ADAMA Reports First Quarter 2024 Results

Improvement in the quality of the business in the first quarter of 2024 with the Company achieving significant improvement in cash flow and in its gross margin, despite a decline in sales;

Transformation plan being implemented throughout Company, benefits to be seen over a period of three years

First Quarter 2024 Highlights:

- Sales down 16% to $1,057 million (**-13% in RMB terms**; -14% in CER[1] terms), mainly reflecting a 10% decrease in prices and a 5% decrease in volumes
- Gross profit amounted to $288m (margin of 27.2%) vs $340m (margin of 27.0%) in Q1 2023
- Adjusted EBITDA amounted to $132 million vs. $165 million in Q1 2023
- Adjusted net loss of $10 million; Reported net loss of $32 million
- Improvement of $322 million in operating cash flow; -$103 million in Q1 2024 vs -$425 million in Q1 2023
- Improvement of $348 million in free cash flow; -$194 million in Q1 2024 vs -$542 million in Q1 2023

BEIJING, CHINA and TEL AVIV, ISRAEL, April 25, 2024 – ADAMA Ltd. (the "Company") (SZSE 000553), today reported its financial results for the first quarter ended March 31, 2024.

Steve Hawkins, President and CEO of ADAMA, said, "As market conditions continue to be sluggish in the first quarter of 2024, the Company is focusing on the implementation of a cross-company transformation plan aimed at improving the quality of the business and repositioning ADAMA as a key player in the Value Innovation customer segment. This plan, the outcome of hundreds of employee-based initiatives, has a clear roadmap, deliverables and is focused on delivering profit and cash targets to be achieved over the period of the coming three years.

"While we expect the benefits of this plan to be gradual, we are continuing to respond to the current market situation. In the first quarter of 2024 the Company presented an improvement in the quality of the business, succeeding in improving its gross margin, despite a decline in sales, achieved through the positive impact of new inventory sold, priced at market levels and an improvement in the sales mix of higher margin products. The Company also continued to put strong focus on cash generation, presenting a significant improvement in cash flow, which is typically negative in the first quarter due to seasonality."

[1] CER – Constant Exchange Rates

Table 1. Financial Performance Summary

USD (m)	As Reported			Adjustments		Adjusted		
	Q1 2024	Q1 2023	% Change	Q1 2024	Q1 2023	Q1 2024	Q1 2023	% Change
Revenues	**1,057**	**1,259**	**(16%)**	-	-	**1,057**	**1,259**	**(16%)**
Gross profit	256	310	(17%)	32	30	288	340	(15%)
% of sales	*24.2%*	*24.6%*				*27.2%*	*27.0%*	
Operating income (EBIT)	51	92	(45%)	21	10	72	102	(30%)
% of sales	*4.8%*	*7.3%*				*6.8%*	*8.1%*	
Income (loss) before taxes	(21)	10		23	10	2	20	(91%)
% of sales	*(2.0%)*	*0.8%*				*(0.2%)*	*1.6%*	
Net income (loss)	**(32)**	**12**		**22**	**9**	**(10)**	**22**	
% of sales	*(3.0%)*	*1.0%*				*(0.9%)*	*1.7%*	
EPS								
- USD	(0.0138)	0.0052				(0.0042)	0.0093	
- RMB	(0.0977)	0.0357				(0.0297)	0.0633	
EBITDA	**120**	**166**	**(27%)**	**12**	**(1)**	**132**	**165**	**(20%)**
% of sales	11.4%	*13.2%*				*12.5%*	*13.1%*	

Notes:

- *"As Reported" denotes the Company's financial statements according to the Accounting Standards for Business Enterprises and the implementation guidance, interpretations and other relevant provisions issued or revised subsequently by the Chinese Ministry of Finance (the "MoF) (collectively referred to as "ASBE"). Note that in the reported financial statements, according to the ASBE guidelines [IAS 37], certain items (specifically certain transportation costs and certain idleness charges) are classified under COGS. Please see the appendix to this release for further information.*
- *Relevant income statement items contained in this release are also presented on an "Adjusted" basis, which exclude items that are of a transitory 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. A detailed summary of these adjustments appears in the appendix below.*
- *The number of shares used to calculate both basic and diluted earnings per share in both Q1 2024 and 2023 is 2,329.8 million shares.*
- *In this table and all tables in this release numbers may not sum due to rounding.*

The General Crop Protection (CP) Market Environment[2]

Key commodity crop prices continued to decline in the first months of 2024 and global supply continued to improve. Crop prices remain above average historical levels but the current price level has a negative impact on farmer income compared to previous years. Despite this, farmer demand is expected to remain stable under the current conditions. The channel inventory situation is easing up, but there still remains above average inventories in several geographies, including Brazil. In addition, the high interest rate environment, continue to drive a just-in-time purchasing approach by the channel. Active ingredient prices from China remained low during Q1 with some molecules even experiencing further price declines, on one hand reducing input costs but on the other creating pricing pressure on crop protection products and supporting a "wait and see" approach in the market.

[2] Sources: CCPIA (China Crop Protection Industry Association), BAIINFO, FocusEconomics, peer quarterly financial reports, internal sources

Update on the War Situation in Israel

ADAMA is headquartered in Israel and has three manufacturing sites in the country. Following October 7th, 2023, the Company continued the production in its global manufacturing sites and in Israel, with certain non-significant restrictions (which have been lifted in February 2024). This situation did not have a material impact on the Company's ability to support its markets or on ADAMA's consolidated financial results.

On the 14th of April, Israel was under an attack from Iran, with no consequences to the Company's ongoing activities.

Update on Impact of Shipping Obstructions

In January 2024 some major shipping lines announced that they will suspend shipping to Israel through Israeli ports and through the Suez Canal due to tensions in the Red Sea. This has led to longer transportation times, with shipping lines being diverted around Africa.

As of the date of publication of this report, shipping time and costs have increased significantly, mainly in the Asia-Pacific Israel route in comparison to before January 2024. These cost increases impact only a small portion of the Company's overall shipping costs and ADAMA has been ordering relevant materials ahead of time to ensure timely supply. Currently, the Company does not anticipate this to have a significant impact on its financial results or on the ongoing supply of materials to its production facilities, although this situation might impact the company's ability to respond quickly to changing market demand.

Transformation Plan – Update

As announced in the Company's full year 2023 financial results report, it initiated a plan in the first quarter of 2024 to revalue ADAMA through improving the quality of the business to turnaround the Company. The Company-wide transformation plan is aimed at gradually delivering profit and cash targets over a period of 3 years (2024-2026).

Main aspects of the plan include:

- Commercial excellence
- Operational efficiency
- Cash generation

Building our sustainable structure focused on:

- Leadership team structure: redesign to focus on performance excellence
  - Streamlining senior leadership team
  - Organizational changes to R&D marketing, commercial and operations

- Market and customer focus: anchor on core markets
  - Focus on strategic crop segments within the Value Innovation customer segment with high-value differentiated formulations

- Tailored portfolio: refocus our portfolio to win in value innovation
  - Increase the portion of high margin products out of the sales supporting the quality of the business and the gross margin (continuing the improvement in sales mix of higher margin products achieved during the full year of 2023 and first quarter of 2024)
  - Transitioning out certain products
  - Strong Pipeline – continuing to invest in differentiated products that provide the customer added value

- Network optimization: Adjust production footprint to match market realities
  - Revisiting operational model including procurement vs manufacturing as well as supply chain optimization

- Support functions redesign to fit the business needs
  - Enhancing the operating model to better serve ADAMA's markets

Portfolio Development Update

Product Launches, Registrations & Formulation Mastery Update:

During the first quarter of 2024 ADAMA continued to register and launch multiple new products in markets across the globe, adding on to its differentiated product portfolio. New Product Introductions (NPI) percentage out of the full year sales of 2023 reached 22%, referring to products launched over the past 5 years. Differentiated products include products that are based on recently off-patented active ingredients (AI's) that have been classified as high commercial potential – "Core Leap" AI's, and products that are based on unique proprietary formulation mastery, products with more than one mode of action, and biologicals.

Select launches of differentiated products during the first quarter of 2024 include:

- Launch of Prothioconazole based products, part of ADAMA's comprehensive portfolio of innovative solutions for cereal fungicides, including:
  - **Soratel®, Forapro®**, **Maganic®** in Serbia, powered by ADAMA's proprietary **Asorbital®** Formulation Technology
  - **Maxentis®** in Serbia and Canada, a dual mode broad spectrum fungicide
- Launch in Canada of triple mixtures MCPA & Fluroxypyr based herbicides, **Outshine All In**™, **Forcefighter All In**™ with dual mode of action and **Esteem All In**™, focusing on broadleaf weeds for use in cereals.
- Launch of **Sonavio®** in Italy, a unique PPO herbicide (inhibiting the enzyme protoporphyrinogen oxidase) for use in additional vegetables based on proprietary active ingredient Bifenox.
- Launch of **Goltix**™ **700 SC,** a unique **Metamitron** based product, in the US states of Nebraska and Colorado, having received a FIFRA Section 18, emergency exemption during 2024 from the US Environmental Protection Agency following the pressing need for a herbicide solution for Sugar Beet to control glyphosate-tolerant Palmer amaranth (Amaranthus palmeri).

Selected registrations of differentiated products during the first quarter of 2024 include:

- Registration of Prothioconazole based products, part of ADAMA's comprehensive portfolio of innovative solutions for cereal fungicides in Europe, including:
  - **Avastel**® in Malta, Turkey and Lithuania, powered by ADAMA's proprietary **Asorbital**® Formulation Technology
  - **Forapro**® in France, powered by ADAMA's proprietary **Asorbital**® Formulation Technology
  - **Soratel**® in Czech Republic and Greece, powered by ADAMA's proprietary **Asorbital**® Formulation Technology
  - **Maganic**® in Poland and Latvia, powered by ADAMA's proprietary **Asorbital**® Formulation Technology
  - **Maxentis**® in UK, France, Northen Ireland and Morocco, a dual mode broad spectrum fungicide
- Registration of **Chrome®** in UK a triple mode-of-action herbicide for use in winter cereal crops
- Registration of **Highcard™** in Italy, a dual mode-of-action herbicide for use with the with the RiceTec Max-Ace™ Rice Cropping Solution

Financial Highlights

Revenues in the first quarter declined by approximately 16% (-13% in RMB terms; -14% in CER terms) to $1,057 million, presenting a decrease of 10% in prices and a decrease of 5% in volumes. The lower sales reflect lower market prices and lower demand, attributed to the market dynamics of pricing pressure in the crop protection market and in active ingredients from China, high competition and a "wait and see" approach mainly in commoditized products as well as unfavorable weather conditions in some regions and the channel opting to hold lower levels of inventory and purchase closer to the season in light of higher interest rates.

Table 2. Regional Sales Performance

	Q1 2024 $m	*Q1 2023 $m*	*Change USD*	*Change CER*
Europe, Africa & Middle East*	368	430	(15%)	(10%)
North America	191	211	(9%)	(9%)
Latin America	191	233	(18%)	(21%)
Asia Pacific*	307	384	(20%)	(18%)
Of which China	*154*	*182*	*(16%)*	*(13%)*
Total	**1,057**	**1,259**	**(16%)**	**(14%)**

Notes:

CER: Constant Exchange Rates
Numbers may not sum due to rounding

Europe, Africa & Middle East (EAME):

Sales in EAME decreased in the first quarter of 2024 led by a contraction in the overall European crop protection market mainly from low demand following channel destocking, erratic spring season causing just-in-time purchasing patterns and lower famer demand in areas impacted by lower grain market prices. This market also experienced pricing pressure, mainly in commoditized products.

North America: **Consumer & Professional Solutions** – Sales were lower impacted by prices, in light of declining active ingredient prices from China, as demand from the end-users in both the consumer and professional markets recovered during the first quarter. Declining active ingredient prices from China also supported "just-in-time" purchasing patterns.

In the **US Ag** market sales in the first quarter of 2024 were lower reflecting weak pricing, lower demand and strong competition. The overall pricing was lower in the first quarter of 2024 than in the first quarter of 2023, as market prices began to decline only during the second quarter of 2023. While channel inventory levels are steadily declining, demand is being impacted by sales being pushed closer to season application, with the channel opting to hold lower inventory levels due to high interest rates.

ADAMA's sales in **Canada** declined in the first quarter in light of a "wait and see" approach in the market, high fungicide channel inventories, as well as strong competition particularly in commoditized products.

Latin America: Brazil – the Company's sales in the first quarter following the overall challenging crop protection market due to unfavorable weather conditions, a "wait and see" approach" in the market and softer pricing impacted by strong competition, particularly in commoditized products. Despite this, the Company's differentiated products continued to be well received including fungicides **Almada**® and **Armero**® and herbicide **Apresa**® for use in soybean.

In the **rest of LATAM** sales in the first quarter reflected the overall challenging crop protection market due to unfavorable weather conditions in Northern LATAM and "wait and see" purchasing patterns combined with softer pricing in commoditized products. Despite this, the Company's differentiated products in key strategic crop segment continued to be well received in the market including fungicide **Armero**®, herbicide **Apresa**®, insecticides **Plethora®** and **Trivor®** and biologicals such as **Actavan®**.

Asia-Pacific (APAC):

In **China**, the branded formulations achieved business growth in constant exchange rates driven by bio-formulation new launches and a positive spring season while the Company also focused on improving the quality of the business with differentiated products despite that the market is still experiencing high channel inventories and pricing pressure especially in commodities. Market pricing in the non-ag business began normalizing from heights seen in recent years and the tech sales were mainly impacted by a "wait and see" approach in the market.

In the **Pacific region**, sales in the first quarter were impacted by softer pricing following decline of active ingredients prices from China as well as overall high channel inventories. This was despite better weather conditions than anticipated in Australia.

Sales in **India** were impacted by softer pricing, exceptionally dry and hot weather, high channel inventories as well as "wait-and-see" purchasing behaviour mainly in commoditized products.

Sales in the **wider APAC region** continued to experience pricing pressure following intense competition from China, particularly in commoditized products, while dry weather and higher channel inventories impacted demand.

Gross Profit reported in the first quarter reached $256 million (gross margin of 24.2%) compared to $310 million (gross margin of 24.6%) in the same quarter last year.

> Adjustments to reported results: The adjusted gross profit includes reclassification of all inventory impairment, taxes and surcharge and excludes certain transportation costs (classified under operating expenses).

Adjusted gross profit in the first quarter reached $288 million (gross margin of 27.2%) compared to $340 million (gross margin of 27.0%) in the same quarter last year.

Despite the decline in the gross profit in the first quarter of 2024, the Company improved the gross margin following the positive impact of new inventory sold, priced at market levels and the management focus on the quality of business which led to an improvement in the sales mix of higher margin products and this is despite the lower sales impacted by the decrease in prices and volumes. In the first quarter of 2024, exchange rates had a negative impact.

Operating expenses reported in the first quarter of 2024 were $206 million (19.4% of sales), compared to $218 million (17.3% of sales) in the corresponding period last year.

Adjustments to reported results: please refer to the explanation regarding adjustments to the gross profit in respect to certain transportation costs, taxes and surcharges and inventory impairment.

> Additionally, the Company recorded certain non-operational items within its reported operating expenses amounting to $19 million in Q1 2024 in comparison to $10 million in Q1 2023 These include mainly (i) measures to improve efficiencies, (ii) non-cash amortization charges in respect of Transfer Assets received from Syngenta related to the 2017 ChemChina-Syngenta acquisition, (iii) charges related 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,. For further details on these non-operational items, please see the appendix to this release.

Adjusted operating expenses in the first quarter were $216 million (20.5% of sales), compared to $238 million (18.9% of sales) in the corresponding period last year, respectively.

The operating expenses were lower in the first quarter of 2024, following undertaking tight OPEX management measures, lower transportation and logistics costs and the positive impact of exchange rates.

Operating income reported in the first quarter amounted to $51 million (4.8% of sales) compared to $92 million (7.3% of sales) in the first quarter of 2023.

Adjusted operating income in the first quarter reached $72 million (6.8% of sales) compared to $102 million (8.1% of sales) in the same quarter last year.

EBITDA reported in the first quarter amounted to $120 million (11.4% of sales) compared to $166 million (13.2% of sales) in the same quarter last year.

Adjusted EBITDA in the first quarter amounted to $132 million (12.5% of sales) compared to $165 million (13.1% of sales) in the same quarter last year.

Adjusted financial expenses amounted to $70 million in the first quarter, compared to $81 million in the corresponding quarter last year.

The lower financial expenses in the quarter were mainly due to the net effect of lower Israeli CPI on the ILS-denominated, CPI-linked bonds as well as steps taken by the Company's management to optimize the Company's financing structure. The Company took advantage of the high interest rate environment to increase interest received from weekly bank deposits designated to support working capital, as well as improved financing terms and leveraged group funding possibilities by taking long-term loans in China at attractive rates, which minimized the increase in bank interest expenses paid in the first quarter of 2024.

Adjusted taxes on income in the first quarter amounted to tax expenses of $12 million, compared to a tax income of $1 million in the corresponding quarter last year.

Despite reaching losses before tax, the Company recorded tax expenses in the quarter mainly because the losses were primarily incurred by subsidiaries with relatively lower tax rates, while some of them did not create deferred tax assets on the losses. On the other hand, the subsidiaries that generated profit have a higher tax rate.

In the first quarter of 2024 the company recorded tax expenses due to the non-cash impact of the weakness of the BRL compared with tax income due to stronger BRL in the first quarter of 2023.

Net loss reported in the first quarter was $32 million, compared to a net income of $12 million in the corresponding quarter last year, respectively.

Adjusted net loss in the first quarter was $10 million, compared to a net income of $22 million, in the corresponding quarter last year, respectively.

Trade working capital as of March 31, 2024, was $2,583 million compared to $3,148 million as of March 31, 2023. Inventory held by the Company reached $1,807 million as of March 31, 2024, in comparison to $2,512 million as of March 31, 2023. The decrease in working capital was following the Company's implementation of selective procurement practices, which already began in 2023, and which led to lower trade payables and a decrease in the level of inventory held by the Company. The decrease in receivables reflected the intensive collections as well as the lower sales.

Cash Flow: Operating cash flow of $103 million was consumed in the first quarter of 2024, compared to $425 million in the first quarter of 2023. The negative operating cash flow, which is seasonally typical for ADAMA in the first quarter was significantly improved due to a decrease in the procurement of goods as well as intensive collection.

Net cash used in investing activities was $67 million in the first quarter in 2024, compared to $93 million in the first quarter of 2023. The lower cash used in investing activities in the first quarter of 2024 reflected the prioritization of investments, part of the actions taken by the Company to improve its cash flow. The Company invested in fixed assets including in its manufacturing capabilities in Israel and investments in intangible assets relating to ADAMA's global registrations of the Company's products described in the Product Registration section. In the first quarter of 2023 the company completed the acquisition of AgriNova New Zealand.

Free cash flow of $194 million was consumed in the first quarter of 2024 compared to $542 million consumed in the first quarter of 2023, reflecting the aforementioned operating and investing cash flow dynamics.

Table 3. Revenues by operating segment

Sales by segment

	Q1 2024 USD (m)	%	Q1 2023 USD (m)	%
Crop Protection	961	90.9%	1,146	91.1%
Intermediates and Ingredients	96	9.1%	112	8.9%
Total	**1,057**	**100%**	**1,259**	**100%**

Sales by product category

	Q1 2024 USD (m)	%	Q1 2023 USD (m)	%
Herbicides	454	43.0%	575	45.7%
Insecticides	290	27.4%	334	26.5%
Fungicides	217	20.5%	237	18.9%
Intermediates and Ingredients	96	9.1%	112	8.9%
Total	**1,057**	**100%**	**1,259**	**100%**

Notes:

The sales split by product category is provided for convenience purposes only and is not representative of the way the Company is managed or in which it makes its operational decisions.

Numbers may not sum due to rounding.

Further Information

All filings of the Company, together with a presentation of the key financial highlights of the period, can be accessed through the Company website at www.adama.com.

About ADAMA

ADAMA Ltd. is a global leader in crop protection, providing practical solutions to farmers across the world to combat weeds, insects and disease. Our culture empowers ADAMA's people to actively listen to farmers and ideate from the field. ADAMA's diverse portfolio of existing active ingredients, coupled with its leading formulation capabilities and proprietary formulation technology platforms, uniquely position the company to develop high-quality, innovative and sustainable products, to address the many challenges farmers and customers face today. ADAMA serves customers in over 100 countries globally. For more information, visit us at www.ADAMA.com and follow us on Twitter® at @ADAMAAgri.

Contact

Rivka Neufeld
Global Investor Relations
Email: ir@adama.com

Zhujun Wang
China Investor Relations
Email: irchina@adama.com

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

Adjusted[3]		Q1 2024 USD (m)	Q1 2023 USD (m)	Q1 2024 RMB (m)	Q1 2023 RMB (m)
Revenues		**1,057**	**1,259**	**7,509**	**8,611**
Cost of Sales		767	909	5,450	6,218
Other costs		2	10	13	68
Gross profit		**288**	**340**	**2,046**	**2,325**
% of revenue		*27.2%*	*27.0%*	*27.2%*	*27.0%*
Selling & Distribution expenses		*169*	*186*	*1,198*	*1,270*
General & Administrative expenses		*36*	*39*	*254*	*267*
Research & Development expenses		*16*	*20*	*112*	*135*
Other operating expenses		*(4)*	*(6)*	*(26)*	*(43)*
Total operating expenses		216	238	1,538	1,630
% of revenue		*20.5%*	*18.9%*	*20.5%*	*18.9%*
Operating income (EBIT)		**72**	**102**	**508**	**696**
% of revenue		*6.8%*	*8.1%*	*6.8%*	*8.1%*
Financial expenses		70	81	495	555
Income before taxes		**2**	**20**	**13**	**140**
Taxes on Income		12	(1)	82	(7)
Net Income (loss)		**(10)**	**22**	**(69)**	**148**
% of revenue		*(0.9%)*	*1.7%*	*(0.9%)*	*1.7%*
Adjustments		22	9	158	64
Reported Net income (loss)		**(32)**	**12**	**(228)**	**83**
% of revenue		*(3.0%)*	*1.0%*	*(3.0%)*	*1.0%*
Adjusted EBITDA		**132**	**165**	**938**	**1,131**
% of revenue		*12.5%*	*13.1%*	*12.5%*	*13.1%*
Adjusted EPS[4]	– Basic	*(0.0042)*	*0.0093*	*(0.0297)*	*0.0633*
	– Diluted	*(0.0042)*	*0.0093*	*(0.0297)*	*0.0633*
Reported EPS[5]	– Basic	*(0.0138)*	*0.0052*	*(0.0977)*	*0.0357*
	– Diluted	*(0.0138)*	*0.0052*	*(0.0977)*	*0.0357*

[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 Q1 2024 and 2023 is 2,329.8 million shares.

Abridged Consolidated Balance Sheet

	March 31 2024 USD (m)	March 31 2023 USD (m)	March 31 2024 RMB (m)	March 31 2023 RMB (m)
Assets				
Current assets:				
Cash at bank and on hand	523	514	3,710	3,529
Bills and accounts receivable	1,521	1,637	10,789	11,246
Inventories	1,807	2,512	12,824	17,265
Other current assets, receivables and prepaid expenses	230	285	1,663	1,961
Total current assets	**4,081**	**4,948**	**28,955**	**34,001**
Non-current assets:				
Fixed assets, net	1,767	1,749	12,533	12,022
Rights of use assets	86	80	607	547
Intangible assets, net	1,447	1,479	10,267	10,163
Deferred tax assets	223	217	1,585	1,490
Other non-current assets	106	115	755	788
Total non-current assets	**3,629**	**3,640**	**25,747**	**25,010**
Total assets	**7,710**	**8,588**	**54,703**	**59,011**
Liabilities				
Current liabilities:				
Loans and credit from banks and other lenders	1,039	1,319	7,369	9,067
Bills and accounts payable	754	1,009	5,350	6,934
Other current liabilities	749	905	5,312	6,220
Total current liabilities	**2,541**	**3,234**	**18,031**	**22,221**
Long-term liabilities:				
Loans and credit from banks and other lenders	476	512	3,374	3,521
Debentures	965	1,039	6,848	7,142
Deferred tax liabilities	41	45	294	311
Employee benefits	97	116	687	799
Other long-term liabilities	536	302	3,806	2,074
Total long-term liabilities	**2,115**	**2,015**	**15,009**	**13,847**
Total liabilities	**4,657**	**5,249**	**33,040**	**36,068**
Equity				
Total equity	**3,053**	**3,339**	**21,663**	**22,943**
Total liabilities and equity	**7,710**	**8,588**	**54,703**	**59,011**

Abridged Consolidated Cash Flow Statement for the First Quarter

	Q1 2024 USD (m)	Q1 2023 USD (m)	Q1 2024 RMB (m)	Q1 2023 RMB (m)
Cash flow from operating activities:				
Cash flow used for operating activities	(103)	(425)	(735)	(2,905)
Cash flow used for operating activities	**(103)**	**(425)**	**(735)**	**(2,905)**
Investing activities:				
Acquisitions of fixed and intangible assets	(66)	(85)	(468)	(580)
Proceeds from disposal of fixed and intangible assets	1	4	4	26
Acquisition of subsidiary	0	(22)	0	(148)
Other investing activities	(1)	9	(8)	63
Cash flow used for investing activities	**(67)**	**(93)**	**(473)**	**(639)**
Financing activities:				
Receipt of loans from banks and other lenders	172	525	1,218	3,595
Repayment of loans from banks and other lenders	(195)	(29)	(1,383)	(200)
Interest payment and other	(24)	(26)	(168)	(179)
Other financing activities	49	(53)	349	(365)
Cash flow from financing activities	**2**	**417**	**17**	**2,851**
Effects of exchange rate movement on cash and cash equivalents	**0**	**1**	**13**	**(53)**
Net change in cash and cash equivalents	**(167)**	**(100)**	**(1,178)**	**(747)**
Cash and cash equivalents at the beginning of the period	**686**	607	4,857	4,225
Cash and cash equivalents at the end of the period	**519**	**506**	**3,679**	**3,479**
Free Cash Flow	**(194)**	**(542)**	**(1,376)**	**(3,710)**

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, 2024 and 2023 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 certain transportation costs have been reclassified from COGS to Operating Expenses.
- "Financial expenses" includes net financing expenses and gains/losses from changes in fair value.

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 2024 USD (m)	Q1 2023 USD (m)	Q1 2024 RMB (m)	Q1 2023 RMB (m)
Reported Net Income (Loss)	**(32)**	**12**	**(228)**	**83**
Adjustments to COGS & Operating Expenses:				
1. Amortization of acquisition-related PPA and other acquisition related costs	4	4	26	29
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	5	6	36	42
3. Upgrade & Relocation related costs	1	1	6	5
4. Incentive plans	0	(1)	0	(6)
5. ASBEs classifications COGS impact	(30)	(30)	(214)	(203)
6. ASBEs classifications OPEX impact	30	30	214	203
7. Measures to improve efficiencies	11	0	80	0
Total Adjustments to Operating Income (EBIT)	**21**	**10**	**148**	**69**
Total Adjustments to EBITDA	**12**	**(1)**	**82**	**(4)**
Adjustments to Financing Expenses:				
Other financing expenses	2	0	17	0
Adjustments to Taxes:				
Taxes impact	1	1	6	5
Total adjustments to Net Income	**22**	**9**	**158**	**64**
Adjusted Net Income (Loss)	**(10)**	**22**	**(69)**	**148**

Notes:

1. **Amortization of acquisition-related PPA and other acquisition related costs:**
   a. **Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)**: Under ASBE, since the third 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.
   b. **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.
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 Upgrade & Relocation programs in China and Israel. As part of this program, production assets located in the old production sites in Huai'An and Beer-Sheva were in a relocation process to new sites in 2023, 2024 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 Upgrade & Relocated programs, which include mainly accelerate depreciation.
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. **ASBEs classifications COGS impact:** according to the ASBE guidelines [IAS 37], certain items (specifically certain transportation costs) are classified under COGS.
6. **ASBEs classifications OPEX impact:** according to the ASBE guidelines [IAS 37], certain items (specifically certain transportation costs) are classified under COGS.
7. **Measures to improve efficiencies** – ADAMA recorded costs due to certain measures initiated to improve efficiencies mainly personnel changes

Exchange Rate Data for the Company's Principal Functional Currencies

	March 31			Q1 Average		
	2024	2023	Change	2024	2023	Change
EUR/USD	1.081	1.088	(0.6%)	1.086	1.073	1.2%
USD/BRL	4.996	5.080	1.7%	4.953	5.195	4.7%
USD/PLN	3.989	4.293	7.1%	3.992	4.392	9.1%
USD/ZAR	18.87	17.83	(5.8%)	18.896	17.735	(6.5%)
AUD/USD	0.651	0.668	(2.6%)	0.658	0.684	(3.8%)
GBP/USD	1.264	1.236	2.3%	1.268	1.214	4.5%
USD/ILS	3.681	3.615	(1.8%)	3.660	3.538	(3.4%)
USD L 3M	5.30%	5.19%	11 bp	5.32%	4.92%	40 bp

	March 31			Q1 Average		
	2024	2023	Change	2024	2023	Change
USD/RMB	7.095	6.872	3.2%	7.103	6.842	3.8%
EUR/RMB	7.670	7.474	2.6%	7.678	7.338	4.6%
RMB/BRL	0.704	0.739	4.8%	0.697	0.759	8.2%
RMB/PLN	0.704	0.625	(12.7%)	0.562	0.642	12.4%
RMB/ZAR	2.659	2.594	(2.5%)	2.660	2.592	(2.6%)
AUD/RMB	4.619	4.573	1.0%	4.672	4.679	(0.1%)
GBP/RMB	0.562	8.491	(93.4%)	8.969	8.307	8.0%
RMB/ILS	0.519	0.526	1.4%	0.515	0.517	0.4%
RMB Shibor 3M	2.157%	2.476%	(32 bp)	2.284%	2.413%	(13 bp)