

ADAMA Ltd. Q1-Q3 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: First nine months and third quarter of 2021
2. Estimated net profit: decrease or loss compared with the corresponding periods last year

Item	Current reporting period January to September 2021	Same period last year January to September 2020
Net income attributable to the shareholders of the listed company (RMB in millions)	(32) – 32	225
	Percentage decrease YoY (114.22)% – (85.78)%	
Basic earnings per share (RMB)	(0.0139) – 0.0139	0.0929

Item	Current reporting period July to September 2021	Same period last year July to September 2020
Net income attributable to the shareholders of the listed company (RMB in millions)	(399) – (335)	20
	Percentage decrease YoY (2,095.00)% – (1,775.00)%	
Basic earnings per share (RMB)	(0.1715) – (0.1437)	0.0086

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

ADAMA is expecting to report sales growth of more than 10% in RMB terms (17% in USD terms) in the third quarter compared to the same quarter last year, which should drive top-line growth of around 8% (16% in USD terms) over the nine-month period, compared to the corresponding period last year. The strong growth over both the quarter and the nine-month period is being driven by a combination of continued robust volume growth alongside moderate price increases in the quarter, with strong demand supported by continued high crop prices, as well as favorable exchange rates and the contribution of newly acquired companies.

In the third quarter, the Company is expecting to record strong growth in **Europe**, where the continued high crop prices, combined with supportive weather later in the quarter, saw a positive start to the autumn season, especially in oilseed rape, winter cereals and sunflower.

In **North America**, the Company is expecting to deliver a strong performance driven by a combination of significant volume growth and higher prices, enjoying robust demand in both the Agriculture as well as Consumer & Professional arms. ADAMA is expecting to deliver pleasing growth across **Latin America**, with the high crop prices driving strong demand as the region starts to reopen following the improvement of the COVID situation in key markets, translating into solid volume growth and higher prices.

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, most notably in the sales of its raw materials and intermediates where it is seeing strong demand. In the rest of APAC, the Company is expecting to report continued growth, with a noteworthy performance expected to be delivered in the Pacific region, enjoying positive seasonal conditions and healthy demand.

Sales in the **India, Middle-East & Africa** region are expected to grow, with a noteworthy performance being seen 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.

Gross Profit, Operating Profit and EBITDA

In the third quarter, the Company is expecting to report higher gross profit, driven by the strong top-line growth. However, the Company continues to see pressure on its gross margins, impacted by higher 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. The increased gross profit is expected to be more than offset by higher operating expenses, translating into lower Operating Profit and EBITDA. The higher operating expenses largely reflect the strong volume-driven growth of the business and the additional operating expenses of the newly acquired companies, alongside a continued increase in global logistics and shipping costs which remain significantly elevated, as well as the impact of generally stronger global currencies against the US dollar.

Similarly, over the nine-month period, the Company's robust business growth is being outweighed by the contraction of the gross margin and the higher operating expenses, resulting in lower Operating Profit and EBITDA.

Net Income

The Company is expecting to report a loss in Reported Net Income in the third quarter, compared to a modest profit in the same quarter last year. The lower Operating Profit is expected to be further exacerbated by higher financial expenses, driven by the effect of the increase in the Israeli CPI on the ILS-denominated, CPI-linked bonds. In addition, the Company is expecting to report higher tax expenses, both due to the incurring of higher taxes by the Company's selling entities in end markets as well as the 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.

The predicted loss in the third quarter is expected to bring the Company's Reported Net Income over the nine-month period into slightly negative territory.

The Company's reported net income in the third quarter and nine-month period are expected to reflect around RMB 175 million and RMB 555 million, respectively, of net expenses in respect of certain transitory or non-operational and non-cash items, including mainly:

- Approximately RMB 133 million in Q3 2021 (Q3 2020: RMB 47 million) and RMB 335 million in the nine-month period (9M 2020: RMB 185 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 and upgraded;
- Approximately RMB 28 million in Q3 2021 (Q3 2020: RMB 53 million), and RMB 122 million in the nine-month period (9M 2020: RMB 160 million), in non-cash amortization charges in respect of Transfer assets received from Syngenta related to the 2017 ChemChina-Syngenta acquisition;
- Approximately RMB 21 million in Q3 2021 (Q3 2020: RMB 17 million) and RMB 62 million in the nine-month period (9M 2020: RMB 34 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 third quarter is expected to be between RMB (224) – (159) million, compared to RMB 198 million in the same period last year; Adjusted net income in the first nine months of the year is expected to be between RMB 523 – 588 million, compared to RMB 868 million in the same period last year.
- Adjusted basic earnings per share is expected to be between RMB (0.0962) – (0.0684) in the third quarter and between RMB 0.2245 – 0.2523 in the first nine months, compared to last year's RMB 0.0832 in the quarter and RMB 0.3583 in the first nine months.

Note: The 9M 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 financial statements for the first nine months and third quarter of 2020. Please refer to the Report for the first nine months and third quarter of 2020 to be duly disclosed by the Company on October 28, 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.
October 15th, 2021