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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 2022**

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 2022**

**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 Shahar Florentz, the person leading the accounting function (Chief Financial Officer), hereby assert and confirm the truthfulness, accuracy and completeness of the Financial Report.**

**The Third Quarter Report has not been audited.**

**This Report has 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

	July - September 2022	July - September 2021		+/- (%) After adjustment	January - September 2022	January - September 2021		+/- (%) After adjustment
		Before adjustment	After adjustment			Before adjustment	After adjustment	
Operating revenues (RMB'000)	9,281,986	7,424,584	7,424,584	25.02%	28,077,814	22,488,364	22,488,364	24.85%
Net profit attributable to shareholders of the Company (RMB'000)	36,046	(370,952)	(370,952)	109.72%	768,144	(3,916)	(3,916)	19,715.53%
Net profit attributable to shareholders of the Company excluding non-recurring profit and loss (RMB'000)	4,353	(384,112)	(384,112)	101.13%	659,376	(61,989)	(61,989)	1,163.70%
Net cash flow from operating activities (RMB'000)	(212,839)	690,694	690,694	-130.82%	(1,558,700)	2,181,987	2,181,987	-171.43%
Basic EPS (RMB/share)	0.0155	(0.1592)	(0.1592)	109.72%	0.3297	(0.0017)	(0.0017)	19,494.25%
Diluted EPS (RMB/share)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Weighted average return on net assets	0.16%	-1.73%	-1.73%	1.89%	3.44%	-0.02%	-0.02%	3.46%
			<b>End of last year</b>				<b>+/- (%)</b>	
	<b>End of Reporting Period</b>		<b>Before adjustment</b>	<b>After adjustment</b>			<b>After adjustment</b>	
Total assets (RMB'000)	59,206,445		50,235,308		50,235,308			17.86%
Net assets attributable to shareholders (RMB'000)	23,570,005		21,075,083		21,075,083			11.84%

Reason for retroactive adjustments: According to ASBE 22 - Financial Instruments Recognition and Measurement, starting from 2022 the Group recorded the gain or loss from the disposal of derivative instruments in the "Gain(loss) from Changes in Fair Value". Before 2022, the Group recorded the abovementioned gain of loss in the "Investment income, net". The Company reclassified the "Gain(loss) from Changes in Fair Value" and the "Investment income, net" in the corresponding period in 2021. Such change has no impact on the operating results or net assets.

## 2. Non-Recurring profit/loss

√ Applicable  Not applicable

Unit: RMB'000

Item	July - September 2022	January - September 2022	Note
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	2,490	70,460	
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)	5,952	30,786	
Recovery or reversal of provision for bad debts which is assessed individually during the years	24,153	41,353	
Other non-operating income and expenses other than the above	3,958	(6,282)	
Other profit or loss that meets the definition of non-recurring profit or loss	(7)	(5,852)	Mainly provision for early retirement plan of employees at the Company's Israeli manufacturing facilities.
Less: Income tax effects	4,853	21,697	
Total	31,693	108,768	

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

√ Applicable  Not applicable

Mainly provisions for early retirement plan of employees at the Company's Israeli manufacturing facilities as explained above in the note.

Explanation of why the Company classified an item as non-recurring profit/loss according to the definition in the Explanatory Announcement No. 1 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

## General Crop Protection Market Environment

Preliminary projections estimate **the global crop protection industry** to increase by 14.5% in 2022<sup>1</sup>. High crop prices incentivized another year of increases in **global planted areas**, which drove higher crop protection volumes as well as by higher pricing.

**Crop prices** remain elevated above historic averages despite decreasing somewhat in the last two quarters, after reaching historically high levels in Q1 2022. Prices are expected to remain elevated into 2023, supported by key fundamentals including very low stocks, unfavorable weather conditions in the Americas and parts of Europe and continued supply disruptions exacerbated by the conflict in Ukraine as well as the energy crisis in Europe. However, weaker economic conditions and broad-based monetary tightening could weigh on consumer demand, softening prices further.

**Farmer profitability** continues to face pressures from high production costs, mainly from high fertilizer prices, driven by a surge in energy costs and the application of international economic sanctions to Russia and Belarus (both large fertilizer exporters), as well as supply disruption and tight availability caused by the conflict in Ukraine. Despite this, farming activities are nevertheless still very profitable in most regions.

**Crude oil** prices continued to decline in the third quarter of 2022 from the peak levels reached in the first quarter of 2022, mainly due to concerns regarding the global economic outlook. Prices are, however, expected to remain elevated into the fourth quarter of 2022 and beyond, due to low global inventory levels, uncertainty of Russia's oil exports as well as the OPEC+ decision to further limit oil production.

European **gas prices** and indirectly Asian spot LNG prices reached record highs in the third quarter of 2022 following the sharp decline in Russian gas flows to Europe and a tight energy market. Meanwhile, prices in the United States reached their highest summer levels since 2008.

**Global container freight rates** have dropped significantly in the third quarter of 2022, driven by a further weakening in demand in the light of high inflation and slower-than-expected economic growth, easing port congestion. A large amount of scheduled new deliveries of container vessel capacity, starting from the end of 2022, is expected to further soften port congestion and put container shipping rates under pressure.

**Prices for raw materials, intermediates and active ingredients** reached peak levels towards the end of 2021; however, since then there has been a general softening of prices in China and an increase in prices of such products in other geographies. With strong global crop protection demand, and supply shortages driven by the energy crisis in Europe and the ongoing conflict in Ukraine, as well as the ongoing "Zero COVID" policy in China, overall prices are expected to remain above levels in recent years. **In China**, an increase in production capacity and an ease in logistic disruptions led to softening of prices of many key raw materials, intermediates and active ingredients from China. **In other geographies** cost inflation, energy prices, supply shortages and logistic challenges are driving procurement prices upward and impacting availability of raw materials and intermediates.

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<sup>1</sup> Source: AgbioInvestor-Quarterly-Briefing-Service-PLUS\_Q3-2022

	January - September 2022 (000'RMB)	Same period last year (000'RMB)	+/-%	January - September 2022 (000'USD)	Same period last year (000'USD)	+/-%
<b>Operating income (Revenues)</b>	28,077,814	22,488,364	24.85%	4,257,997	3,475,992	22.50%
Cost of goods sold	20,838,317	16,143,819	29.08%	3,159,552	2,495,316	26.62%
Sales & Marketing expenses	3,231,093	3,725,486	-13.27%	489,682	575,816	-14.96%
General & Administrative expenses	972,450	1,020,945	-4.75%	147,192	157,812	-6.73%
R&D expenses	415,855	340,888	21.99%	63,027	52,692	19.61%
Financial Expenses	132,048	1,107,975	-88.08%	15,496	171,273	-90.95%
Gain (loss) from Changes in Fair Value	(1,364,883)	173,806	-885.29%	(210,040)	26,571	-890.49%
<b>Total Net Financial Expenses</b>	1,496,931	934,169	60.24%	225,536	144,702	55.86%
<b>Total profits</b>	901,110	244,550	268.48%	138,853	37,797	267.37%
Income tax expenses	132,966	246,269	-46.01%	20,121	38,054	-47.13%
<b>Net profit attributable to shareholders of the Company</b>	768,144	(3,916)	19,715.53%	118,732	(595)	20,054.96%
<b>EBITDA</b>	3,983,221	2,619,409	52.07%	604,598	404,900	49.32%

	Q3 2022 (000'RMB)	Q3 2021 (000'RMB)	+/-%	Q3 2022 (000'USD)	Q3 2021 (000'USD)	+/-%
<b>Operating income (Revenues)</b>	9,281,986	7,424,584	25.02%	1,359,044	1,147,469	18.44%
Cost of goods sold	7,015,562	5,437,109	29.03%	1,027,235	840,308	22.25%
Sales & Marketing expenses	1,072,004	1,219,050	-12.06%	156,961	188,399	-16.69%
General & Administrative expenses	330,137	449,138	-26.50%	48,309	69,421	-30.41%
R&D expenses	141,117	113,948	23.84%	20,664	17,612	17.33%
Financial Expenses	570,273	659,185	-13.49%	83,487	101,884	-18.06%
Gain (loss) from Changes in Fair Value	(23,165)	312,067	-107.42%	(3,392)	48,230	-107.03%
<b>Total Net Financial Expenses</b>	593,438	347,118	70.96%	86,879	53,654	61.92%
<b>Total profits</b>	67,736	(175,764)	138.54%	9,918	(27,178)	136.49%
Income tax expenses	31,690	195,188	-83.76%	4,639	30,164	-84.62%
<b>Net profit attributable to shareholders of the Company</b>	36,046	(370,952)	109.72%	5,279	(57,342)	109.21%
<b>EBITDA</b>	1,211,159	666,988	81.59%	177,324	103,080	72.03%

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 18% (+25% in RMB terms; +24% in constant exchange rates (CER) terms) to \$1,359 million, driven by a significant 18% increase in prices, a trend which started in the third quarter of 2021. The markedly higher prices were complemented by continued volume growth (+6%), and achieved despite supply challenges in certain markets, and the adverse impact of exchange rate movements in many regions. The Company achieved growth in sales in constant exchange rates across most regions.

The accelerated growth in the quarter brought the first nine months sales to a record-high of \$4,258 million, an increase of 22% (+25% in RMB terms; +26% in CER terms) driven by a 19% increase in prices and an 7% growth in volume.

## Regional Sales Performance

	Q3 2022 \$m	Q3 2021 \$m	Change USD	9M 2022 \$m	9M 2021 \$m	Change USD
Europe	211	220	-4.0%	861	825	4.3%
North America	174	183	-4.7%	736	628	17.2%
Latin America	548	372	47.3%	1,161	820	41.7%
Asia Pacific	238	194	22.4%	958	677	41.4%
Of which China	156	121	28.9%	605	380	59.1%
India, Middle East & Africa	187	178	5.3%	542	525	3.1%
<b>Total</b>	<b>1,359</b>	<b>1,147</b>	<b>18.4%</b>	<b>4,258</b>	<b>3,476</b>	<b>22.5%</b>

**Europe:** Increase in sales in the third quarter in constant exchange rate terms following distributors securing inventory for the autumn season in the UK, Czech Republic, France, Romania, Benelux and Baltics. This growth in constant exchange rate terms was achieved despite drought conditions across European countries such as Spain, France, Italy and Germany impacting demand, as well as supply issues, high channel inventories in some countries and a loss of sales due to the Ukraine-Russia conflict.

**North America:** In the **US Ag** market, sales decreased in the third quarter as the Company was negatively impacted by the record low harvest of cotton as farmers abandoned non-irrigated fields due to extreme drought conditions across Texas and other southwest regions. Drought in California continued to impact demand. With the North American market in the midst of harvest season, renewed demand for crop protection is expected in anticipation of the upcoming Q1 2023 planting season.

Very strong growth in sales in **Canada** enabled by the in-house production of cereal herbicide which supported the cereal season before harvest.

The **Consumer & Professional** business presented slower sales in the quarter. On the professional side, initial market price reductions, high levels of inventory in the channel and anticipation of decreases in costs of goods led to a slowdown in the market. On the consumer side, inflationary pressures are softening overall market demand.

**Latin America:** Strong growth in sales in **Brazil**, driven by prices and volume supporting the anticipated soybean, corn, sugarcane and cotton fourth quarter crop seasons; sales which in 2021 were also included in the fourth quarter.

In other **LATAM countries** the higher sales reflect the strong demand across the region and were achieved despite some adverse weather conditions and inventory in the channel.

**Asia Pacific:** The Company's strong growth in Asia Pacific was led by the sales of raw material, intermediates and fine chemicals in **China**, driven by continued strong demand, in light of the strong global demand for crop protection and achieved despite an ease in fine chemical prices. The sales in China of ADAMA's branded portfolio also continued to grow nicely, despite the strong competition in the market.

In the wider APAC region, growth in sales in the quarter was also achieved led by strong sales in **Asian countries** such as Thailand, Korea and Indonesia due to favorable seasonal conditions and with the return of face-to-face business post-COVID. In the **Pacific region** fungicide sales grew nicely following favorable seasonal conditions. This growth was achieved despite high channel inventories in parts of Asia.

**India, Middle East and Africa:** Sales in the third quarter were led by India and represent the peak season for sales in this country due to the monsoon season. Despite this, heavy rainfall negatively impacted insecticide and fungicide sales in certain crops and overall sales were also impacted by some supply constraints.

## (2) Cost of Goods and Gross Profit

In the reported results, as of Q4 2021, following recent changes in the guidelines in China, the transportations costs to third parties and its marketing subsidiaries and opex idleness have been reclassified from operating expenses to costs of goods (not impacting the operating results), while these expenses were not recorded in the cost of goods in the third quarter and first nine months of 2021, but rather in the operating expenses.

Additionally, certain extraordinary charges related largely to a temporary disruption of the production of certain products were adjusted in the third quarter and first nine months of 2021. These charges have significantly declined since Q1 2022, as the relocation and upgrade of the manufacturing Jingzhou site in China has been completed and is now at a high level of operation.

Excluding the impact of the abovementioned items, the higher gross profit was mainly driven by the markedly higher prices, complemented by continued volume growth, which offset the higher logistic, procurement and production costs, as well as the negative impact of exchange rates.

## (3) Operating Expenses:

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

Please refer to the explanation above regarding the reclassification of certain transportation costs and idleness from operating expenses to COGs.

Additionally, the Company recorded certain non-operational charges within its operating expenses amounting to RMB 20 million (\$ 3 million) in Q3 2022 in comparison to RMB 41 million (\$ 6 million) in Q3 2021, and RMB 202 million (\$ 31 million) in 9M 2022 in comparison to RMB 210 million (\$ 32 million) in 9M 2021, mainly as follows:

(i) 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) 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; and (iii) Incentive plans - share-based compensation.

Excluding the impact of the abovementioned non-operational charges, the higher operating expenses in the quarter and first nine months reflect the strong growth of the business, higher transportation and logistics costs driven by both an increase in freight costs and volumes transported, an increase in expenses attributed to company success-based employee compensation, the inclusion of a recent acquisition (in the nine-month period) and moderated by the positive impact of exchange rates.

In addition, in the first quarter of 2022 the Company recorded a doubtful debt provision for trade receivables in Ukraine.

#### **(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 an expense of RMB 132 million (\$15 million) for the nine months of 2022 compared with an expense of RMB 1,108 million (\$171 million) for the corresponding period in 2021.

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. The impact of the hedging transactions which is recorded in “Gains/Losses from Changes in Fair Value” is a net loss of RMB 1,365 million (\$210 million) in the nine months of 2022 compared with a net gain of RMB 174 million (\$27 million) in the corresponding period in 2021.

The aggregate of Financial Expenses and Gains/Losses from Changes in Fair Value (hereinafter as “Total Net Financial Expenses”), which more comprehensively reflects the financial expenses of the Company in supporting its main business and protecting its monetary assets/liabilities, amounts to RMB 1,497 million (\$226 million) in the nine months of 2022 compared with RMB 934 million (\$145 million) in the corresponding period in 2021.

The higher financial expenses were mainly driven by the net effect of the high Israeli CPI on the ILS-denominated, CPI-linked bonds and higher hedging costs on exchange rates. In the nine-month period in 2022, these expenses also included the valuation of put options attributed to minority stakes of a subsidiary fully consolidated from Q3 2021.

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

In 2022, the Company recognized a higher deferred tax asset, related to inter-group sales, that led to a decline in the tax on income.

The significantly higher tax expenses in the third quarter of 2021 reflected the high growth in end-market sales, which incur higher tax rates, as well as the impact of a significantly weaker BRL on non-monetary tax assets.

## Changes in main assets and liabilities

Unit: RMB'000

Assets and liabilities	End of Reporting Period	End of last year	+/- (%)	Explanation
Cash at bank and on hand	3,719,929	5,818,835	-36.07%	Increasing payments for procurement and investments in CIP projects
Other receivables	985,358	691,939	42.41%	Mainly increase in receivables in respect of securitization transaction
Inventories	17,381,277	11,750,162	47.92%	Higher inventory levels mainly to support expected future sales, in light of anticipated supply shortages, logistic challenges and inventory costs increases.
Construction in progress	2,956,191	2,143,400	37.92%	Changes are mainly due to investments as part of upgrade projects
Deferred tax assets	1,313,913	723,075	81.71%	Mainly due to increase in inter-group sales
Short-term loans	3,139,729	874,755	258.93%	Additional short-term financing
Bills payable	1,131,105	493,376	129.26%	Due to higher level of procurement
Derivative financial assets	356,162	243,316	46.38%	Changes due to revaluation of derivatives
Derivative financial liabilities	803,087	176,206	355.77%	Changes due to revaluation of derivatives
Other payables	1,975,130	1,342,188	47.16%	Mainly increase in accrued expenses for logistics and bond interests, and liabilities in respect of securitization transaction

## 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	40,410 (the number of ordinary A share shareholders is 27,109; the number of B share shareholders is 13,301)	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	0.60%	14,000,000	--	--	--
CITIC Securities-Huarong Ruitong Equity Investment	Others	0.55%	12,885,900	--	--	--

Management Co., Ltd.-CITIC Securities-Changfeng Asset Management Plan for Single Qualified Investor						
Hong Kong Securities Clearing Company Limited	Overseas legal person	0.43%	9,932,401	--	--	--
Bosera Funds-China Merchants Bank- Bosera Funds Xincheng No.2 Collective Asset Management Plan	Others	0.28%	6,500,000	--	--	--
WANG Xiuqin	Domestic natural person	0.27%	6,316,461			
Bosera Funds-Postal Savings Bank- Bosera Funds Xincheng No.3 Collective Asset Management Plan	Others	0.26%	6,000,000	--	--	--
China Merchants Bank – Tianhong CSI 500 ETF	Others	0.24%	5,489,800	--	--	--
WU Feng	Domestic natural person	0.21%	5,001,015	--	--	--

## 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	14,000,000	RMB ordinary share	14,000,000
CITIC Securities-Huarong Ruitong Equity Investment Management Co., Ltd.-CITIC Securities-Changfeng Asset Management Plan for Single Qualified Investor	12,885,900	RMB ordinary share	12,885,900
Hong Kong Securities Clearing Company Limited	9,932,401	RMB ordinary share	9,932,401
Bosera Funds-China Merchants Bank- Bosera Funds Xincheng No.2 Collective Asset Management Plan	6,500,000	RMB ordinary share	6,500,000
WANG Xiuqin	6,316,461	RMB ordinary share	6,316,461
Bosera Funds-Postal Savings Bank- Bosera Funds Xincheng No.3 Collective Asset Management Plan	6,000,000	RMB ordinary share	6,000,000
China Merchants Bank – Tianhong CSI 500 ETF	5,489,800	RMB ordinary share	5,489,800
WU Feng	5,001,015	RMB ordinary share	5,001,015

## Related or act-in-concert parties among the shareholders above

Syngenta Group Co., Ltd. is not a 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

Shareholder Wu Feng held 3,591,189 shares of the Company through an ordinary securities trading account and 1,409,826 shares of the Company through a credit collateral securities trading account, the total sum of which is 5,001,015 shares.

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

## IV. Financial Statements

## i. Financial Statements

## 1. Consolidated balance sheet

Prepared by ADAMA Ltd.

30 September 2022

Unit: RMB'000

Item	September 30, 2022	December 31, 2021	Item	September 30, 2022	December 31, 2021
<b>Current assets:</b>			<b>Current liabilities:</b>		
Cash at bank and on hand	3,719,929	5,818,835	Short-term loans	3,139,729	874,755
Financial assets held for trading	1,632	1,479	Derivative financial liabilities	803,087	176,206
Derivative financial assets	356,162	243,316	Bills payable	1,131,105	493,376
Bills receivable	118,148	81,992	Accounts payable	7,191,302	6,294,163
Accounts receivable	10,130,337	8,362,493	Contract liabilities	1,505,390	1,381,311
Receivables financing	60,526	120,157	Employee benefits payable	1,157,872	1,247,979
Prepayments	443,550	379,788	Taxes payable	436,530	368,682
Other receivables	985,358	691,939	Other payables	1,975,130	1,342,188
Inventories	17,381,277	11,750,162	Non-current liabilities due within one year	1,857,482	1,795,754
Other current assets	1,145,605	938,453	Other current liabilities	452,442	412,909
<b>Total current assets</b>	<b>34,342,524</b>	<b>28,388,614</b>	<b>Total current liabilities</b>	<b>19,650,069</b>	<b>14,387,323</b>
<b>Non-current assets:</b>			<b>Non-current liabilities:</b>		
Long-term receivables	66,369	56,234	Long-term loans	4,193,134	3,498,912
Long-term equity investments	24,836	15,335	Debentures payable	7,951,541	7,797,131
Other equity investments	159,774	152,118	Lease liabilities	451,940	362,086
Investment properties	3,305	3,716	Long-term accounts payable	104,716	95,699
Fixed assets	8,872,837	8,048,389	Long-term employee benefits payables	827,283	792,358
Construction in progress	2,956,191	2,143,400	Provisions	205,374	186,430
Right-of-use assets	582,470	463,915	Deferred tax liabilities	378,787	380,138
Intangible assets	5,496,798	5,326,288	Other non-current liabilities	1,873,596	1,660,148
Goodwill	4,895,961	4,409,599	<b>Total non-current liabilities</b>	<b>15,986,371</b>	<b>14,772,902</b>
Deferred tax assets	1,313,913	723,075	<b>Total liabilities</b>	<b>35,636,440</b>	<b>29,160,225</b>
Other non-current assets	491,467	504,625	<b>Shareholders' equity:</b>		
<b>Total non-current assets</b>	<b>24,863,921</b>	<b>21,846,694</b>	Share capital	2,329,812	2,329,812
<b>Total assets</b>	<b>59,206,445</b>	<b>50,235,308</b>	Capital reserves	12,977,172	12,977,171
			Other comprehensive income	1,365,249	(432,384)
			Special reserves	17,748	19,857
			Surplus reserves	240,162	240,162
			Retained earnings	6,639,862	5,940,465
			<b>Total equity attributed to the shareholders of the company</b>	<b>23,570,005</b>	<b>21,075,083</b>
			Non-controlling interests	-	-
			<b>Total equity</b>	<b>23,570,005</b>	<b>21,075,083</b>
			<b>Total liabilities and equity</b>	<b>59,206,445</b>	<b>50,235,308</b>

Ignacio Dominguez  
Legal representative

Shahar Florentz  
Chief of the accounting work

Shahar Florentz  
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, 2022	January-September, 2021
<b>1. Total operating Income</b>	<b>28,077,814</b>	<b>22,488,364</b>
Less: Cost of sales	20,838,317	16,143,819
Taxes and surcharges	80,507	82,359
Selling and Distribution expenses	3,231,093	3,725,486
General and Administrative expenses	972,450	1,020,945
Research and Development expenses	415,855	340,888
Financial expenses (income)	132,048	1,107,975
Including: Interest expense	525,681	462,725
Interest income	111,595	45,487
Add: Investment income, net	10,889	4,408
Including: Income from investment in associates and joint ventures	10,889	4,408
Gain (loss) from changes in fair value	(1,364,883)	173,806
Credit impairment reversal (losses)	(97,785)	9,685
Asset Impairment reversal (losses)	(132,121)	(39,358)
Gain (loss) from disposal of assets	62,491	9,246
<b>2. Operating profit</b>	<b>886,135</b>	<b>224,679</b>
Add: Non-operating income	38,257	46,564
Less: Non-operating expense	23,282	26,693
<b>3. Total profit</b>	<b>901,110</b>	<b>244,550</b>
Less: income tax expense	132,966	246,269
<b>4. Net profit</b>	<b>768,144</b>	<b>(1,719)</b>
4.1 Classified by nature of operations		
4.1.1 Continuing operations	768,144	(1,719)
4.2 Classified by ownership	-	-
4.2.1 Shareholders of the Company	768,144	(3,916)
4.2.2 Non-controlling interests	-	2,197
<b>5. Other comprehensive income net of tax</b>	<b>1,797,634</b>	<b>(30,850)</b>
Other comprehensive income net of tax attributable to shareholders of the Company	1,797,634	(30,850)
5.1 Items that will not be reclassified into profit/loss	75,796	(5,474)
5.1.1 Re-measurement of defined benefit plan liability	75,796	(5,474)
5.2 Items that were or will be reclassified to profit or loss	1,721,838	(25,376)
5.2.1 Effective portion of gains or loss of cash flow hedge	(24,433)	237,449
5.2.2 Translation differences of foreign financial statements	1,746,271	(262,825)
Other comprehensive income net of tax attributable to Non-controlling interests	-	-
<b>6. Total comprehensive income for the period</b>	<b>2,565,778</b>	<b>(32,569)</b>
Total comprehensive income attributable to shareholders of the Company	2,565,778	(34,766)
Total comprehensive income attributable to Non-controlling interests	-	2,197
<b>7. Earnings per share</b>		
7.1 Basic earnings per share (RMB/ share)	0.3297	(0.0017)
7.2 Diluted earnings per share (RMB/ share)	N/A	N/A

**Ignacio Dominguez**  
Legal representative

**Shahar Florentz**  
Chief of the accounting work

**Shahar Florentz**  
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, 2022	January-September, 2021
<b>1. Cash flows from operating activities:</b>		
Cash received from sale of goods and rendering of services	26,141,756	21,454,588
Refund of taxes and surcharges	240,522	133,814
Cash received relating to other operating activities	729,056	563,811
<b>Sub-total of cash inflows from operating activities</b>	<b>27,111,334</b>	<b>22,152,213</b>
Cash paid for goods and services	22,192,149	14,368,965
Cash paid to and on behalf of employees	3,130,092	2,789,320
Payments of taxes and surcharges	771,897	344,129
Cash paid relating to other operating activities	2,575,896	2,467,812
<b>Sub-total of cash outflows from operating activities</b>	<b>28,670,034</b>	<b>19,970,226</b>
<b>Net cash flows from operating activities</b>	<b>(1,558,700)</b>	<b>2,181,987</b>
<b>2. Cash flows from investing activities:</b>		
Cash receipts from disposal of investments	5,887	3,864
Cash received from investment income	1,588	867
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	71,850	19,964
Cash received for other investing activities	2,325	8,562
<b>Sub-total of cash inflows from investing activities</b>	<b>81,650</b>	<b>33,257</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	1,968,585	1,803,236
Net cash paid to acquire subsidiaries or other business units	-	655,039
Cash paid for other investing activities	89,395	86,228
<b>Sub-total of cash outflows from investing activities</b>	<b>2,057,980</b>	<b>2,544,503</b>
<b>Net cash flows from investing activities</b>	<b>(1,976,330)</b>	<b>(2,511,246)</b>
<b>3. Cash flows from financing activities:</b>		
Cash received from borrowings	3,909,042	4,369,565
Cash received relating to other financing activities	26,750	522,649
<b>Sub-total of cash inflows from financing activities</b>	<b>3,935,792</b>	<b>4,892,214</b>
Cash repayment of borrowings	1,324,163	2,655,257
Cash payment for dividends, profit distributions or interest	571,867	490,113
Including: dividends paid to non-controlling interest	39,074	35,904
Cash paid relating to other financing activities	932,457	300,907
<b>Sub-total of cash outflows from financing activities</b>	<b>2,828,487</b>	<b>3,446,277</b>
<b>Net cash flows from financing activities</b>	<b>1,107,305</b>	<b>1,445,937</b>
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>311,082</b>	<b>(11,381)</b>
<b>5. Net increase (decrease) in cash and cash equivalents</b>	<b>(2,116,643)</b>	<b>1,105,297</b>
Add: Cash and cash equivalents at the beginning of the period	5,759,480	3,835,071
<b>6. Cash and cash equivalents at the end of the period</b>	<b>3,642,837</b>	<b>4,940,368</b>

## ii. Auditor's report

Is this Report audited?

Yes  No

This Report is unaudited.

Board of Directors

ADAMA Ltd.

October 27, 2022