Stock Code: 000553 (200553) Stock abbreviation: ADAMA A (B) Announcement No. 2021-31

ADAMA Ltd.
H1 2021 Performance Estimation

The Company and all the directors confirm that the information disclosed herein is true, accurate, complete and contains no false recording, misleading statement or material omission.

I. Performance Estimation

1. Estimation period: January 1, 2021 – June 30, 2021

2. Estimated performance: higher compared with the corresponding period last year

Item	Current reporting period January to June 2021	Same period last year January to June 2020
Net income attributable to the shareholders of the listed company (RMB in millions)	330 – 394	205
	Percentage increase YoY 61.2% – 92.8%	
Basic earnings per share (RMB)	0.1416 – 0.1693	0.0836

II. Pre-audit of the estimated performance

The estimated results of this period are the preliminary estimation of the Company and have not been audited nor reviewed by certified accountants.

III. Explanations for Performance Variation

Sales

The Company is expecting to report sales growth of more than 18% in USD terms and 7% in RMB terms in the second quarter compared to the same quarter last year, driven by continued robust volume growth in all key regions. This strong performance should drive sales growth of 16% in USD terms and 7% in RMB terms over the half-year period, compared to the corresponding period last year.

In the second quarter, the Company is expecting to deliver robust growth in Asia Pacific, led by a strong performance in China and the Pacific. In China, the Company is seeing strong growth, both from sales of its branded, formulated portfolio, supported by the acquisition of Huifeng's domestic commercial arm at the end of 2020, as well as from sales of its raw materials and

intermediates, similarly bolstered to some extent by the recent acquisition of Huifeng's manufacturing assets at the end of May 2021. In the rest of APAC, the Company is expecting to record continued growth, with a noteworthy performance to be delivered in Australia, more than offsetting the challenging seasonal conditions in South-East Asia, and the lingering effects of COVID-19 which continues to challenge local farmers throughout the region.

In North America, the Company is expecting to record continued robust growth from its Consumer and Professional business, alongside a solid performance in the crop protection arm, recovering from first-quarter headwinds seen there.

The Company is expecting to deliver pleasing growth in Latin America, driven by business growth in Brazil supported by the strong crop prices, and despite ongoing drought conditions which affected the corn planting season in the country, as well as growth seen in other countries across the region.

The Company is expecting to report strong growth in the India, Middle-East & Africa region, led by India which enjoyed favorable weather with a strong start to the monsoon season, enabling good cropping conditions.

Sales in Europe are expected to grow, aided by a recent region-wide heatwave, causing higher disease and insect pressure in most countries, following a prolonged cold spell. Noteworthy performances are foreseen across eastern Europe, supported by favorable conditions in key crops, as well as in Italy and Greece, bolstered by the Company's recent acquisition there. These are expected to more than compensate for softer performances in certain countries in the western part of the continent.

Net Income

Net income in the second quarter is expected to be somewhat higher than reported in the same quarter last year. Despite the exceptionally strong increase in sales, the Company is seeing pressure on gross margins, impacted by higher procurement and production costs, as well as the strengthening of the RMB and the ILS. The higher gross profit is expected to be partially offset by increased operating and financial expenses.

The expected increase in operating expenses will largely reflect the strong volume-driven growth of the business and acquisitions made, alongside a significant increase in global logistics and shipping costs, as well as the weaker US dollar.

The expected increase in financial expenses is driven by the effect of the increase in the Israeli CPI on the ILS-denominated, CPI-linked bonds. In contrast, the Company expects to see lower tax expenses due to tax income resulting from the impact of the stronger BRL on the value of non-monetary tax assets.

Over the half-year period, the Company is expecting to record marked net income growth when compared to the corresponding period last year, driven by the strong growth in net income recorded in the first quarter and further augmented by the increase in the second quarter net income.

The Company's reported net income in the second quarter and first half is expected to reflect

around RMB 193 million and RMB 381 million, respectively, of net expenses in respect of certain transitory or non-operational and non-cash items, including mainly:

i. Approximately RMB 133 million in Q2 2021 (Q2 2020: RMB 53 million) and RMB 217 million in the first half (H1 2020: RMB 157 million), in net Relocation & Upgrade-related costs, including mainly (a) higher 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; and (b) idleness charges largely related to suspensions at the facilities being relocated;

ii. Approximately RMB 43 million in Q2 2021 (Q2 2020: RMB 53 million) and RMB 94 million in the first half (H1 2020: RMB 108 million), in non-cash amortization charges in respect of Transfer assets received from Syngenta related to the 2017 ChemChina-Syngenta acquisition;

iii. Approximately RMB 21 million in Q2 2021 (Q2 2020: RMB 16 million) and RMB 41 million in the first half (H1 2020: RMB 32 million), in net 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.

Excluding the impact of the abovementioned transitory or non-operational and non-cash items, the Company is expecting to deliver the following:

- Adjusted net income in the first half is expected to be between RMB 711 – 775 million, compared to RMB 670 million in the same period last year;
- Adjusted basic earnings per share in the first half is expected to be between RMB 0.3051 – 0.3328, compared to RMB 0.2740 in the same period last year.

Note: The H1 2020 Adjusted Net Income shown above has been amended from that presented at the time to include additional adjustments in order to consistently reflect largely the treatment of Relocation & Upgrade Program-related costs amongst other adjustments that the Company has deemed non-operational and one-time in nature.

IV. Other Remarks

The estimated results above are only preliminary calculations performed by the finance team of the Company based on initial financial data available to the Company, and have not been audited or reviewed by the Company's independent auditors. These estimations may change, inter alia, as a result of the further processing and analysis of the financial data that the Company will perform for the preparation of its H1 2021 financial statements. Please refer to the H1 2021 Report to be duly disclosed by the Company on August 26, 2021 for specific and accurate financial information.
Investors are reminded to exercise caution when making investment decisions.

Media for Information Disclosure of the Company: China Securities Journal, Securities Times, Ta Kung Pao, and Cninfo (www.cninfo.com.cn).

By order of the Board
ADAMA Ltd.

July 15th, 2021