



ADAMA Reports First Quarter 2023 Results

Sales & Profit impacted by channel inventory

First Quarter 2023 Highlights:

- Sales down 11% to \$1,259 million (**-4% in RMB terms**; -7% in CER¹ terms), 1% higher prices and 8% decrease in volume
- Adjusted EBITDA amounted to \$165 million vs. \$201 million in Q1 2022
- Adjusted net income of \$22 million; Reported net income of \$12 million

BEIJING, CHINA and TEL AVIV, ISRAEL, April 24, 2023 – ADAMA Ltd. (the “Company”) (SZSE 000553), today reported its financial results for the first quarter ended March 31, 2023.

Ignacio Dominguez, President and CEO of ADAMA, said, "In 2022, supply challenges and rising crop protection prices led to inventory buildup throughout the supply chain. While market demand is being supplied by the stockpiles of product in the channel, the high inventory levels and declining raw material pricing are also supporting a "wait and see" approach. We believe that as the year progresses and the agricultural season in Latin America and India begins, this inventory will begin to deplete and the demand ADAMA sees for its products will be invigorated.

"On a personal note, as recently announced, I requested to retire from ADAMA after 22 years with the Company. Steve Hawkins, who currently serves as Senior Vice President of the Americas, will be replacing me as President & CEO. I would like to assure all that I will remain at the disposal of the Company in order to ensure a seamless transition and I am confident that under Steve's leadership ADAMA will reach new heights."

Table 1. Financial Performance Summary

USD (m)	As Reported			Adjustments		Adjusted		
	Q1 2023	Q1 2022	% Change	Q1 2023	Q1 2022	Q1 2023	Q1 2022	% Change
Revenues	1,259	1,420	(11%)	-	-	1,259	1,420	(11%)
Gross profit	310	368	(16%)	30	46	340	414	(18%)
% of sales	24.6%	25.9%				27.0%	29.2%	
Operating income (EBIT)	92	124	(26%)	10	9	102	133	(24%)
% of sales	7.3%	8.8%				8.1%	9.4%	
Income before taxes	10	71	(85%)	10	9	20	80	(74%)
% of sales	0.8%	5.0%				1.6%	5.7%	
Net income	12	67	(82%)	9	8	22	75	(71%)
% of sales	1.0%	4.7%				1.7%	5.3%	
EPS								
- USD	0.0052	0.0289				0.0093	0.0322	
- RMB	0.0357	0.1836				0.0633	0.2045	
EBITDA	166	203	(18%)	(1)	(2)	165	201	(18%)
% of sales	13.2%	14.3%				13.1%	14.2%	

¹ CER – Constant Exchange Rates



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, according to the ASBE guidelines [IAS 37], certain items (specifically certain transportation costs and certain idleness charges) are classified under 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 Q1 2023 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 environment²

In Q1 2023 commodity crop prices continued to decline as the result of a slowing global economy and better than expected production in some regions. However, crop prices remain elevated above the 10-yr average as crop inventories remain low, supporting positive grower margins.

While Q1 2022 was characterized by early purchases as a result of concerns about product availability and supply shortages, in Q1 2023 the channel and farmers were much more cautious regarding input purchases. An improved supply and logistics situation, relatively high channel inventories as well as the deflationary environment of AI prices in China have led customers to adopt a "wait-and-see"³ approach regarding some crop protection purchases.

Portfolio Development Update

Formulation Mastery Update:

- In Q1 2023, the Company continued with the roll out of its formulation mastery products with 16 registrations, including of Prothioconazole mixtures based on ADAMA's **Asorbital**[®] formulation mastery technology platform, for optimized penetration and enhanced long-lasting protection.
- Patent granted in Europe for a formulation mastery technology used to stabilize AI's that otherwise cannot be formulated together. Expected to be included in ADAMA products in the coming years.
- Patent granted in additional geographies during the first quarter for **Sesgama**[™] a proprietary formulation technology platform for high-load and other challenging formulations, enabling less use of co-formulants, transport and packaging 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 the first quarter of 2023 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)

² Sources: Rabobank, Agri Commodity Markets Research, March 2023; AgbioInvestor-Quarterly-Briefing-Service-PLUS_Q1-2023; JPM: Agricultural Markets Weekly, March 2023

³ "wait & see" refers to customers delaying purchases, while waiting to see if the market price declines further.



unique proprietary formulations, (ii) products with more than one mode of action, and (iii) biologicals. Among these were:

Launch of differentiated products during the first quarter of 2023 in select countries including:

- Launch in India of two insecticides **Cosayr**[®] and **Lapidos**[®], based on "Core Leap" AI, **Chlorantraniliprole (CTPR)**, focusing on rice and sugar cane targeting stem borer and grubs. Executing on its "Core Leap" strategy, these products are based on backward integration (in-house) production of ADAMA.

Registration of differentiated products during first quarter of 2023 in select countries including:

- Registration in Australia for "Core Leap" herbicide AI, **Saflufenacil**.
- Registration in Australia for **Sierra**[®], targeting arable land, pulses, orchards and non-crop uses, based on "Core Leap" herbicide AI **Saflufenacil** and ADAMA's formulation mastery technology for improved consumer traits including ease of use and a better efficacy on certain weed species. The registration of Sierra[®] in Australia is the first global approval of an ADAMA Saflufenacil based solution.

Financial Highlights

Revenues in the first quarter declined by approximately 11% (-4% in RMB terms; -7% in CER terms) to \$1,259 million, reflecting an increase of 1% in prices and a decrease of 8% in volumes mainly due to high channel inventory in the market and declining raw material prices supporting a "wait and see" approach across the board that impacted volumes and prices in the first quarter in 2023.

Table 2. Regional Sales Performance

	Q1 2023 \$m	Q1 2022 \$m	Change USD	Change CER
Europe, Africa & Middle East (EAME)*	430	429	+0%	+9%
North America	211	284	(26%)	(25%)
Latin America	233	234	(1%)	(3%)
Asia Pacific*	384	472	(19%)	(12%)
Of which China	182	237	(23%)	(16%)
Total	1,259	1,420	(11%)	(7%)

CER: Constant Exchange Rates

* 2022 denote proforma sales. As of 2023, the India, Middle East & Africa (IMA) region has been reorganized such that the countries formerly included in this region are now included in the Europe region (renamed EAME) or in the Asia Pacific region.

Europe, Africa & Middle East (EAME): The sales in EAME increased in the first quarter in constant exchange rates, most notably in UK and Germany, despite delayed rainfall, high channel inventories and continued drought in Southern Europe.

North America: The **Consumer & Professional Solutions** sales decreased in the first quarter, impacted by weather conditions as well 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.

Sales in the **US Ag market** decreased in the first quarter as the market is in a state of "wait and see" due to high channel inventory and in anticipation of the spring season.

Sales in **Canada** increased in the first quarter as the Company expanded its product portfolio during 2022 and while the Company's products' pricing held. This was achieved despite cold weather delaying spring product movement, creating a backing up of inventory in the channel.

Latin America: Sales in **Brazil** increased slightly in the first quarter, reflecting a "wait and see" approach in the market in light of declining selling prices and competition to sell the high, expensive inventory accumulated throughout the channel.

In other **LATAM countries** slightly lower sales were achieved due to the negative impact of the weather in Argentina and Ecuador as well as lower sales in Peru.

Asia-Pacific (APAC): During the first quarter the Company's sales decreased in the Asia Pacific region following a decline in the Company's sales in China of raw material, intermediates and fine chemicals due to softening of demand, strong competition and an overall decline in market prices.

The Company's sales of its branded portfolio in China increased in local currency following strong sales of differentiated products and despite the decrease in market selling prices and high channel inventory.

Sales in **Pacific region** in the first quarter were negatively impacted as the positive La Niña effect begins to pass, while declining prices of AI from China and India encourage a "wait and see" approach. In **India**, the sales were impacted by exchange rates and by reduced market demand following high Q4 2022 market sales. In the **rest of Asia**, Thailand and South Korea presented strong performance in the first quarter.

Gross Profit reported in the first quarter reached \$310 million (gross margin of 24.6%) compared to \$368 million (gross margin of 25.9%) in the same quarter last year.

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

Excluding the impact of the abovementioned extraordinary items, **adjusted gross profit** in the first quarter reached \$340 million (gross margin of 27.0%) compared to \$414 million (gross margin of 29.2%) in the same quarter last year.

The decline in gross profit in the first quarter was due to the decline in sales, as described above, exchange rates and high-cost inventory. These impacts were slightly moderated by the improvement in the Company's sales mix of higher margin products.

Operating expenses reported in the first quarter were \$218 million (17.3% of sales) compared to \$243 million (17.1% of sales) in the corresponding period last year.

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

Additionally, the Company recorded certain non-operational charges within its reported operating expenses amounting to \$10 million in Q1 2023 in comparison to \$6 million in Q1 2022. 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, and (iii) 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 first quarter of 2023 were \$238 million (18.9% of sales), compared to \$281 million (19.8% of sales) in the corresponding period last year.

The operating expenses were lower in the first quarter of 2023 mainly due to the Company recording a doubtful debt provision for trade receivables in Ukraine in the first quarter of 2022. Additionally, in the first quarter of 2023 these expenses decreased, among others, due to lower transportation and logistics costs and the positive impact of exchange rates.

Operating income reported in the first quarter amounted to \$92 million (7.3% of sales) compared to \$124 million (8.8% of sales) in the same quarter last year.

Excluding the impact of the abovementioned non-operational items, **adjusted operating income** in the first quarter amounted to \$102 million (8.1% of sales) compared to \$133 million (9.4% of sales) in the same quarter last year.

EBITDA reported in the first quarter amounted to \$166 million (13.2% of sales) compared to \$203 million (14.3% of sales) in the same quarter last year.

Excluding the impact of the abovementioned non-operational items, **adjusted EBITDA** in the first quarter amounted to \$165 million (13.1% of sales) compared to \$201 million (14.2% of sales) in the same quarter last year.

Adjusted Financial expenses amounted to \$81 million in the first quarter, compared to \$53 million in the corresponding period last year. The higher financial expenses were mainly driven by (i) higher bank interest expenses due an increase in short-term loans as well as the sharp increase in interest rates, (ii) higher hedging costs on exchange rates mainly due to volatility in the ILS/Dollar exchange rate and (iii) the net effect of the high Israeli CPI on the ILS-denominated, CPI-linked bonds.

Adjusted taxes on income in the first quarter amounted to an income of \$1 million, compared to tax expenses of \$5 million in the corresponding period last year. The tax income in the first quarter of 2023 was mainly due to the non-cash impact of the stronger BRL on the value of non-monetary tax assets, the method of calculation of tax assets related to unrealized profits and low profit before tax.

The low effective tax rate in first quarter of 2022 was mainly due to the generation of profits by subsidiaries whose tax rates are lower relative to the Company's aggregate effective tax rate, as well as to the method of calculation of tax assets related to unrealized profits and a tax income from the strengthening of the BRL.

Net income attributable to the shareholders of the Company in the first quarter reached \$12 million (1.0% of the sales), compared to \$67 million (4.7% of sales) in the corresponding period last year.

Excluding the impact of the abovementioned extraordinary and non-operational charges, **adjusted net income** in the first quarter was \$22 million (1.7% of the sales), compared to \$75 million (5.3% of sales) in the corresponding period last year.

Trade working capital as of March 31, 2023, was \$3,148 million compared to \$2,695 million at the same point last year. The increase in working capital was due to an increase in the value and levels of inventory procured to support the sales in light of supply shortages, logistic challenges and inventory costs increases seen in 2022. In the first quarter the procurement of inventory continued to decline in comparison to the fourth quarter of 2022, also resulting in lower trade payables. Trade receivables decreased reflecting good collections across the board.

Cash Flow: Operating cash flow of \$423 million was consumed in the first quarter, compared to \$286 million consumed in the corresponding period last year. The negative operating cash flow, which is



seasonally typical for ADAMA in the first quarter also reflected higher payments to suppliers to support the procurement of inventory in 2022.

Net cash used in investing activities was \$95 million in the first quarter, compared to \$90 million in the corresponding period last year. The cash used in investing activities in the first quarter of 2023 included the acquisition of AgriNova New Zealand, investments in new production facilities in ADAMA Anpon, investments in manufacturing capabilities in Israel and investments in intangible assets relating to ADAMA's global registrations.

Free cash flow of \$542 million was consumed in the first quarter compared to \$386 million consumed in the corresponding period last year, reflecting the aforementioned operating and investing cash flow dynamics.

Table 3. Revenues by operating segment

First quarter sales by segment

	Q1 2023 USD (m)	%	Q1 2022 USD (m)	%
Crop Protection	1,146	91.1%	1,271	89.5%
Intermediates and Ingredients	112	8.9%	149	10.5%
Total	1,259	100%	1,420	100%

First quarter sales by product category

	Q1 2023 USD (m)	%	Q1 2022 USD (m)	%
Herbicides	575	45.7%	659	46.4%
Insecticides	334	26.5%	351	24.7%
Fungicides	237	18.9%	261	18.4%
Intermediates and Ingredients	112	8.9%	149	10.5%
Total	1,259	100%	1,420	100%

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.



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 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 First Quarter

<i>Adjusted⁴</i>	Q1 2023 USD (m)	Q1 2022 USD (m)	Q1 2023 RMB (m)	Q1 2022 RMB (m)
Revenues	1,259	1,420	8,611	9,016
Cost of Sales	898	989	6,147	6,282
Other costs	20	16	138	105
Gross profit	340	414	2,325	2,630
<i>% of revenue</i>	<i>27.0%</i>	<i>29.2%</i>	<i>27.0%</i>	<i>29.2%</i>
<i>Selling & Distribution expenses</i>	<i>186</i>	<i>199</i>	<i>1,270</i>	<i>1,263</i>
<i>General & Administrative expenses</i>	<i>39</i>	<i>47</i>	<i>267</i>	<i>296</i>
<i>Research & Development expenses</i>	<i>20</i>	<i>21</i>	<i>135</i>	<i>130</i>
<i>Other operating expenses</i>	<i>(6)</i>	<i>15</i>	<i>(43)</i>	<i>95</i>
Total operating expenses	238	281	1,630	1,785
<i>% of revenue</i>	<i>18.9%</i>	<i>19.8%</i>	<i>18.9%</i>	<i>19.8%</i>
Operating income (EBIT)	102	133	696	844
<i>% of revenue</i>	<i>8.1%</i>	<i>9.4%</i>	<i>8.1%</i>	<i>9.4%</i>
Financial expenses	81	53	555	335
Income before taxes	20	80	140	509
Taxes on Income	(1)	5	(7)	33
Net Income	22	75	148	477
Attributable to:				
Non-controlling interest	0	0	0	0
Shareholders of the Company	22	75	148	477
<i>% of revenue</i>	<i>1.7%</i>	<i>5.3%</i>	<i>1.7%</i>	<i>5.3%</i>
Adjustments	9	8	64	49
Reported Net income attributable to the shareholders of the Company	12	67	83	428
<i>% of revenue</i>	<i>1.0%</i>	<i>4.7%</i>	<i>1.0%</i>	<i>4.7%</i>
Adjusted EBITDA	165	201	1,131	1,277
<i>% of revenue</i>	<i>13.1%</i>	<i>14.2%</i>	<i>13.1%</i>	<i>14.2%</i>
Adjusted EPS⁵				
– Basic	0.0093	0.0322	0.0633	0.2045
– Diluted	0.0093	0.0322	0.0633	0.2045
Reported EPS²				
– Basic	0.0052	0.0289	0.0357	0.1836
– Diluted	0.0052	0.0289	0.0357	0.1836

⁴ 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”.

⁵ The number of shares used to calculate both basic and diluted earnings per share in both Q1 2023 and 2022 is 2,329.8 million shares.



Abridged Consolidated Balance Sheet

	March 31 2023 USD (m)	March 31 2022 USD (m)	March 31 2023 RMB (m)	March 31 2022 RMB (m)
Assets				
Current assets:				
Cash at bank and on hand	514	598	3,529	3,796
Bills and accounts receivable	1,637	1,857	11,246	11,789
Inventories	2,512	2,151	17,265	13,657
Other current assets, receivables and prepaid expenses	285	333	1,961	2,117
Total current assets	4,948	4,940	34,001	31,359
Non-current assets:				
Fixed assets, net	1,749	1,651	12,022	10,480
Rights of use assets	80	74	547	467
Intangible assets, net	1,479	1,506	10,163	9,560
Deferred tax assets	217	157	1,490	994
Other non-current assets	115	114	788	725
Total non-current assets	3,640	3,501	25,010	22,227
Total assets	8,588	8,441	59,011	53,587
Liabilities				
Current liabilities:				
Loans and credit from banks and other lenders	1,319	438	9,067	2,781
Bills and accounts payable	1,009	1,324	6,934	8,404
Other current liabilities	905	905	6,220	5,745
Total current liabilities	3,234	2,667	22,221	16,931
Long-term liabilities:				
Loans and credit from banks and other lenders	512	655	3,521	4,156
Debentures	1,039	1,211	7,142	7,690
Deferred tax liabilities	45	52	311	330
Employee benefits	116	121	799	770
Other long-term liabilities	302	371	2,074	2,357
Total long-term liabilities	2,015	2,411	13,847	15,303
Total liabilities	5,249	5,078	36,068	32,234
Equity				
Total equity	3,339	3,364	22,943	21,352
Total liabilities and equity	8,588	8,441	59,011	53,587



Abridged Consolidated Cash Flow Statement for the First Quarter

	Q1 2023 USD (m)	Q1 2022 USD (m)	Q1 2023 RMB (m)	Q1 2022 RMB (m)
Cash flow from operating activities:				
Cash flow used for operating activities	(425)	(286)	(2,905)	(1,814)
Cash flow used for operating activities	(425)	(286)	(2,905)	(1,814)
Investing activities:				
Acquisitions of fixed and intangible assets	(85)	(92)	(580)	(584)
Proceeds from disposal of fixed and intangible assets	4	1	26	3
Acquisition of subsidiary	(22)	0	(148)	0
Other investing activities	9	1	63	7
Cash flow used for investing activities	(93)	(90)	(639)	(574)
Financing activities:				
Receipt of loans from banks and other lenders	525	153	3,595	969
Repayment of loans from banks and other lenders	(29)	(27)	(200)	(172)
Interest payment and other	(26)	(10)	(179)	(61)
Other financing activities	(53)	(65)	(365)	(410)
Cash flow from financing activities	417	51	2,851	327
Effects of exchange rate movement on cash and cash equivalents	1	0	(53)	(24)
Net change in cash and cash equivalents	(100)	(325)	(747)	(2,085)
Cash and cash equivalents at the beginning of the period	607	903	4,225	5,759
Cash and cash equivalents at the end of the period	506	579	3,479	3,674
Free Cash Flow	(542)	(386)	(3,710)	(2,448)



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 March 31, 2023 and 2022 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”).

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 certain transportation costs have been reclassified from COGS to Operating Expenses.
- “Financial expenses” includes net financing expenses and gains/losses from changes in fair value.

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

	Q1 2023 USD (m)	Q1 2022 USD (m)	Q1 2023 RMB (m)	Q1 2022 RMB (m)
Net Income (Reported)	12.2	67.3	83.3	427.7
Adjustments to COGS & Operating Expenses:				
1. Amortization of acquisition-related PPA and other acquisition related costs	4.2	5.4	28.7	34.0
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	6.1	5.6	41.5	35.6
3. Upgrade & Relocation related costs	0.7	1.9	4.6	12.0
4. Incentive plans	(0.8)	(4.1)	(5.7)	(26.2)
5. ASBEs classifications COGS impact	(29.7)	(43.4)	(203.4)	(275.4)
6. ASBEs classifications OPEX impact	29.7	43.4	203.4	275.4
Total Adjustments to Operating Income (EBIT)	10.1	8.7	69.2	55.5
Total Adjustments to EBITDA	(0.5)	(2.4)	(3.6)	(15.3)
Adjustments to Taxes				
1. Taxes impact	0.7	1.0	4.9	6.6
Total adjustments to Net Income	9.4	7.7	64.3	48.9
Net Income (Adjusted)	21.6	75.0	147.6	476.5
Total adjustments to Net Income attributable to the shareholders of the Company	9.4	7.7	64.3	48.9

Notes:

- Amortization of acquisition-related PPA and other acquisition related costs:**
 - 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 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.
- 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.
- ASBEs classifications COGS impact** – according to the ASBE guidelines [IAS 37], certain items (specifically certain transportation costs) are classified under COGS.
- ASBEs classifications OPEX impact** – according to the ASBE guidelines [IAS 37], certain items (specifically certain transportation costs) are classified under COGS.



Exchange Rate Data for the Company's Principal Functional Currencies

	March 31			Q1 Average		
	2023	2022	Change	2023	2022	Change
EUR/USD	1.088	1.109	(2.0%)	1.073	1.122	(4.4%)
USD/BRL	5.080	4.738	(7.2%)	5.195	5.233	0.7%
USD/PLN	4.293	4.180	(2.7%)	4.392	4.180	(5.1%)
USD/ZAR	17.83	14.51	(22.8%)	17.735	15.249	(16.3%)
AUD/USD	0.668	0.749	(10.7%)	0.684	0.724	(5.5%)
GBP/USD	1.236	1.312	(5.8%)	1.214	1.342	(9.5%)
USD/ILS	3.615	3.176	(13.8%)	3.538	3.198	(10.6%)
USD LIBOR 3M	5.19%	0.96%	423bp	4.92%	0.53%	439bp

	March 31			Q1 Average		
	2023	2022	Change	2023	2022	Change
USD/RMB	6.872	6.348	8.2%	6.842	6.351	7.7%
EUR/RMB	7.474	7.043	6.1%	7.338	7.126	3.0%
RMB/BRL	0.739	0.746	0.9%	0.759	0.824	7.9%
RMB/PLN	0.625	0.658	5.1%	0.642	0.649	1.1%
RMB/ZAR	2.594	2.286	(13.5%)	2.592	2.401	(8.0%)
AUD/RMB	4.573	4.752	(3.8%)	4.679	4.595	1.8%
GBP/RMB	8.491	8.332	1.9%	8.307	8.520	(2.5%)
RMB/ILS	0.526	0.500	(5.2%)	0.517	0.504	(2.7%)
RMB SHIBOR 3M	2.48%	2.37%	11 bp	2.41%	2.42%	(1) bp