chief Executive Officer) as well as its legal representative and the person leading the accounting function (acting Chief Financial Officer), hereby assert and confirms the truthfulness, accuracy and completeness of the Financial Report.**

**All of the Company's directors attended the board meeting for the review of this Report.**

**This Report and its abstract have been prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.**

## I. Main accounting and financial results

1. Whether the Company performs any retroactive adjustments to, or restatements of, its accounting data of last year due to change in accounting policies or correction of accounting errors

Yes  No

	End of Reporting Period	End of last year	+/- (%)
Total assets (RMB'000)	49,513,607	46,801,034	5.80%
Net assets attributable to shareholders (RMB'000)	21,154,363	21,353,752	-0.93%

	July - September 2021	YoY +/- (%)	January - September 2021	YoY +/- (%)
Operating revenues (RMB'000)	7,424,584	9.69%	22,488,364	7.65%
Net profit attributable to shareholders of the Company (RMB'000)	(370,952)	-1917.59%	(3,916)	-101.74%
Net profit attributable to shareholders of the Company excluding non-recurring profit and loss (RMB'000)	(384,112)	-3989.35%	(61,989)	-126.99%
Net cash flow from operating activities (RMB'000)	690,694	338.62%	2,181,987	56.75%
Basic EPS (RMB/share)	(0.1592)	-1951.39%	(0.0017)	-101.83%
Diluted EPS (RMB/share)	N/A	N/A	N/A	N/A
Weighted average return on net assets	-1.73%	-1.83%	-0.02%	-1.03%

Please see key additional information and further details included in the Annex

2. Non-Recurring profit/loss

Applicable  Not applicable

Unit: RMB'000

Item	July - September 2021	January - September 2021	Note
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	(6,813)	8,051	
Government grants recognized through profit or loss (excluding government grants closely related to business of the Company and given at a fixed quota or amount in accordance with government's uniform standards)	11,138	31,768	
Recovery or reversal of provision for bad debts which is assessed individually during the years	14,604	27,077	
Other non-operating income and expenses other than the above	(1,852)	4,897	
Less: Income tax effects	3,917	13,720	
Total	13,160	58,073	

Explanation of other profit or loss that meets the definition of non-recurring profit or loss

Applicable  Not applicable

No such cases in the Reporting Period.

Explanation of why the Company classified an item as non-recurring profit/loss according to the definition in the First Explanatory Announcement on Information Disclosure for Companies Offering their Securities to the Public. Non-recurring Profit and Loss, and reclassified any non-recurring profit/loss items are given as examples in the said explanatory announcement to recurrent profit/loss

Applicable  Not applicable

No such cases in the Reporting Period.

3. Changes in main accounting statement items and financial indicators in the Reporting Period, as well as reasons for the changes

Applicable  Not applicable

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 further 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 more 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 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.

	January - September 2021 (000'RMB)	Same period last year (000'RMB)	+/-%	January - September 2021 (000'USD)	Same period last year (000'USD)	+/-%
<b>Operating income (Revenues)</b>	22,488,364	20,889,623	7.65%	3,475,992	2,986,609	16.39%
Cost of goods sold	16,143,819	14,757,406	9.39%	2,495,316	2,110,039	18.26%
Sales & Marketing expenses	3,725,486	3,681,011	1.21%	575,816	526,484	9.37%
General & Administrative expenses	1,020,945	768,156	32.91%	157,812	109,877	43.63%
R&D expenses	340,888	280,212	21.65%	52,692	40,069	31.50%
Financial Expenses	1,107,975	1,191,155	-6.98%	171,273	170,242	0.61%
Gain (loss) from Changes in Fair Value	(328,167)	228,849	-243.40%	(50,878)	32,905	-254.62%
Investment Income (loss)	506,381	171,333	195.55%	78,409	24,295	222.74%
<b>Total Net Financial Expenses and Investment Income</b>	929,761	790,973	17.55%	143,742	113,042	27.16%
<b>Total profits</b>	244,550	465,547	-47.47%	37,797	66,070	-42.79%
Income tax expenses	246,269	240,489	2.40%	38,054	34,277	11.02%
<b>Net profit attributable to shareholders of the Company</b>	(3,916)	225,058	-101.74%	-595	31,793	-101.87%
<b>EBITDA</b>	2,619,409	3,068,857	-14.65%	404,900	438,459	-7.65%

	Q3 2021 (000'RMB)	Q3 2020 (000'RMB)	+/-%	Q3 2021 (000'USD)	Q3 2020 (000'USD)	+/-%
<b>Operating income (Revenues)</b>	7,424,584	6,768,583	9.69%	1,147,469	978,205	17.30%
Cost of goods sold	5,437,109	4,852,936	12.04%	840,308	701,346	19.81%
Sales & Marketing expenses	1,219,050	1,212,443	0.54%	188,399	175,224	7.52%
General & Administrative expenses	449,138	214,970	108.93%	69,421	31,067	123.46%
R&D expenses	113,948	92,027	23.82%	17,612	13,300	32.42%
Financial Expenses	659,185	348,363	89.22%	101,884	50,348	102.36%
Gain (loss) from Changes in Fair Value	336,415	(36,661)	-1017.64%	51,993	-5,298	-1081.37%
Investment Income (loss)	(21,375)	119,204	-117.93%	(3,304)	17,227	-119.18%
<b>Total Net Financial Expenses and Investment income</b>	344,145	265,820	29.47%	53,195	38,419	38.46%
<b>Total profits</b>	(175,764)	16,700	-1152.48%	-27,178	2,418	-1223.99%
Income tax expenses	195,188	(3,709)	-5362.55%	30,164	-534	-5748.69%
<b>Net profit attributable to shareholders of the Company</b>	(370,952)	20,409	-1917.59%	-57,342	2,952	-2042.48%
<b>EBITDA</b>	666,988	949,586	-29.76%	103,080	137,242	-24.89%

Note: Since the functional currency of main overseas subsidiaries is the USD, and the Company's management review of the Company's performance is based on the USD results, following explanations and analysis are based on USD-denominated numbers as listed above.

## Analysis of Financial Highlights

### (1) Revenues

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, the Company 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. The Company 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).

## Regional Sales Performance

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

**Europe:** Sales were up by 20.3% in the third quarter and by 2.9% in the first nine months of the year, in constant exchange rates (CER), 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.

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 and 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.

## (2) Cost of Goods

Cost of Goods Sold in the third quarter was \$840 million (RMB 5,437 million) (73.2 % of sales), compared to \$701 million (RMB 4,853 million) (71.7 % of sales) reported in the corresponding quarter last year. In the first nine months, Cost of Goods sold was \$2,495 million (RMB 16,144 million) (71.8 % of sales), compared to \$2,110 million (RMB 14,757 million) (70.6 % of sales) reported in the corresponding period last year.

The Company recorded certain extraordinary charges within its reported cost of goods sold, totaling approximately \$11 million (RMB 71 million) in the third quarter (Q3 2020: \$ 10 million (RMB 68 million)) and \$36 million (RMB 235 million) in the first nine months (9M 2020: \$28 million (RMB 193 million)). These charges were largely related to its continuing Relocation & Upgrade program, and include mainly 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.

Excluding the impact of the abovementioned extraordinary charges, the higher Cost of Goods sold, both in the

quarter and in the first nine months, were driven by the impacts of 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 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.

### (3) Operating Expenses:

Operating expenses include Sales and Marketing, General and Administration and R&D.

Operating expenses in the third quarter were \$275 million (RMB 1,782 million) (24% of sales) and \$786 million (RMB 5,087 million) (23% of sales) in the nine-month period, compared to \$220 million (RMB 1,519 million) (22% of sales) and \$676 million (RMB 4,729 million) (23% of sales) in the nine-month period reported in the corresponding periods last year.

The Company recorded certain non-operational, mostly non-cash, charges within its reported operating expenses, mainly as follows:

- (i) \$4 million (RMB 28 million) in Q3 2021 (Q3 2020: \$8 million (RMB 53 million)) and \$19 million (RMB 122 million) in 9M 2021 (9M 2020: \$23 million (RMB 160 million)) in non-cash amortization charges in respect of Transfer assets received and written-up related to the 2017 ChemChina-Syngenta acquisition. 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, the Divestment and Transfer transactions 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;
- (ii) \$4 million (RMB 25 million) in Q3 2021 (Q3 2020: \$3 million (RMB 19 million)) and \$11 million (RMB 73 million) in 9M 2021 (9M 2020: \$8 million (RMB 55 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.
- (iii) \$16 million (RMB 101 million) in Q3 2021 (Q3 2020: \$1 million (RMB 9 million)) and \$31 million (RMB 198 million) in 9M 2021 (9M 2020: \$14 million (RMB 97 million)) in idleness charges largely related to suspensions at the facilities being relocated as well as to the temporary suspension of the Jingzhou site in Q1 2020 at the outbreak of COVID-19 in Hubei Province.

The higher aggregate amount of non-operational charges in Q3 and 9M 2020 then also included \$11 million (RMB 79 million) and \$34 million (RMB 240 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 (RMB 4 million) and \$10 million (RMB 70 million), respectively, in early retirement expenses. For further details on these non-operational charges, please see the appendix to this report.

Excluding the impact of the abovementioned non-operational charges, 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 the Company 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.

#### **(4) Financial Expenses**

“Financial Expenses” alone mainly reflect interest payments on corporate bonds and bank loans as well as foreign exchange gains/losses on the bonds and other monetary assets and liabilities before the Company carries out any hedging. The impact of Financial Expenses (before hedging) is RMB 659 million and RMB 1,108 million (\$102 million and \$171 million) for the three and first nine months of 2021, respectively, compared with RMB 348 million and RMB 1,191 million (\$50 million and \$170 million) for the corresponding periods in 2020.

Given the global nature of its operational activities and the composition of its assets and liabilities, the Company, in the ordinary course of its business, uses foreign currency derivatives (forwards and options) to hedge the cash flow risks associated with existing monetary assets and liabilities that may be affected by exchange rate fluctuations. Net gains/losses from hedging of those positions, are recorded in “Gains/Losses from Changes in Fair Value”, and are then transferred to “Investment Income” upon realization. The combined impact of the hedging transactions on Gains/Losses from Changes in Fair Value and Investment Income is a net gain of RMB 314 million and RMB 174 million (\$49 million and \$27 million) in the three and first nine months of 2021, respectively, compared with RMB 22 million and RMB 326 million (\$3 million and \$46 million) in the corresponding period in 2020.

The aggregate of Financial Expenses, Gains/Losses from Changes in Fair Value and Investment Income (hereinafter as “Total Net Financial Expenses and Investment Income”), which more comprehensively reflects the financial expenses of the Company in supporting its main business and protecting its monetary assets/liabilities, amounts to RMB 344 million and RMB 930 million (\$53 million and \$144 million) in the three and first nine months of 2021, respectively, compared with RMB 266 million and RMB 791 million (\$38 million and \$113 million) in the corresponding period in 2020.

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.

In addition, Investment Income also mainly includes an amount of RMB 4 million (\$1 million) in respect of equity accounted investees in the first nine months of 2021 compared with RMB 15 million (\$2 million) and RMB 59 million (\$9 million) capital gain from gaining control over an equity investee in the corresponding period in 2020, bringing the total Gains/Losses from Changes in Fair Value and Investment Income to RMB 178 million (\$28 million) in the first nine months of 2021 compared with RMB 400 million (\$57 million) in the corresponding period in 2020.

#### **(5) Income Tax Expenses**

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.

## Changes in main assets and liabilities

Unit: RMB'000

Assets and liabilities	September 30, 2021	December 31, 2020	% change	Explanation for any major change
Cash at bank and on hand	4,956,080	3,863,886	28.27%	Additional long-term loans and better collection
Accounts receivable	9,005,729	8,766,869	2.72%	No Significant change
Inventories	11,345,025	10,338,273	9.74%	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
Fixed assets	8,084,760	6,576,116	22.94%	Increase is mainly due to transfer of China relocation projects from CIP
Construction in progress	1,670,689	1,405,328	18.88%	Changes are mainly due to investments as part of upgrade and relocation projects
Long term receivables	58,745	95,329	-38.38%	Decrease is mainly due to collection of long-term receivables
Short-term loans	1,146,246	1,205,498	-4.92%	Additional long-term loans and better collection
Long-term loans	3,608,563	2,387,628	51.14%	No Significant change
Derivative financial assets	282,478	1,560,788	-81.90%	Realization and revaluation of derivatives
Derivative financial liabilities	240,459	1,463,614	-83.57%	Realization and revaluation of derivatives
Other payables	1,672,441	1,075,721	55.47%	Mainly increase in liabilities in respect of securitization transaction and acquisition of subsidiaries
Contractual liabilities	1,349,014	1,092,253	23.51%	Seasonality increase mainly due to rebates
Non-current liabilities due within one year	1,746,360	1,272,581	37.23%	Increase due to long-term loan expected repayment in the coming twelve months
Long term payable	98,435	27,327	260.21%	Increase due to new plan in one of the group subsidiaries
Other non-current liabilities	1,367,666	434,030	215.11%	Increase due to a put option in respect of minority interests.
Treasury shares	-	60,357	100.00%	Due to the B-Shares repurchase and cancellation

## II. Information regarding the Shareholders

### 1. Total number of ordinary shareholders and preference shareholders who had resumed their voting rights, and shareholdings of top 10 shareholders at the period-end

Unit: share

Total number of ordinary shareholders at the end of the Reporting Period		43,849 (the number of ordinary A share shareholders is 29,959; the number of B share shareholders is 13,890)		Total number of preference shareholders who had resumed their voting right at the end of the Reporting Period (if any)		0
Shareholdings of top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held	Number of restricted shares held	Pledged or frozen shares	
					Status	Number
Syngenta Group Co., Ltd.	State-owned legal person	78.47%	1,828,137,961	--	--	--
China Cinda Asset Management Co., Ltd.	State-owned legal person	1.34%	31,115,916	--	--	--
Portfolio No.503 of National Social Security Fund	Others	0.77%	18,000,000	--	--	--
Huarong Ruitong Equity Investment Management Co., Ltd.	State-owned legal person	0.55%	12,885,906	--	--	--
Hong Kong Securities Clearing Company Limited	Overseas legal person	0.36%	8,275,503	--	--	--
Bosera Funds-China Merchants Bank- Bosera Funds Xincheng No.2 Collective Asset Management Plan	Others	0.28%	6,500,000	--	--	--
Bosera Funds-Postal Savings Bank- Bosera Funds Xincheng No.3 Collective Asset Management Plan	Others	0.26%	6,000,000	--	--	--
China Universal Fund-Industrial Bank-China Universal-Strategic Enhancement No.3 Collective Asset Management Plan	Others	0.19%	4,400,000	--	--	--
State-owned Administration Bureau of Qichun County Assets	State-owned legal person	0.18%	4,169,266	--	--	--
Zhu Shenglan	Domestic natural person	0.18%	4,100,000	--	--	--
Shareholdings of top 10 non-restricted shareholders						
Name of shareholder	Number of non-restricted shares held at the period-end	Type of shares				
		Type	Number			
Syngenta Group Co., Ltd.	1,828,137,961	RMB ordinary share	1,828,137,961			
China Cinda Asset Management Co., Ltd.	31,115,916	RMB ordinary share	31,115,916			
Portfolio No.503 of National Social Security Fund	18,000,000	RMB ordinary share	18,000,000			
Huarong Ruitong Equity Investment Management Co., Ltd.	12,885,906	RMB ordinary share	12,885,906			
Hong Kong Securities Clearing Company Limited	8,275,503	RMB ordinary share	8,275,503			
Bosera Funds-China Merchants Bank- Bosera Funds Xincheng No.2 Collective Asset Management Plan	6,500,000	RMB ordinary share	6,500,000			
Bosera Funds-Postal Savings Bank-	6,000,000	RMB ordinary share	6,000,000			

Bosera Funds Xincheng No.3 Collective Asset Management Plan			
China Universal Fund-Industrial Bank-China Universal-Strategic Enhancement No.3 Collective Asset Management Plan	4,400,000	RMB ordinary share	4,400,000
State-owned Assets Administration Bureau of Qichun County	4,169,266	RMB ordinary share	4,169,266
Zhu Shenglan	4,100,000	RMB ordinary share	4,100,000
Related or act-in-concert parties among the shareholders above	Syngenta Group Co., Ltd. is not related party or acting-in-concert party as prescribed in the Administrative Methods for Acquisition of Listed Companies to other shareholders. It is unknown to the Company whether shareholders above are related parties or acting-in-concert parties as prescribed in the Administrative Methods for Acquisition of Listed Companies.		
Top 10 ordinary shareholders conducting securities margin trading (if any)	Shareholder Zhu Shenglan held 4,100,000 shares of the Company through a credit collateral securities trading account.		

## 2. Total number of preference shareholders and shareholdings of the top 10 of such at the period-end

Applicable  Not applicable

## III. Other Significant Events

Applicable  Not applicable

- On August 30, 2021, the Company received the Notice of Sinochem Holdings Corporation Ltd. ("**Sinochem Holdings**") on the Initiation of Joint Restructuring Procedure released by Sinochem Holdings stating, that the latter decided to initiate, starting from the date of the notice, the acquisition procedure for the listed companies associated with Sinochem Group and ChemChina in accordance with the relevant provisions. On September 16, 2021, the Company received a letter from Sinochem Holdings, stating that the industrial and commercial change registration on the transfer of equity in ChemChina to Sinochem Holdings has been completed. After the completion of such transfer, the controlling shareholder and the actual controller of the Company remained unchanged.
- On September 28, 2021, the Company received the Shares Registration Confirmation Letter issued by China Securities Depository and Clearing Corporation Limited forwarded by its controlling shareholder Syngenta Group, approving that the registration procedures for the transfer of the 5.14% of the Company's total share capital held by Sanonda Holdings Co., Ltd. were completed, and the corresponding shares were transferred to Syngenta Group. After the completion of such transfer, Syngenta Group holds 1,828,137,961 shares (accounting for 78.47% of the Company's total share capital). The controlling shareholder and the actual controller of the Company remained unchanged.

The following are the relevant announcements disclosed on the website [www.cninfo.com.cn](http://www.cninfo.com.cn):

Announcements	Disclosure date
Announcement on Equity Transfer of China National Chemical Corporation Ltd. at Nil Consideration (Announcement No. 2021-38)	Aug 31, 2021
Abstract of Acquisition Report of ADAMA Ltd.	Aug 31, 2021
Acquisition Report of ADAMA Ltd.	Sep 4, 2021
Legal Opinions of Tian Yuan Law Firm on Acquisition Report of ADAMA Ltd.	Sep 4, 2021
Legal Opinions of Tian Yuan Law Firm on Exemption of Sinochem Holdings Corporation Ltd. from Making a Tender Offer for the Acquisition of ADAMA Ltd.	Sep 4, 2021
Announcement on Completion of Industrial and Commercial Registration of Changes on Equity Transfer of China National Chemical Corporation Ltd. at Nil Consideration (Announcement No. 2021-39)	Sep 17, 2021
Announcement on the Completion of the Registration of the Transfer of State-owned Shares held by the Controlling Shareholder (Announcement No. 2021-40)	Sep 29, 2021

## IV. Financial Statements

### i. Financial Statements

#### 1. Consolidated balance sheet

Prepared by ADAMA Ltd.

30 September 2021

Unit: RMB'000

Item	September 30, 2021	December 31, 2020	Item	September 30, 2021	December 31, 2020
<b>Current assets:</b>			<b>Current liabilities:</b>		
Cash at bank and on hand	4,956,080	3,863,886	Short-term loans	1,146,246	1,205,498
Financial assets held for trading	1,446	1,253	Derivative financial liabilities	240,459	1,463,614
Derivative financial assets	282,478	1,560,788	Bills payable	247,466	369,791
Bills receivable	111,821	102,082	Accounts payable	5,083,736	4,557,006
Accounts receivable	9,005,729	8,766,869	Contract liabilities	1,349,014	1,092,253
Receivables financing	67,021	109,483	Employee benefits payable	1,143,946	1,208,834
Prepayments	407,672	406,008	Taxes payable	450,303	358,988
Other receivables	1,060,436	1,310,029	Other payables	1,672,441	1,075,721
Inventories	11,345,025	10,338,273	Non-current liabilities due within one year	1,746,360	1,272,581
Other current assets	857,157	769,641	Other current liabilities	390,713	315,597
<b>Total current assets</b>	<b>28,094,865</b>	<b>27,228,312</b>	<b>Total current liabilities</b>	<b>13,470,684</b>	<b>12,919,883</b>
<b>Non-current assets:</b>			<b>Non-current liabilities:</b>		
Long-term receivables	58,745	95,329	Long-term loans	3,608,563	2,387,628
Long-term equity investments	16,019	14,081	Debentures payable	8,167,298	8,078,113
Other equity investments	151,795	152,200	Lease liabilities	368,110	379,190
Investment properties	3,088	4,364	Long-term accounts payable	98,435	27,327
Fixed assets	8,084,760	6,576,116	Long-term employee benefits payables	751,494	645,755
Construction in progress	1,670,689	1,405,328	Provisions	192,076	163,251
Right-of-use assets	472,092	483,618	Deferred tax liabilities	334,918	331,942
Intangible assets	5,102,403	5,226,455	Other non-current liabilities	1,367,666	434,030
Goodwill	4,610,484	4,584,226	<b>Total non-current liabilities</b>	<b>14,888,560</b>	<b>12,447,236</b>
Deferred tax assets	838,513	773,673	<b>Total liabilities</b>	<b>28,359,244</b>	<b>25,367,119</b>
Other non-current assets	410,154	257,332	<b>Shareholders' equity:</b>		
<b>Total non-current assets</b>	<b>21,418,742</b>	<b>19,572,722</b>	Share capital	2,329,812	2,344,121
<b>Total assets</b>	<b>49,513,607</b>	<b>46,801,034</b>	Capital reserves	12,882,324	13,023,219
			Less: Treasury shares	-	60,357
			Other comprehensive income	(102,905)	(72,055)
			Special reserves	19,368	15,960
			Surplus reserves	240,162	240,162
			Retained earnings	5,785,602	5,862,702
			<b>Total equity attributed to the shareholders of the company</b>	<b>21,154,363</b>	<b>21,353,752</b>
			Non-controlling interests	-	80,163
			<b>Total equity</b>	<b>21,154,363</b>	<b>21,433,915</b>
			<b>Total liabilities and equity</b>	<b>49,513,607</b>	<b>46,801,034</b>

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**Ignacio Dominguez**

Legal representative

Chief of the accounting work and Chief of the accounting organ

## 2. Consolidated income statement for the period from the year-beginning to the end of the Reporting Period

Unit: RMB'000

Item	January-September, 2021	January-September, 2020
<b>1. Total operating income</b>	22,488,364	20,889,623
Less: Cost of sales	16,143,819	14,757,406
Taxes and surcharges	82,359	67,447
Selling and Distribution expenses	3,725,486	3,681,011
General and Administrative expenses	1,020,945	768,156
Research and Development expenses	340,888	280,212
Financial expenses:	1,107,975	1,191,155
Including: Interest expense	462,725	522,253
Interest income	45,487	46,871
Add: Investment income (loss), net	506,381	171,333
Including: Income from investment in associates and joint ventures	4,408	14,691
Gain (loss) from changes in fair value	(328,167)	228,849
Credit impairment reversal (losses)	9,685	(8,871)
Asset Impairment losses	(39,358)	(107,528)
Gain from disposal of assets	9,246	7,521
<b>2. Operating profit</b>	<b>224,679</b>	<b>435,540</b>
Add: Non-operating income	46,564	48,328
Less: Non-operating expense	26,693	18,321
<b>3. Total profit</b>	<b>244,550</b>	<b>465,547</b>
Less: income tax expense	246,269	240,489
<b>4. Net profit</b>	<b>(1,719)</b>	<b>225,058</b>
5.1 Classified by nature of operations		
5.1.1 Continuing operations	(1,719)	225,058
5.1.2 Discontinued operations	-	-
5.2 Classified by ownership		
5.2.1 Shareholders of the Company	(3,916)	225,058
5.2.2 Non-controlling interests	2,197	-
<b>5. Other comprehensive income, net of tax</b>	<b>(30,850)</b>	<b>(569,158)</b>
Other comprehensive income, net of tax attributable to shareholders of the Company	(30,850)	(569,158)
5.1 Items that will not be reclassified into profit/loss	(5,474)	19,890
5.1.1 Re-measurement of defined benefit plan liability	(5,474)	19,890
5.1.2 FV changes in other equity investment	-	-
5.2 Items that were or will be reclassified to profit or loss	(25,376)	(589,048)
5.2.1 Effective portion of gains or loss of cash flow hedge	237,449	(105,575)
5.2.2 Translation differences of foreign financial statements	(262,825)	(483,473)
Other comprehensive income, net of tax attributable to non-controlling interests	-	-
<b>6. Total comprehensive income for the period</b>	<b>(32,569)</b>	<b>(344,100)</b>
6.1 Total comprehensive income for the period attributable to shareholders of the Company	(34,766)	(344,100)
6.2 Total comprehensive income for the period attributable to non-controlling interests	2,197	-
<b>7. Earnings per share</b>		
7.1 Basic earnings per share (RMB/ share)	(0.0017)	0.0929
7.2 Diluted earnings per share (RMB/ share)	N/A	N/A

**Ignacio Dominguez**  
 Legal representative  
 Chief of the accounting work and Chief of the accounting organ

### 3. Consolidated cash flow statement for the period from the year-beginning to the end of the Reporting Period

Unit: RMB'000

Item	January-September, 2021	January-September, 2020
<b>1. Cash flows from operating activities:</b>		
Cash received from sale of goods and rendering of services	21,454,588	19,666,330
Refund of taxes and surcharges	133,814	156,475
Cash received relating to other operating activities	563,811	653,446
<b>Sub-total of cash inflows from operating activities</b>	<b>22,152,213</b>	<b>20,476,251</b>
Cash paid for goods and services	14,368,965	13,839,037
Cash paid to and on behalf of employees	2,789,320	2,751,086
Payments of taxes and surcharges	344,129	289,260
Cash paid relating to other operating activities	2,467,812	2,204,868
<b>Sub-total of cash outflows from operating activities</b>	<b>19,970,226</b>	<b>19,084,251</b>
Net cash flows from operating activities	<b>2,181,987</b>	<b>1,392,000</b>
<b>2. Cash flows from investing activities:</b>		
Cash received from disposal of investments	3,864	27,994
Cash received from returns of investments	867	54,304
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	19,964	17,615
Cash received from other investing activities	8,562	2,673
<b>Sub-total of cash inflows from investing activities</b>	<b>33,257</b>	<b>102,586</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	1,803,236	1,301,309
Net cash paid to acquire subsidiaries or other business units	655,039	96,207
Cash paid for acquisition of investments	-	51,435
Cash paid for other investing activities	86,228	47,739
<b>Sub-total of cash outflows from investing activities</b>	<b>2,544,503</b>	<b>1,496,690</b>
Net cash flows from investing activities	<b>(2,511,246)</b>	<b>(1,394,104)</b>
<b>3. Cash flows from financing activities:</b>		
Cash received from borrowings	4,369,565	3,852,354
Cash received relating to other financing activities	522,649	74,843
<b>Sub-total of cash inflows from financing activities</b>	<b>4,892,214</b>	<b>3,927,197</b>
Cash repayment of borrowings	2,655,257	1,671,913
Cash payment for dividends, profit distributions or interest	490,113	411,063
Including: dividends paid to non-controlling interest	35,904	26,176
Cash paid relating to other financing activities	300,907	320,160
<b>Sub-total of cash outflows from financing activities</b>	<b>3,446,277</b>	<b>2,403,136</b>
Net cash flows from financing activities	1,445,937	1,524,061
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>(11,381)</b>	<b>(147,850)</b>
<b>5. Net increase (decrease) in cash and cash equivalents</b>	<b>1,105,297</b>	<b>1,374,107</b>
Add: Cash and cash equivalents at the beginning of the period	3,835,071	4,319,907
<b>6. Cash and cash equivalents at the end of the period</b>	<b>4,940,368</b>	<b>5,694,014</b>

## ii. Adjustments of the financial statements

### 1. Opening balance adjustments due to adoption of new accounting standards for leases

Applicable  Not applicable

### 2. Retrospective adjustments due to adoption of new accounting standards for leases

Applicable  Not applicable

## iii. Auditor's report

Is this Report audited?

Yes  No

This Report is unaudited.

Board of Directors

ADAMA Ltd.

October 28, 2021