

ADAMA Ltd. H1 2023 Performance Estimation

The Company and all the directors confirm that the information disclosed herein is true, accurate, complete and contains no false recording, misleading statement or material omission.

I. Performance Estimation

1. Estimation period: January 1, 2023 - June 30, 2023
2. Estimated performance: net loss

Item	Current reporting period January to June 2023	Same period last year January to June 2022
Net income (loss) attributable to the shareholders of the listed company (RMB in millions)	(291) - (193)	732
Net income (loss) excluding non-recurring profits and losses (RMB in millions)	(357) - (259)	655
Basic earnings per share (RMB)	(0.1251) - (0.0830)	0.3142

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

II. Pre-audit of the estimated performance

The estimated results of this period are the preliminary estimation of the Company and have not been audited nor reviewed by certified accountants.

III. Explanations for Performance Variation

Sales

For the first half year of 2023, ADAMA is expecting to report a decline in sales of approximately 8% in RMB terms (14% in USD terms), compared to the first half year of 2022, mainly reflecting

lower volumes, as well as the negative impact of exchange rates and prices. The lower sales reflect market dynamics of channel destocking in light of high interest rates and a "wait and see" approach, given the high inventory in the channel and declining active ingredient pricing. Additionally, sales were also impacted by negative weather conditions in certain geographies. This is in comparison to the first half year of 2022, in which the Company achieved record sales reflecting high demand due to supply uncertainty in the market.

EBITDA

In the first half year of 2023, the Company is expecting to report a decrease in EBITDA and its margin in comparison to the first half year of 2022. The decrease in EBITDA is due to the decline in sales, as described above, high-cost inventory exchange rates and despite a decrease in operating expenses and improvement in the Company's sales mix of higher margin products. In response to the market conditions, the Company has taken certain measures to manage its COGS and OPEX.

Net Loss

In the first half year of 2023, the Company is expecting to report Reported Net Loss (291 - 193 million RMB), compared to the reported net income in the first half year of 2022. This is due to lower Operating Profit and an increase in financial expenses in light of higher bank interest expenses due to an increase in short-term loans as well as the sharp increase in interest rates which also impacted hedging costs on exchange rates. These financial expenses were moderated by the lower Israeli CPI. The Company anticipates that once expensive market inventories have been depleted, the overall market dynamics should stabilize.

The Company's reported net loss in the first half of 2023 is expected to reflect net expenses in respect of certain transitory or non-operational and non-cash items, including mainly:

- i. Non-cash amortization charges in respect of Transfer assets received from Syngenta related to the 2017 ChemChina-Syngenta acquisition.
- ii. Non-cash amortization net charges related to 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. 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.

Excluding the impact of the abovementioned transitory or non-operational and non-cash items, the Company is expecting to deliver the following:

- Adjusted net income (loss) attributable to shareholders in the first half period is expected to be between RMB (190) - (92) million, compared to Adjusted net income of RMB 978 million in the same period last year;
- Adjusted basic earnings per share in the first half period is expected to be between RMB (0.0816) - (0.0395), compared to RMB 0.4197 in the same period last year.

IV. Other Remarks

The estimated results above are only preliminary calculations performed by the finance team of the Company based on initial financial data available to the Company, and have not been audited or reviewed by the Company's independent auditors. These estimations may change, inter alia, as a result of the further processing and analysis of the financial data that the Company will perform for the preparation of its H1 2023 financial statements. Please refer to the H1 2023 Report to be duly disclosed by the Company on August 31, 2023 for specific and accurate financial information.

Investors are reminded to exercise caution when making investment decisions.

Media for Information Disclosure of the Company: China Securities Journal, Securities Times and Cninfo (www.cninfo.com.cn).

By order of the Board
ADAMA Ltd.
July 15th, 2023