



## **ADAMA Reports Full Year and Fourth Quarter 2022 Results**

### ***Record Sales & EBITDA in Full Year 2022***

#### **Full Year 2022 Highlights:**

- Sales up 16% to a record-high of \$5,570 million (**+20% in RMB terms**; +19% in CER<sup>1</sup> terms), driven by 16% higher prices and 4% volume growth
- Improvement of Opex/Sales ratio of 19.9% vs. 20.5% in 2021; Adjusted operating income up 8% to \$458 million (**RMB: +11%**)
- Adjusted EBITDA up 10% to \$740 million (**RMB: +14%**) vs. \$671 million in the full year of 2021
- Adjusted net income amounted to \$118 million; Reported net income nearly tripled to \$96 million

#### **Fourth Quarter 2022 Highlights:**

- Sales down 2% to \$1,312 million (**+9% in RMB terms**; +1% in CER terms), 6% higher prices and 6% decrease in volume
- Adjusted EBITDA amounted to \$129 million vs. \$207 million in Q4 2021
- Adjusted net loss of \$42 million; Reported net loss of \$22 million

**BEIJING, CHINA and TEL AVIV, ISRAEL, March 20, 2023** – ADAMA Ltd. (the “Company”) (SZSE 000553), today reported its financial results for the fourth quarter and twelve-month period ended December 31, 2022.

**Ignacio Dominguez, President and CEO of ADAMA**, said, "As we enter the year of 2023, we reflect on the remarkable year that was 2022. This was a year in which the crop protection market experienced exceptional growth, both in volumes, and especially in prices largely aimed to offset increases in costs. I am happy to say that ADAMA grew with the market reaching record sales and EBITDA in 2022.

"As 2022 proceeded, crop commodity prices came down from their peak, maintaining historically elevated levels. This has continued into 2023, while fertilizer and energy prices declined at a slower pace, leading to lower but still historically high farmer profitability. With high inventories in the market, we anticipate a gradual return to normalization in the crop protection market towards the second half of 2023.

"We believe that in 2023 farmers will continue to invest in crop protection products that bring them incremental value. In 2022 ADAMA introduced many differentiated products to the market, optimizing its offering to farmers around the globe while maintaining simplicity in doing business, and intends to continue to do so in 2023."



Table 1. Financial Performance Summary

USD (m)	As Reported			Adjustments		Adjusted		
	Q4 2022	Q4 2021	% Change	Q4 2022	Q4 2021	Q4 2022	Q4 2021	% Change
<b>Revenues</b>	<b>1,312</b>	<b>1,337</b>	<b>(2%)</b>	-	-	<b>1,312</b>	<b>1,337</b>	<b>(2%)</b>
Gross profit	304	343	(11%)	36	69	341	412	(17%)
% of sales	23.2%	25.6%				26.0%	30.8%	
Operating income (EBIT)	26	110	(76%)	28	33	55	143	(62%)
% of sales	2.0%	8.2%				4.2%	10.7%	
Income before taxes	(20)	47		(18)	34	(39)	81	
% of sales	(1.6%)	3.5%				(2.9%)	6.0%	
<b>Net income</b>	<b>(22)</b>	<b>25</b>		<b>(19)</b>	<b>29</b>	<b>(42)</b>	<b>54</b>	
% of sales	(1.7%)	1.9%				(3.2%)	4.0%	
<b>EPS</b>								
- USD	(0.0096)	0.0108				(0.0178)	0.0231	
- RMB	(0.0681)	0.0692				(0.1265)	0.1476	
<b>EBITDA</b>	<b>127</b>	<b>188</b>	<b>(33%)</b>	2	19	<b>129</b>	<b>207</b>	<b>(38%)</b>
% of sales	9.6%	14.1%				9.8%	15.5%	

  

USD (m)	As Reported			Adjustments		Adjusted		
	2022	2021	% Change	2022	2021	2022	2021	% Change
<b>Revenues</b>	<b>5,570</b>	<b>4,813</b>	<b>+16%</b>	-	-	<b>5,570</b>	<b>4,813</b>	<b>+16%</b>
Gross profit	1,403	1,183	+19%	162	229	1,565	1,412	+11%
% of sales	25.1%	24.6%				28.1%	29.3%	
Operating income (EBIT)	389	291	+34%	68	129	458	425	+8%
% of sales	7.0%	6.0%				8.2%	8.8%	
Income before taxes	118	85	+40%	25	134	<b>144</b>	<b>219</b>	<b>(34%)</b>
% of sales	2.1%	1.8%				2.6%	4.6%	
<b>Net income</b>	<b>96</b>	<b>25</b>	<b>+292%</b>	21	115	<b>118</b>	<b>139</b>	<b>(15%)</b>
% of sales	1.7%	0.5%				2.1%	2.9%	
<b>EPS</b>								
- USD	0.0413	0.0106				0.0505	0.0596	
- RMB	0.2616	0.0676				0.3177	0.3843	
<b>EBITDA</b>	<b>731</b>	<b>593</b>	<b>+23%</b>	9	79	<b>740</b>	<b>671</b>	<b>+10%</b>
% of sales	13.1%	12.3%				13.3%	13.9%	

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, as a result of recent changes in the ASBE guidelines [IAS 37], certain items as of Q4 2021 (specifically certain transportation costs and certain idleness charges) have been reclassified from Operating Expenses to 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 Q4 and FY 2021 and 2022 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 market environment<sup>2</sup>

**Crop prices** reached record levels in May 2022, driven by tight stocks, adverse weather conditions and the Ukraine-Russia conflict which disrupted the supply of commodities. Prices have since declined but are expected to remain above pre-pandemic levels<sup>3</sup>. The high crop prices drove strong farmer income, despite the higher cost environment (fertilizer, chemicals, labor, energy) faced by farmers. As a result, crop protection demand stayed strong in 2022 and farmers were able to absorb crop protection price increases. Going into 2023, crop protection channel inventories in some regions are above average, which may dampen demand in the near future.

The cost environment has improved throughout the second half of 2022, as raw material and active ingredient prices in China continued to decline, logistic prices normalized and energy prices eased. However, costs are still higher than pre-pandemic levels, with some areas still experiencing especially high costs, like European co-formulants and inland transportation.

## Sustainability

- Promoting sustainability in agriculture by providing a solution that enables farmers to switch to a crop that requires less water:

Double Team™ Sorghum Cropping Solution provide farmers with FirstAct™, a post-emergent grass weed control and a herbicide-tolerant DT™ trait hybrid seed, providing them the tools to switch to Sorghum, a drought tolerant crop that requires less water, enabling regenerative farming practices.

The Double Team™ Sorghum Cropping Solution is a joint effort between ADAMA US and S&W Seed Co.

- Sustainability in Products:

ADAMA's high-load formulations in Australia have led to substantial savings in energy/water consumption, usage of co-formulants, amount of packaging used, storage and accompanying materials as well as transportation.

ADAMA's new proprietary high-load formulation technology platform **Sesgama™**, has been granted a patent.

- Sustainability in manufacturing:

Carbon footprint reduction of a high-margin leading insecticide by lowering energy usage and reducing CO<sub>2</sub> emissions, while increasing production output and capacity.

## Portfolio Development Update

### Formulation Mastery progress:

- **Araddo®**, a dual mode herbicide for use in soybean won the award for “Best Formulation Innovation” in the IHS Markit's 2022 Crop Science Forum & Awards, November 2022. Araddo® is the first product to combine ACC'ase Inhibition and Auxin herbicidal modes of action, overcoming the chemical degradation between the two active ingredients.
- Patent granted for **Sesgama™**, a proprietary formulation technology platform for high-load and other challenging formulations, enabling less use of co-formulants, transport and packaging

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<sup>2</sup> Sources: Rabobank, Agri Commodity Markets Research, Dec 2022; AgbiolInvestor-Quarterly-Briefing-Service-PLUS\_Q4-2022; JPM: Global Economic Research, Global Data Watch, Dec 2022; JPM: Agricultural Markets Weekly, Dec 2022

<sup>3</sup> Source: AgbiolInvestor-Quarterly-Briefing-Service-PLUS\_Q4-2022



materials per acre treated with a resulting improved product sustainability profile. First products expected to be launched in the coming year.

### **Product Launches & Registrations:**

During 2022 ADAMA continued to register and launch multiple new products in markets across the globe, adding on to its differentiated product portfolio. Differentiated products may also be based on recently off-patented active ingredients (AI's) that have been classified as high commercial potential - "Core Leap" AI's and include a variety of product characteristics such as (i) unique proprietary formulations, (ii) products with more than one mode of action, and (iii) biologicals. Among these were:

Launch of 18 new differentiated products during 2022 in select countries including the following products during the fourth quarter of 2022:

- Launch in Brazil of **Protege**<sup>®</sup>, a microbial based biological nematicide and fungicide (based on a triple microbe combination) for sugarcane and soybean that also increases productivity.
- Launch in Brazil of **Emerge**<sup>®</sup>, a bio-stimulant based on an enriched fermented Seaweed Extract, promoting root/vegetative growth and nutrient uptake in the establishment phase, targeted for Soybean, Cotton and Corn.
- Launch in several central American countries of ADAMA's sustainable offering of biological products including **Expert Grow**<sup>®</sup>.
- Launch in Ecuador of **Custodia**<sup>®</sup> **Active**, a broad-spectrum dual action systemic fungicide for use in Rice and Corn that also increases productivity.
- Label Extension of **Folpan 500 SC**<sup>®</sup> in Germany a multi-site contact mode-of-action fungicide, for use on Barley against leaf spot diseases. (during Q2 2022 this product was granted "Nationwide emergency registration for FOLPAN<sup>®</sup> 500 SC against Ramularia collo-cygni in Barley" allowing it to be used only for this specification.)
- Launch in Panama and El Salvador of **Trivor**<sup>®</sup>, a dual action insecticide for use in Vegetables.
- Launch in several central American countries of **Banjo Forte 400 SC**<sup>®</sup>, a dual mode foliar fungicide for use in Fruit, Vegetables and specialty crops.
- Launch in Russia of **Cormoran**<sup>®</sup>, a dual mode insecticide that includes ADAMA's proprietary AI Novaluron.
- Pre-launch in Paraguay of **Araddo**<sup>®</sup>, an innovative dual mode herbicide and **Plethora**<sup>®</sup>, a broad spectrum, dual mode insecticide that includes ADAMA's proprietary AI Novaluron and Indoxacarb produced in-house.
- Launch in France of **Helanov**<sup>®</sup>, a differentiated herbicide for use in Sugar Beets.

Registration of 10 new differentiated products during 2022 in select countries including the following products during the fourth quarter of 2022:

- Registration in India for "Core Leap" insecticide AI, **Chlorantraniliprole (CTPR)**.
- Registration in the USA of **Fullscript**<sup>™</sup>, a dual mode herbicide for rice, part of the FullPage<sup>®</sup> rice cropping solution, in collaboration with Rice Tech.
- Registration in Paraguay of **Apresa**<sup>®</sup>, a pre-emergent dual mode herbicide, powered by ADAMA's proprietary T.O.V. Formulation Technology.



## Financial Highlights

**Revenues** in the fourth quarter declined by approximately 2% (+9% in RMB terms; +1% in CER terms) to \$1,312 million, reflecting an increase of 6% in prices and a decrease of 6% in volumes mainly due to advancement of sales in Brazil from the fourth quarter in 2022 to the third quarter, a decline in raw material, fine chemicals and intermediates sales in China and the depreciation of the Euro in comparison to the US Dollar. Despite the shift of sales in Brazil from the fourth quarter to the third quarter, the Company's sales grew in constant exchange rates across most regions.

In the full year 2022, sales reached a record-high of \$5,570 million, an increase of 16% (+20% in RMB terms; +19% in CER terms), driven by a 16% increase in prices and a 4% growth in volume. The increase in sales in the full year period reflected the strong demand in the market for crop protection products, led by sales in Brazil and China.

Table 2. Regional Sales Performance

	Q4 2022 \$m	Q4 2021 \$m	Change USD	Change CER	2022 \$m	2021 \$m	Change USD	Change CER
Europe	254	247	3%	12%	1,115	1,072	4%	11%
North America	291	289	1%	2%	1,027	917	12%	12%
Latin America	431	456	(5%)	(9%)	1,592	1,276	25%	22%
Asia Pacific	208	221	(6%)	0%	1,166	898	30%	34%
<i>Of which China</i>	130	133	(2%)	1%	735	513	43%	45%
India, Middle East & Africa	127	125	2%	14%	669	650	3%	16%
<b>Total</b>	<b>1,312</b>	<b>1,337</b>	<b>(2%)</b>	<b>1%</b>	<b>5,570</b>	<b>4,813</b>	<b>16%</b>	<b>19%</b>

\* As of 2023, the India, Middle East & Africa (IMA) region has been reorganized such that the countries formerly included in this region will now be included in the Europe region (renamed EAME) or in the Asia Pacific region. Proforma regional sales will be provided in the quarterly 2023 financial results press releases.

**Europe:** Excluding Ukraine based sales, the sales in Europe grew by a double-digit percentage in the fourth quarter and full year period. This growth was achieved by gaining market share over the year in some key countries such as France, Italy, Romania and Greece and was also supported by the introduction of the product Soratel<sup>®</sup>, which includes ADAMA's proprietary Asorbital formulation technology. The growth was achieved despite drought mainly in the south of Europe, supply challenges and high channel inventories in some countries.

**North America:** In the **US Ag** market, sales increased in the full year period despite adverse weather conditions mainly in the second half of the year, impacting the California Fruit & Vegetable market and the Cotton market across Texas and the southwest regions, both important markets for the Company.

Very strong growth in sales achieved in **Canada** in the full year period and fourth quarter in all categories: herbicides, fungicides and insecticides. The Company's new in-house production at Huifeng of cereal herbicides supported sales against the backdrop of supply shortages in the market, while broadening of the fungicide portfolio and increased insect pressure drove fungicide and insecticide sales, respectively.

The **Consumer & Professional** business grew nicely over the full year period following robust demand, while in the second half of the year there was a slowdown in this growth due to



inflationary pressure on consumer demand and a slowdown in the professional market mostly due high levels of inventory in the channel and expectation for price decreases.

**Latin America:** In the full year period the Company achieved very strong growth in sales in **Brazil**, driven by prices, volume and new innovative formulation product launches, such as fungicide ARMERO® and herbicide ARADDO®. Slowdown in sales in Brazil in the fourth quarter was due to advancement of sales from the fourth quarter in 2022 to the third quarter.

In other **LATAM countries** higher sales were achieved in the full year period despite adverse weather conditions. In the fourth quarter the sales remained stable. During 2022 the Company continued with the rollout of biological products in this region, which is a key market for Fruit & Vegetable crops for export.

**Asia-Pacific (APAC):** During the full year period of 2022 the Company's significant growth in Asia Pacific was led by the strong sales of raw material, intermediates and fine chemicals in **China**. In the fourth quarter, a decline was recorded in such sales following the softening of demand in the Chinese market and an overall decline in market prices. The sales in China of ADAMA's branded portfolio also continued to grow nicely during the full year period despite the strong competition in the market, and also included the contribution of a company acquired in 2021.

In the **wider APAC region** growth in sales in the full year period was supported by the positive impact of a rare 3<sup>rd</sup> consecutive year of La Niña and despite strong competition from China. In the fourth quarter, sales were negatively impacted by excessive rain and flooding in some key areas of the region. The slowdown in sales in the fourth quarter in the **Pacific region** was also due to advancement of sales from the fourth quarter in 2022 to the third quarter.

**India, Middle East & Africa:** Sales grew moderately in USD terms and nicely in constant exchange rates in 2022 and in the fourth quarter. In the full year period the growth was led by Middle Eastern countries, as 2021 was a very strong year in India. In the fourth quarter the sales in India also grew nicely due to positive weather conditions.

**Gross Profit** reported in the fourth quarter declined by 11% to \$304 million (gross margin of 23.2%) compared to \$343 million (gross margin of 25.6%) in the same quarter last year and increased by 19% to \$1,403 million (gross margin of 25.1%) in the full year of 2022 compared to \$1,183 million (gross margin of 24.6%) in 2021.

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

Additionally, in the fourth quarter and full year of 2021 certain extraordinary charges related largely to a temporary disruption of the production of certain products were adjusted. These charges have significantly declined since the first quarter of 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 extraordinary items, **adjusted gross profit** in the fourth quarter was down 17% to \$341 million (gross margin of 26.0%) compared to \$412 million (gross margin of 30.8%) in the same quarter last year and was up 11% to \$1,565 million (gross margin of 28.1%) in the full year of 2022 compared to \$1,412 million (gross margin of 29.3%) in 2021.

The decline in gross profit in the fourth quarter was due to the decline in sales, as described above, exchange rates and higher procurement, production and logistics costs, which were impacted amongst other factors by higher inflation. Likewise, during the quarter, the Company recorded certain non-recurring expenses attributed to implementation of sustainable manufacturing practices.



For the full year period, the higher gross profit was mainly driven by the markedly higher prices, complemented by volume growth, which offset the higher logistic, procurement and production costs, as well as the negative impact of exchange rates.

**Operating expenses** reported in the fourth quarter were \$278 million (21.2% of sales) and \$1,013 million (18.2% of sales) in the full year of 2022, compared to \$233 million (17.4% of sales) and \$892 million (18.5% of sales) in the corresponding periods last year, respectively.

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

Additionally, the Company recorded certain non-operational charges within its reported operating expenses amounting to \$26 million in Q4 2022 in comparison to \$1 million in Q4 2021 and \$57 million in the full year of 2022 in comparison to \$33 million in 2021. These charges include mainly (i) non-cash amortization charges in respect of Transfer Assets received from Syngenta related to the 2017 ChemChina-Syngenta acquisition, (ii) 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, (iii) provision for asset impairment in one of its subsidiaries and (iv) incentive plans - share-based compensation. For further details on these non-operational charges, please see the appendix to this release.

Excluding the impact of the abovementioned non-operational charges, **adjusted operating expenses** in the fourth quarter and full year of 2022 were \$286 million (21.8% of sales) and \$1,107 million (19.9% of sales), compared to \$269 million (20.1% of sales) and \$986 million (20.5% of sales) in the corresponding periods last year, respectively.

The higher operating expenses in the fourth quarter reflected inflationary pressures. In the full year of 2022, the higher operating expenses also reflected the strong growth of the business, which included higher transportation and logistics costs, an increase in expenses attributed to company success-based employee compensation, the contribution of a company acquired in 2021, a doubtful debt provision for trade receivables in Ukraine moderated by the positive impact of exchange rates.

**Operating income** reported in the fourth quarter amounted to \$26 million (2.0% of sales) compared to \$110 million (8.2% of sales) in the same quarter last year and was up 34% to \$389 million (7.0% of sales) in the full year of 2022 compared to \$291 million (6.0% of sales) last year.

Excluding the impact of the abovementioned non-operational items, **adjusted operating income** in the fourth quarter amounted to \$55 million (4.2% of sales) compared to \$143 million (10.7% of sales) in the same quarter last year and was up 8% to \$458 million (8.2% of sales) in the full year of 2022 compared to \$425 million (8.8% of sales) in 2021.

**EBITDA** reported in the fourth quarter amounted to \$127 million (9.6% of sales) compared to \$188 million (14.1% of sales) in the same quarter last year and was up 23% to \$731 million (13.1% of sales) in the full year of 2022 compared to \$593 million (12.3% of sales) last year.

Excluding the impact of the abovementioned non-operational items, **adjusted EBITDA** in the fourth quarter amounted to \$129 million (9.8% of sales) compared to \$207 million (15.5% of sales) in the same quarter last year and was up 10% to \$740 million (13.3% of sales) in the full year of 2022 compared to \$671 million (13.9% of sales) in 2021.

**Financial expenses** reported amounted to \$47 million in the fourth quarter and \$271 million in the full year of 2022, compared to \$63 million and \$207 million in the corresponding periods last year, respectively.



Adjustments to reported results: The adjusted financial expenses have been adjusted for a non-recurring, non-cash, income due to revaluation of put options attributed to minority stakes.

**Adjusted financial expenses** were \$94 million in the fourth quarter and \$314 million in the full year of 2022, compared to \$62 million and \$206 million in the corresponding periods last year, respectively. The higher financial expenses were mainly driven by (i) the net effect of the high Israeli CPI on the ILS-denominated, CPI-linked bonds and (ii) higher hedging costs on exchange rates mainly due to volatility in the ILS/Dollar exchange rate. In the full year period, these expenses also included put options attributed to minority stakes acquired in 2021.

**Adjusted Taxes on income** in the fourth quarter were \$3 million and \$26 million in the full year of 2022, compared to \$27 million and \$79 million in the corresponding periods last year, respectively.

In the fourth quarter of 2022 the taxes were significantly lower due to recording a loss before tax in comparison to a profit before tax in the fourth quarter of 2021 and due to the impact of the stronger BRL that led to lower tax expenses; impacts which were moderated by a one-time tax expense electing to apply for temporary relief available in 2022 and reducing tax exposure in Israel going forward.

In the full year of 2022, the company also recognized a higher deferred tax asset, related to inter-group sales, that led to a decline in the tax on income.

**Net income attributable to the shareholders of the Company**, in the fourth quarter the Company reported a net loss of \$22 million and in the full year of 2022 a net income of \$96 million (1.7% of sales), compared to a net income of \$25 million (1.9% of sales) and a net income of \$25 million (0.5% of sales) in the corresponding periods last year, respectively.

Excluding the impact of the abovementioned extraordinary and non-operational charges, **adjusted net income** (loss) in the fourth quarter was a loss of \$42 million and an income of \$118 million (2.1% of sales) in the full year of 2022, compared to an income of \$54 million (4.0% of sales) and \$139 million (2.9% of sales) in the corresponding periods last year, respectively.

**Trade working capital** as of December 31, 2022, was \$2,634 million compared to \$2,210 million at the same point last year. The increase in working capital was due to an increase in the value and levels of inventory held by the Company to support the sales in light of supply shortages, logistic challenges and inventory costs increases. In the fourth quarter the procurement of inventory declined in comparison to the third quarter of 2022. The increase in inventory levels was moderated by higher trade payables. Trade receivables increased slightly despite the strong growth in sales, reflecting good collections across the board.

**Cash Flow:** Operating cash flow of \$352 million was generated in the fourth quarter and \$106 million generated in the full year of 2022, compared to \$372 million and \$710 million generated in the corresponding periods last year, respectively. The lower cash flow generated in the full year of 2022 was primarily due to higher payments to suppliers to support the procurement of inventory.

Net cash used in investing activities was \$96 million in the fourth quarter and \$396 million in the full year of 2022, compared to \$136 million and \$525 million in the corresponding periods last year, respectively. The cash used in investing activities in the fourth quarter of 2022 largely related to investments new production facilities in ADAMA Anpon and investments in intangible assets relating to ADAMA's global registrations. In the full year of 2022, cash was also used for investing in "Core Leap" manufacturing capabilities in Israel and Brazil (Multi-Purpose Production Site).

In the full year of 2021, cash was also used for the completion of the payment and acquisition of Huifeng's domestic commercial crop protection business and manufacturing site, as well as for the relocation and upgrade of the manufacturing Sanonda Jingzhou site, both completed towards the end of the second quarter of 2021.





Free cash flow of \$204 million was generated in the fourth quarter and \$417 million consumed in full year of 2022 compared to \$190 million generated and \$75 million generated in the corresponding periods last year, respectively, reflecting the aforementioned operating and investing cash flow dynamics.

**Table 3. Revenues by operating segment**

**Sales by segment**

	<b>Q4 2022 USD (m)</b>	<b>%</b>	<b>Q4 2021 USD (m)</b>	<b>%</b>	<b>2022 USD (m)</b>	<b>%</b>	<b>2021 USD (m)</b>	<b>%</b>
Crop Protection	1,207	92%	1,197	90%	5,032	90%	4,349	90%
Intermediates and Ingredients	105	8%	140	10%	538	10%	464	10%
<b>Total</b>	<b>1,312</b>	<b>100%</b>	<b>1,337</b>	<b>100%</b>	<b>5,570</b>	<b>100%</b>	<b>4,813</b>	<b>100%</b>

**Sales by product category**

	<b>Q4 2022 USD (m)</b>	<b>%</b>	<b>Q4 2021 USD (m)</b>	<b>%</b>	<b>2022 USD (m)</b>	<b>%</b>	<b>2021 USD (m)</b>	<b>%</b>
Herbicides	546	42%	582	44%	2,479	45%	1,972	41%
Insecticides	382	29%	359	27%	1,505	27%	1,425	30%
Fungicides	279	21%	256	19%	1,048	19%	952	20%
Intermediates and Ingredients	105	8%	140	10%	538	10%	464	10%
<b>Total</b>	<b>1,312</b>	<b>100%</b>	<b>1,337</b>	<b>100%</b>	<b>5,570</b>	<b>100%</b>	<b>4,813</b>	<b>100%</b>

Note: 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](http://www.adama.com).



## **About ADAMA**

ADAMA Ltd. 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. For more information, visit us at [www.ADAMA.com](http://www.ADAMA.com) and follow us on Twitter® at [@ADAMAAgri](https://twitter.com/ADAMAAgri).

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## 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 Fourth Quarter

<i>Adjusted<sup>4</sup></i>	<b>Q4 2022 USD (m)</b>	<b>Q4 2021 USD (m)</b>	<b>Q4 2022 RMB (m)</b>	<b>Q4 2021 RMB (m)</b>
<b>Revenues</b>	<b>1,312</b>	<b>1,337</b>	<b>9,304</b>	<b>8,550</b>
Cost of Sales	948	918	6,724	5,870
Other costs	23	7	165	46
<b>Gross profit</b>	<b>341</b>	<b>412</b>	<b>2,415</b>	<b>2,634</b>
<i>% of revenue</i>	<i>26.0%</i>	<i>30.8%</i>	<i>26.0%</i>	<i>30.8%</i>
<i>Selling &amp; Distribution expenses</i>	198	198	1,402	1,265
<i>General &amp; Administrative expenses</i>	60	45	426	289
<i>Research &amp; Development expenses</i>	23	25	162	161
<i>Other operating expenses</i>	5	1	36	5
Total operating expenses	286	269	2,026	1,719
<i>% of revenue</i>	<i>21.8%</i>	<i>20.1%</i>	<i>21.8%</i>	<i>20.1%</i>
<b>Operating income (EBIT)</b>	<b>55</b>	<b>143</b>	<b>389</b>	<b>915</b>
<i>% of revenue</i>	<i>4.2%</i>	<i>10.7%</i>	<i>4.2%</i>	<i>10.7%</i>
Financial expenses and investment income	94	62	664	398
<b>Income before taxes</b>	<b>(39)</b>	<b>81</b>	<b>(274)</b>	<b>517</b>
Taxes on Income	3	27	21	173
<b>Net Income</b>	<b>(42)</b>	<b>54</b>	<b>(295)</b>	<b>344</b>
Attributable to:				
Non-controlling interest	0	0	0	0
<b>Shareholders of the Company</b>	<b>(42)</b>	<b>54</b>	<b>(295)</b>	<b>344</b>
<i>% of revenue</i>	<i>(3.2%)</i>	<i>(4.0%)</i>	<i>(3.2%)</i>	<i>4.0%</i>
Adjustments	(19)	29	(136)	183
<b>Reported Net income attributable to the shareholders of the Company</b>	<b>(22)</b>	<b>25</b>	<b>(159)</b>	<b>161</b>
<i>% of revenue</i>	<i>(1.7%)</i>	<i>1.9%</i>	<i>(1.7%)</i>	<i>1.9%</i>
<b>Adjusted EBITDA</b>	<b>129</b>	<b>207</b>	<b>913</b>	<b>1,324</b>
<i>% of revenue</i>	<i>9.8%</i>	<i>15.5%</i>	<i>9.8%</i>	<i>15.5%</i>
<b>Adjusted EPS<sup>5</sup></b>				
– Basic	(0.0178)	0.0231	(0.1265)	0.1476
– Diluted	(0.0178)	0.0231	(0.1265)	0.1476
<b>Reported EPS<sup>2</sup></b>				
– Basic	(0.0096)	0.0108	(0.0681)	0.0692

<sup>4</sup> 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”.

<sup>5</sup> The number of shares used to calculate both basic and diluted earnings per share in both Q4 and FY 2021 and 2022 is 2,329.8 million shares.



– Diluted (0.0096) 0.0108 | (0.0681) 0.0692

### Abridged Consolidated Income Statement for the Full Year 2022

<i>Adjusted<sup>6</sup></i>	2022 USD (m)	2021 USD (m)	2022 RMB (m)	2021 RMB (m)
<b>Revenues</b>	<b>5,570</b>	<b>4,813</b>	<b>37,382</b>	<b>31,039</b>
Cost of Sales	3,915	3,377	26,293	21,779
Other costs	90	24	607	156
<b>Gross profit</b>	<b>1,565</b>	<b>1,412</b>	<b>10,482</b>	<b>9,103</b>
<i>% of revenue</i>	<i>28.1%</i>	<i>29.3%</i>	<i>28.0%</i>	<i>29.3%</i>
<i>Selling &amp; Distribution expenses</i>	805	743	5,409	4,793
<i>General &amp; Administrative expenses</i>	206	171	1,388	1,100
<i>Research &amp; Development expenses</i>	86	78	578	502
<i>Other operating expenses</i>	11	(5)	68	(33)
Total operating expenses	1,107	986	7,442	6,362
<i>% of revenue</i>	<i>19.9%</i>	<i>20.5%</i>	<i>19.9%</i>	<i>20.5%</i>
<b>Operating income (EBIT)</b>	<b>458</b>	<b>425</b>	<b>3,040</b>	<b>2,742</b>
<i>% of revenue</i>	<i>8.2%</i>	<i>8.8%</i>	<i>8.1%</i>	<i>8.8%</i>
Financial expenses and investment income	314	206	2,126	1,328
<b>Income before taxes</b>	<b>144</b>	<b>219</b>	<b>914</b>	<b>1,414</b>
Taxes on Income	26	79	174	511
<b>Net Income</b>	<b>118</b>	<b>140</b>	<b>740</b>	<b>903</b>
Attributable to:				
Non-controlling interest	<b>0</b>	1	<b>0</b>	7
<b>Shareholders of the Company</b>	<b>118</b>	<b>139</b>	<b>740</b>	<b>895</b>
<i>% of revenue</i>	<i>2.1%</i>	<i>2.8%</i>	<i>2.0%</i>	<i>2.9%</i>
Adjustments	21	114	131	738
<b>Reported Net income attributable to the shareholders of the Company</b>	<b>96</b>	<b>25</b>	<b>609</b>	<b>157</b>
<i>% of revenue</i>	<i>1.7%</i>	<i>0.5%</i>	<i>1.6%</i>	<i>0.5%</i>
<b>Adjusted EBITDA</b>	<b>740</b>	<b>671</b>	<b>4,940</b>	<b>4,328</b>
<i>% of revenue</i>	<i>13.3%</i>	<i>13.9%</i>	<i>13.2%</i>	<i>13.9%</i>
<b>Adjusted EPS<sup>7</sup></b>				
– Basic	<i>0.0505</i>	<i>0.0596</i>	<i>0.3177</i>	<i>0.3843</i>
– Diluted	<i>0.0505</i>	<i>0.0596</i>	<i>0.3177</i>	<i>0.3843</i>
<b>Reported EPS<sup>2</sup></b>				
– Basic	<i>0.0413</i>	<i>0.0106</i>	<i>0.2616</i>	<i>0.0676</i>
– Diluted	<i>0.0413</i>	<i>0.0106</i>	<i>0.2616</i>	<i>0.0676</i>

<sup>6</sup> 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”.

<sup>7</sup> The number of shares used to calculate both basic and diluted earnings per share in both Q4 and FY 2021 and 2022 is 2,329.8 million shares.



## Abridged Consolidated Balance Sheet

	December 31 2022 USD (m)	December 31 2021 USD (m)	December 31 2022 RMB (m)	December 31 2021 RMB (m)
<b>Assets</b>				
<b>Current assets:</b>				
Cash at bank and on hand	616	913	4,291	5,819
Bills and accounts receivable	1,433	1,423	9,980	9,071
Inventories	2,430	1,843	16,927	11,750
Other current assets, receivables and prepaid expenses	279	274	1,943	1,748
<b>Total current assets</b>	<b>4,758</b>	<b>4,453</b>	<b>33,141</b>	<b>28,389</b>
<b>Non-current assets:</b>				
Fixed assets, net	1,711	1,599	11,914	10,192
Rights of use assets	80	73	556	464
Intangible assets, net	1,457	1,527	10,148	9,736
Deferred tax assets	193	113	1,347	723
Other non-current assets	126	115	875	732
<b>Total non-current assets</b>	<b>3,567</b>	<b>3,427</b>	<b>24,840</b>	<b>21,847</b>
<b>Total assets</b>	<b>8,325</b>	<b>7,879</b>	<b>57,980</b>	<b>50,235</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Loans and credit from banks and other lenders	805	419	5,605	2,671
Bills and accounts payable	1,241	1,065	8,642	6,788
Other current liabilities	929	773	6,468	4,929
<b>Total current liabilities</b>	<b>2,974</b>	<b>2,257</b>	<b>20,715</b>	<b>14,387</b>
<b>Long-term liabilities:</b>				
Loans and credit from banks and other lenders	526	549	3,663	3,499
Debentures	1,056	1,223	7,354	7,797
Deferred tax liabilities	45	60	316	380
Employee benefits	114	124	792	792
Other long-term liabilities	290	361	2,017	2,304
<b>Total long-term liabilities</b>	<b>2,030</b>	<b>2,317</b>	<b>14,141</b>	<b>14,773</b>
<b>Total liabilities</b>	<b>5,005</b>	<b>4,574</b>	<b>34,856</b>	<b>29,160</b>
<b>Equity</b>				
<b>Total equity</b>	<b>3,320</b>	<b>3,306</b>	<b>23,125</b>	<b>21,075</b>
<b>Total liabilities and equity</b>	<b>8,325</b>	<b>7,879</b>	<b>57,980</b>	<b>50,235</b>



## Abridged Consolidated Cash Flow Statement for the Fourth Quarter

	Q4 2022 USD (m)	Q4 2021 USD (m)	Q4 2022 RMB (m)	Q4 2021 RMB (m)
<b>Cash flow from operating activities:</b>				
Cash flow from operating activities	352	372	2,499	2,380
<b>Cash flow from operating activities</b>	<b>352</b>	<b>372</b>	<b>2,499</b>	<b>2,380</b>
<b>Investing activities:</b>				
Acquisitions of fixed and intangible assets	(99)	(123)	(699)	(786)
Proceeds from disposal of fixed and intangible assets	2	1	13	7
Other investing activities	0	(15)	2	(93)
<b>Cash flow used for investing activities</b>	<b>(96)</b>	<b>(136)</b>	<b>(684)</b>	<b>(872)</b>
<b>Financing activities:</b>				
Receipt of loans from banks and other lenders	79	81	559	516
Repayment of loans from banks and other lenders	(142)	(159)	(1,006)	(1,015)
Interest payment and other	(53)	(47)	(379)	(302)
Other financing activities	(47)	30	(336)	193
<b>Cash flow from (used for) financing activities</b>	<b>(164)</b>	<b>(95)</b>	<b>(1,163)</b>	<b>(609)</b>
Effects of exchange rate movement on cash and cash equivalents	2	1	(70)	(80)
<b>Net change in cash and cash equivalents</b>	<b>94</b>	<b>142</b>	<b>582</b>	<b>819</b>
Cash and cash equivalents at the beginning of the period	513	762	3,643	4,940
<b>Cash and cash equivalents at the end of the period</b>	<b>607</b>	<b>903</b>	<b>4,225</b>	<b>5,759</b>
<b>Free Cash Flow</b>	<b>204</b>	<b>190</b>	<b>1,445</b>	<b>1,212</b>



## Abridged Consolidated Cash Flow Statement for the Full Year 2022

	2022 USD (m)	2021 USD (m)	2022 RMB (m)	2021 RMB (m)
<b>Cash flow from operating activities:</b>				
Cash flow from operating activities	106	710	941	4,562
<b>Cash flow from operating activities</b>	<b>106</b>	<b>710</b>	<b>941</b>	<b>4,562</b>
<b>Investing activities:</b>				
Acquisitions of fixed and intangible assets	(397)	(402)	(2,667)	(2,589)
Proceeds from disposal of fixed and intangible assets	13	4	85	27
Acquisition of subsidiaries	0	(101)	0	(655)
Other investing activities	(12)	(26)	(78)	(166)
<b>Cash flow used for investing activities</b>	<b>(396)</b>	<b>(525)</b>	<b>(2,660)</b>	<b>(3,383)</b>
<b>Financing activities:</b>				
Receipt of loans from banks and other lenders	669	756	4,468	4,885
Repayment of loans from banks and other lenders	(342)	(570)	(2,331)	(3,670)
Interest payment and other	(137)	(117)	(933)	(755)
Dividends to shareholders	(3)	(6)	(19)	(37)
Other financing activities	(187)	64	(1,242)	414
<b>Cash flow from (used for) financing activities</b>	<b>(0)</b>	<b>128</b>	<b>(56)</b>	<b>837</b>
Effects of exchange rate movement on cash and cash equivalents	(7)	2	241	(91)
<b>Net change in cash and cash equivalents</b>	<b>(297)</b>	<b>316</b>	<b>(1,534)</b>	<b>1,925</b>
Cash and cash equivalents at the beginning of the period	903	588	5,759	3,835
<b>Cash and cash equivalents at the end of the period</b>	<b>607</b>	<b>903</b>	<b>4,225</b>	<b>5,759</b>
<b>Free Cash Flow</b>	<b>(417)</b>	<b>75</b>	<b>(2,593)</b>	<b>467</b>



## 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 December 31, 2022 and 2021 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”). Note that in the reported financial statements, as a result of recent changes in the ASBE guidelines (IAS 37), certain items as of Q4 2021 (specifically certain transportation costs and certain idleness charges) have been reclassified from Operating Expenses to COGS. See the notes to the financial statements for more details in this regard.

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 in the reported financial statements, as a result of recent changes in the ASBE guidelines (IAS 37), certain items as of Q4 2021 (specifically certain transportation costs and certain idleness charges) have been reclassified from Operating Expenses to COGS.
- “Financial expenses and investment income” includes net financing expenses; gains from changes in fair value; and investment income (including share of income of equity accounted investees)

#### 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

	Q4 2022 USD (m)	Q4 2021 USD (m)	Q4 2022 RMB (m)	Q4 2021 RMB (m)
<b>Net Income (Reported)</b>	<b>(22.4)</b>	<b>25.8</b>	<b>(158.8)</b>	<b>165.0</b>
<b>Adjustments to COGS &amp; Operating Expenses:</b>				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	0.3	0.3	1.8	1.6
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	5.9	4.3	41.6	27.2
3. Upgrade & Relocation related costs	1.8	29.6	12.9	189.7
4. Incentive plans	1.1	-6.0	7.8	-38.2
5. Amortization of acquisition-related PPA (non-cash), other acquisition-related costs	4.4	5.2	31.3	33.7
6. ASBEs classifications COGS impact	(33.7)	(36.7)	(239.1)	(234.4)
7. ASBEs classifications OPEX impact	33.7	36.7	239.1	234.4
8. Asset impairment in subsidiary	15.0	-	106.4	-
<b>Total Adjustments to Operating Income (EBIT)</b>	<b>28.5</b>	<b>33.4</b>	<b>201.8</b>	<b>213.9</b>
<b>Total Adjustments to EBITDA</b>	<b>2.3</b>	<b>19.1</b>	<b>16.0</b>	<b>122.3</b>
<b>Adjustments to Financing Expenses</b>				
Revaluation of non-cash adjustment related to non-controlling interest	0.6	0.5	3.7	3.4
Put option revaluation	(47.3)	-	(335.4)	-
<b>Adjustments to Taxes</b>				
1. Tax shield on Legacy PPA of 2011 acquisition of Solutions	0.0	0.0	0.3	0.3
3. Taxes related to Upgrade & Relocation related costs	0.1	5.0	0.5	32.3
5. Deferred tax on amortization of acquisition-related PPA, other acquisition-related costs	0.8	0.9	5.3	5.8
<b>Total adjustments to Net Income</b>	<b>(19.1)</b>	<b>29.0</b>	<b>(136.0)</b>	<b>178.9</b>
<b>Net Income (Adjusted)</b>	<b>(41.5)</b>	<b>53.7</b>	<b>(294.8)</b>	<b>343.8</b>
<b>Total adjustments to Net Income attributable to the shareholders of the Company</b>	<b>(19.1)</b>	<b>28.5</b>	<b>(136.0)</b>	<b>182.5</b>



	2022 USD (m)	2021 USD (m)	2022 RMB (m)	2021 RMB (m)
<b>Net Income (Reported)</b>	<b>96.3</b>	<b>25.5</b>	<b>609.4</b>	<b>163.3</b>
<b>Adjustments to COGS &amp; Operating Expenses:</b>				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	1.0	1.0	6.7	6.5
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	22.9	23.1	154.3	149.2
3. Upgrade & Relocation related costs	7.3	96.5	48.7	622.1
4. Incentive plans	2.8	(4.5)	18.2	-28.5
5. Amortization of acquisition-related PPA (non-cash), other acquisition-related costs	19.5	16.6	130.5	106.7
6. ASBEs classifications COGS impact	(150.0)	(128.0)	(1,005.3)	(825.6)
7. ASBEs classifications OPEX impact	150.0	128.0	1,005.3	825.6
8. Provisions in respect of prior years' legal- and tax-related costs	-	1.6	-	10.3
9. Asset impairment in subsidiary	15.0	-	106.4	-
<b>Total Adjustments to Operating Income (EBIT)</b>	<b>68.5</b>	<b>134.3</b>	<b>464.9</b>	<b>866.3</b>
<b>Total Adjustments to EBITDA</b>	<b>8.9</b>	<b>78.5</b>	<b>59.3</b>	<b>507.0</b>
<b>Adjustments to Financing Expenses</b>				
Revaluation of non-cash adjustment related to non-controlling interest	4.2	0.5	27.5	3.4
Put option revaluation	(47.3)	-	(335.4)	-
<b>Adjustments to Taxes</b>				
1. Tax shield on Legacy PPA of 2011 acquisition of Solutions	0.1	0.2	1.1	1.1
3. Taxes related to Upgrade & Relocation related costs	0.3	16.9	1.8	109.4
5. Deferred tax on amortization of acquisition-related PPA, other acquisition-related costs	3.5	2.7	23.2	17.6
8. Provisions in tax expenses in respect of prior years' legal- and tax-related costs	-	0.4	-	2.5
<b>Total adjustments to Net Income</b>	<b>21.5</b>	<b>114.6</b>	<b>130.9</b>	<b>739.4</b>
<b>Net Income (Adjusted)</b>	<b>117.8</b>	<b>140.1</b>	<b>740.2</b>	<b>902.7</b>
<b>Total adjustments to Net Income attributable to the shareholders of the Company</b>	<b>21.5</b>	<b>114.4</b>	<b>130.8</b>	<b>738.0</b>

**Notes:**

- Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash):** Under ASBE, since the first 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.
- 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.
- Upgrade & manufacturing facilities relocation-related costs:** These charges all relate to the multi-year Upgrade & Relocation program in China. As part of this program, production assets located in the old production sites in Jingzhou and Huai'an were relocated to new sites in 2020, 2021 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 the China Upgrade & Relocated program, which include mainly: (i) excess 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 (ii) elevated idleness charges largely related to suspensions at the facilities being relocated. These charges have significantly declined since the first quarter of 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.
- 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. **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.
6. **ASBE classification COGS & OPEX impact** – according to the ASBE guidelines, certain expenses, which the company views as COGS, are classified under OPEX. Additionally, as a result of recent changes in the ASBE guidelines [IAS 37], certain items as of Q4 2021 (specifically certain transportation costs and certain idleness charges) have been reclassified from Operating Expenses to COGS.
8. **Provisions in tax expenses related to prior years' activities** - Provisions in respect of tax expenses related to activities of prior years.
9. **Asset impairment in subsidiary** - non-cash, non-recurring provision for asset impairment and income due to revaluation of put options attributed to minority stake in a subsidiary.



## Exchange Rate Data for the Company's Principal Functional Currencies

	December 31			Q4 Average			12M Average		
	2022	2021	Change	2022	2021	Change	2022	2021	Change
EUR/USD	1.067	1.132	(5.8%)	1.019	1.144	(10.9%)	1.052	1.183	(11.1%)
USD/BRL	5.218	5.581	6.5%	5.256	5.584	5.9%	5.165	5.395	4.3%
USD/PLN	4.402	4.060	(8.4%)	4.646	4.040	(15.0%)	4.458	3.862	(15.4%)
USD/ZAR	16.949	15.924	(6.4%)	17.618	15.739	(11.9%)	16.367	14.864	(10.1%)
AUD/USD	0.680	0.727	(6.5%)	0.657	0.729	(9.9%)	0.694	0.751	(7.6%)
GBP/USD	1.204	1.351	(10.9%)	1.171	1.348	(13.1%)	1.234	1.376	(10.3%)
USD/ILS	3.519	3.110	(13.2%)	3.493	3.155	(10.7%)	3.358	3.231	(3.9%)
USD LIBOR 3M	4.77%	0.22%		4.51%	0.16%		2.41%	0.16%	

  

	December 31			Q4 Average			12M Average		
	2022	2021	Change	2022	2021	Change	2022	2021	Change
USD/RMB	6.965	6.376	9.2%	7.092	6.395	10.9%	6.721	6.451	4.2%
EUR/RMB	7.428	7.216	2.9%	7.225	7.315	(1.2%)	7.071	7.630	(7.3%)
RMB/BRL	0.749	0.875	14.4%	0.741	0.873	15.1%	0.768	0.836	8.1%
RMB/PLN	0.632	0.637	0.7%	0.655	0.632	(3.7%)	0.663	0.599	(10.8%)
RMB/ZAR	2.434	2.498	2.6%	2.484	2.461	(0.9%)	2.435	2.304	(5.7%)
AUD/RMB	4.733	4.633	2.2%	4.656	4.659	(0.1%)	4.663	4.844	(3.7%)
GBP/RMB	8.387	8.617	(2.7%)	8.307	8.623	(3.7%)	8.292	0.836	891.4%
RMB/ILS	0.505	0.488	(3.6%)	0.492	0.493	0.2%	0.500	0.501	0.2%
RMB LIBOR 3M	2.42%	2.50%	(8) bp	2.03%	2.47%	(44) bp	2.07%	2.52%	(45) bp