

ADAMA Ltd. 2021 Full Year 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 to December 2021
2. Estimated net profit: decrease compared with the corresponding period last year

Item	Current reporting period January to December 2021	Same period last year January to December 2020
Net income attributable to the shareholders of the listed company (RMB in millions)	128 – 180	353
	(63.7%) – (49.0%)	
Net income excluding non-recurring profits and losses (RMB in millions)	43 – 94	288
	(85.1%) - (67.4%)	
Basic earnings per share (RMB)	0.0551– 0.0771	0.1469

Note: The 'non-recurring profits and losses' referred to above are as defined in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering their Securities to the Public-Non-Recurring Profit and Loss.

II. Discussion with the Auditor

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 13% in RMB terms (17% in USD terms) in the fourth quarter compared to the same quarter last year. The strong growth over the quarter

is being driven by a significant, double-digit increase in prices, a trend which started in the third quarter and accelerated into the fourth quarter. The markedly higher prices were complemented by continued volume growth, which together are a reflection of the robust demand in the market resulting from the continued high crop prices being enjoyed by farmers worldwide.

In the quarter, ADAMA is expecting to deliver significant growth in Latin America, both in Brazil and across much of the rest of the region. In Brazil, the Company benefited from the good soybean planting season, as well as the strong farmer demand which supported higher prices. The Company commenced local production and commercialization in Brazil of ARMERO™, its new dual-mode fungicide containing the active ingredients Prothioconazole and Mancozeb, benefiting from its new in-house production of Prothioconazole, a leading broad-spectrum systemic fungicide. The Company is also expecting to deliver pleasing growth in Paraguay following an acquisition in the country in the fourth quarter of 2020, as well as in Central America and many other countries in the region.

The Company continues to grow strongly in Asia Pacific, led by a significant increase in sales in the quarter in China. In China, the Company's sales of raw materials and intermediates, where it continues to see strong demand, are also benefiting from the higher pricing environment resulting from general supply constraints. In addition, ADAMA continues to grow sales of its branded, formulated portfolio, and was also bolstered by the acquisition of Huifeng during the year. In the wider APAC region, the Company is expecting to report growth in the quarter, with increases in the Pacific region being balanced by somewhat softer performances in some east Asian markets, where commercial activities continue to be hampered by COVID-related restrictions and supply constraints.

In North America, the Company is expecting to deliver a pleasing performance in the fourth quarter, enjoying robust pre-season demand in both US and Canadian agricultural markets as farmers order early in light of continued industry-wide concerns around availability later in the season.

Sales in the India, Middle-East & Africa region are expected to grow in the quarter, led by a strong performance in India driven by new product launches in the country, including BARROZ®, a leading tool for the control of stem borer in rice, as well as South Africa, where the Company continues to benefit from favorable cropping conditions and new product launches.

In the fourth quarter, the Company is expecting to record moderate growth in Europe, achieved despite the impact of the COVID-19 Omicron wave hampering regular commercial activities, with growth across most of the region being partially offset by supply challenges, mainly felt in France and Germany.

Over the full year, the Company is expecting to deliver a similarly robust 9% top-line growth (17% in USD terms) in its global sales. This strong performance is being driven by continued double-digit volume growth, for the second year in succession, alongside higher prices and favorable exchange rates.

Gross Profit, Operating Profit and EBITDA

In the fourth quarter, the Company is expecting to report significantly higher gross profit, driven by the strong top-line growth and a marked improvement in its gross margin. This expected increase in gross margin in the quarter is a reflection of higher prices seen in the quarter, which are more than compensating for the impacts of higher procurement and production costs, and the effect of the strong RMB and ILS, the Company's main production currencies. The increased gross profit in the quarter is expected to translate into significantly higher Operating Profit and EBITDA, with operating expenses markedly lower as a percentage of sales, although somewhat higher in absolute terms reflecting mainly the higher logistics costs, additions of new companies and idleness in certain of the Company's production facilities in China as a result, amongst other factors, of the temporary suspensions of sites during the country's Dual Energy Control restrictions in recent months.

Over the full year, the Company's robust business growth, coupled with the gross margin recovery in the fourth quarter – which will bring the full year gross margin to be only somewhat below that of last year – are expected to drive a marked increase in gross profit, operating profit and EBITDA.

Net Income

The Company is expecting Reported Net Income in the fourth quarter to be between RMB 132 million and RMB 184 million, and an increase of between 3.1% - 43.8% over the same quarter last year.

The significantly higher Operating Profit in the fourth quarter is expected to be only partially offset by higher financial expenses, resulting in a marked increase in Profit before Taxes in the quarter. The higher pre-tax profit will in turn be only partially offset by higher tax expenses, compared to tax income earned in the fourth quarter last year.

The higher Reported Net Income in the fourth quarter is expected to bring the Company's Reported Net Income over the full year into a moderate profit, but below that of last year. The significantly higher sales and gross profit seen over the year are expected to drive a marked increase in Operating Profit. However, this increase is expected to be more than offset by higher financial and tax expenses, resulting in the lower Net Income expected over the full year.

The Company's reported net income attributable to shareholders in the fourth quarter and full year is expected to reflect around RMB 183 million (Q4 2020: RMB 220 million) and RMB 738 million (FY 2020: RMB 857 million), respectively, of net expenses in respect of certain transitory or non-operational and non-cash items, including mainly:

- Approximately RMB 150 million in Q4 2021 (Q4 2020: RMB 119 million) and RMB 513 million in the full year (FY 2020: RMB 323 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 Q4 2021 (Q4 2020: RMB 51 million), and RMB 150 million in the full year (FY 2020: RMB 211 million), in non-cash amortization charges in respect of Transfer assets received from Syngenta related to the 2017 ChemChina-Syngenta acquisition;
 - Approximately RMB 29 million in Q4 2021 (Q4 2020: RMB 16 million) and RMB 90 million in the full year (FY 2020: RMB 64 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 attributable to shareholders in the fourth quarter is expected to be between RMB 315 – 366 million, compared to RMB 348 million in the same period last year; Adjusted net income attributable to shareholders in the full year is expected to be between RMB 866 – 918 million, compared to RMB 1,210 million in the same period last year.
- Adjusted basic earnings per share is expected to be between RMB 0.1352 – 0.1571 in the fourth quarter and between RMB 0.3719 – 0.3938 in the full year, compared to last year's RMB 0.1489 in the quarter and RMB 0.5039 in the full year.

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 full year and fourth quarter of 2021. Please refer to the Report for the full year 2021 to be duly disclosed by the Company on March 31st, 2022 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.
January 29, 2022