ADAMA Reports Third Quarter and First Nine Months 2023 Results

Slower market recovery than expected impacting the Company's sales & profit

Third Quarter 2023 Highlights:

- Sales down 24% to $1,033 million (**-20% in RMB terms**; -25% in CER[1] terms), mainly reflecting 12% decrease in volume and 13% decrease in prices
- Adjusted EBITDA amounted to $35 million vs. $171 million in Q3 2022
- Adjusted net loss of $115 million; Reported net loss of $112 million

First Nine Months 2023 Highlights:

- Sales down 17% to $3,524 million (**-12% in RMB terms**; -15% in CER terms), mainly reflecting 10% decrease in volume and 5% decrease in prices
- Adjusted EBITDA amounted to $312 million vs. $611 million in the first nine months of 2022
- Adjusted net loss of $135 million; Reported net loss of $146 million

BEIJING, CHINA and TEL AVIV, ISRAEL, October 30, 2023 – ADAMA Ltd. (the "Company") (SZSE 000553), today reported its financial results for the third quarter and nine-month period ended September 30, 2023.

Steve Hawkins, President and CEO of ADAMA, said, "ADAMA continues to contend with difficult market conditions, an outcome of the industry overstocking in 2022 and the current channel destocking to lower than normal inventory levels in light of global high interest rates. This is impacting the consumption of high-cost inventory by the market and the Company, putting pressure on profits. In response ADAMA has taken measures to control costs and improve efficiencies, including strict inventory management, focusing on selective procurement of high-margin products and a cross company reduction of operating expenses. With the season over in the northern hemisphere, we are now looking to the season in Brazil to understand the outlook for the full year of 2023.

"As mentioned in the past, agricultural markets are cyclical in nature. We are encouraged that farmer demand remains good, providing a positive outlook for the future. Farmer demand is the underlying, fundamental engine for these markets and is supported by historically elevated crop prices."

[1] CER – Constant Exchange Rates

Table 1. Financial Performance Summary

USD (m)	As Reported			Adjustments		Adjusted		
	Q3 2023	Q3 2022	% Change	Q3 2023	Q3 2022	Q3 2023	Q3 2022	% Change
Revenues	**1,033**	**1,359**	**(24%)**	-	-	**1,033**	**1,359**	**(24%)**
Gross profit	185	332	(44%)	12	41	198	373	(47%)
% of sales	*18.0%*	*24.4%*				*19.2%*	*27.4%*	
Operating income (EBIT)	(38)	96		7	4	(31)	100	
% of sales	*(3.7%)*	*7.1%*				*(3.0%)*	*7.4%*	
Income before taxes	(110)	10		(3)	4	(113)	14	
% of sales	*(10.6%)*	*0.7%*				*(10.9%)*	*1.0%*	
Net income (loss)	**(112)**	**5**		**(4)**	**3**	**(115)**	**8**	
% of sales	*(10.8%)*	*0.4%*				*(11.2%)*	*0.6%*	
EPS								
- USD	(0.0479)	0.0023				(0.0496)	0.0036	
- RMB	(0.3435)	0.0155				(0.3556)	0.0245	
EBITDA	**37**	**177**	**(79%)**	**(2)**	**(7)**	**35**	**171**	**(79%)**
% of sales	*3.6%*	*13.0%*				*3.4%*	*12.5%*	

USD (m)	As Reported			Adjustments		Adjusted		
	9M 2023	9M 2022	% Change	9M 2023	9M 2022	9M 2023	9M 2022	% Change
Revenues	**3,524**	**4,258**	**(17%)**	-	-	**3,524**	**4,258**	**(17%)**
Gross profit	748	1,098	(32%)	67	126	815	1,224	(33%)
% of sales	*21.2%*	*25.8%*				*23.1%*	*28.7%*	
Operating income (EBIT)	94	363	(74%)	24	40	117	403	(71%)
% of sales	*2.7%*	*8.5%*				*3.3%*	*9.5%*	
Income before taxes	(155)	139		13	44	(142)	182	
% of sales	*(4.4%)*	*3.3%*				*(4.0%)*	*4.3%*	
Net income (loss)	**(146)**	**119**		**11**	**41**	**(135)**	**159**	**(185%)**
% of sales	*(4.1%)*	*2.8%*				*(3.8%)*	*3.7%*	
EPS								
- USD	(0.0626)	0.0510				(0.0580)	0.0684	
- RMB	(0.4474)	0.3297				(0.4161)	0.4442	
EBITDA	**318**	**605**	**(47%)**	**(6)**	**7**	**312**	**611**	**(49%)**
% of sales	*9.0%*	*14.2%*				*8.9%*	*14.4%*	

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 Q3 & 9M 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 (CP) Market Environment[2]

High crop protection channel inventories across all geographies due to channel loading in 2022 continued to negatively impact channel consumption over Q3 2023. In addition, the distribution channel is opting to buy crop inputs on a "just in time" basis and striving to carry minimal inventory given wide high interest rate environment outside China and abundant supply of CP products. As a result, customers are buying much closer to the season, leading to a phasing of purchases into later quarters vs last year. The Brazilian CP market, the largest crop protection market, was down significantly in USD terms[3], mostly driven by lower volumes. This trend, coupled with the ongoing decline in Active Ingredients prices coming out of China, is also putting pressure on commodity crop protection prices.

Over Q3 2023 the price trend of crop commodities continued to be mixed. Farmer CP consumption remained positive across most regions supported by strong planted area.

Update on the War Situation in Israel

On October 7th 2023, an unprecedented attack was launched against Israel, which thrust Israel into a state of war.

ADAMA is headquartered in Israel and has three manufacturing sites in the country. ADAMA is continuing the production in its manufacturing sites in Israel, with certain non-significant restrictions, and globally and, at this time, does not expect this situation to have a material impact on ADAMA's ability to support its markets or on ADAMA's consolidated financial results.

ADAMA continues to monitor the situation closely and support its people through these challenging times.

Portfolio Development Update

Product Launches, Registrations & Formulation Mastery Update:

During the third quarter of 2023 ADAMA continued to register and launch multiple new products in markets across the globe, adding on to its differentiated product portfolio. New Product Introductions (NPI) percentage out of the full year sales of 2022 reached 22%, referring to products launched over the past 5 years. Differentiated products include products that are based on recently off-patented active ingredients (AI's) that have been classified as high commercial potential - "Core Leap" AI's, and products that are based on unique proprietary formulations, products with more than one mode of action, and biologicals.

Select launches of differentiated products during the third quarter of 2023 in select countries include:

- Launch of **Almada®** a triple-mode fungicide base on ADAMA's T.O.V. formulation technology against major soybean diseases and two-time winner of the Brazilian Soybean Rust Consortium. Almada® is the first ADAMA product containing Fluxapyroxad, a "Core Leap" AI, for use in soybean.
- Launch in Germany, for use in sugar beet, of **Mastercop ACT®**, a natural copper-based fungicide, based on **ADAMA's proprietary Formulation Mastery technology for low dose** products minimizing environmental load (enabling over 50% reduction in copper usage per

[2] Sources: Rabobank, Agri Commodity Markets Research, Sep 2023; AgbioInvestor-Quarterly-Briefing-Service-PLUS_Q3-2023;

[3] Year-to-date as of Aug 2023, Source: Brazil Industry Panel

hectare compared to conventional copper fungicides) and while maintaining its efficacy through optimization of delivery mechanisms.

- Launch in Australia of **Grindstone®**, a flexible herbicide helping farmers to control hard-to-kill broadleaf and woody weeds notably on cereals, fallow and pasture. **Grindstone®** is the first global launch based on the "Core Leap" AI Aminopyralid.
- Launch of **Adaca**® in India, a herbicide for use in grasses on cereals and pulses, based on Pyroxasulfone, a "Core Leap" AI produced in-house by ADAMA.
- Launch in Argentina of **Apresa®**, pre-emergent dual mode of action herbicide for use on soybean and corn.

Select registrations of differentiated products during the third quarter of 2023 in select countries include:

- Registration of **Maxentis®** in Malta, Czech Republic and Canada. This registration represents the first registration of an ADAMA prothioconazole mixture in North America
- Continued roll out of ADAMA's prothioconazole products based on **Asorbital**® formulation mastery technology platform, including:
  - Initial registration of **Forapro®** in Sweden and Malta
  - Registration of **Maganic**® in Czech Republic
  - Registration of **Soratel**® in Poland

Financial Highlights

Revenues in the third quarter declined by approximately 24% (-20% in RMB terms; -25% in CER terms) to $1,033 million, reflecting a decrease of 12% in volumes and a decrease of 13% in prices. The lower sales reflect market dynamics of high channel inventories, last-minute purchasing following channel destocking in light of high interest rates and pressure on crop protection product pricing due to the lower channel demand.

These results brought the revenues in the first nine months of 2023 to $3,524 million, a decline of approximately 17% (-12% in RMB terms; -15% in CER terms), reflecting a decrease of 10% in volumes and a decrease of 5% in prices. This is in comparison to the record sales the Company achieved in 2022, which reflected the high demand due to supply uncertainty in the market.

Table 2. Regional Sales Performance

	Q3 2023 $m	Q3 2022 $m	Change USD	Change CER	9M 2023 $m	9M 2022 $m	Change USD	Change CER
Europe, Africa & Middle East*	235	257	(9%)	(10%)	999	1,051	(5%)	(1%)
North America	133	174	(24%)	(24%)	568	736	(23%)	(22%)
Latin America	350	548	(36%)	(39%)	912	1,161	(21%)	(24%)
Asia Pacific*	315	380	(17%)	(14%)	1,044	1,310	(20%)	(16%)
Of which China	*130*	*156*	*(16%)*	*(13%)*	*453*	*605*	*(25%)*	*(20%)*
Total	**1,033**	**1,359**	**(24%)**	**(25%)**	**3,524**	**4,258**	**(17%)**	**(15%)**

Notes:

- *CER: Constant Exchange Rates*
- *Numbers may not sum due to rounding*

* 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 – Europe, Africa & Middle East) or in the Asia Pacific region.

Europe, Africa & Middle East (EAME): Sales in EAME decreased in the third quarter and nine-month period following overall crop protection market slow down leading to lower volumes and pressure on prices. In Europe this trend was particularly notable in Northern Europe with high channel inventory and in Central Europe, where cheap grain from Ukraine impacted farmers' investments in crops. The Company succeeded in increasing its sales in France, Italy and Iberia following weak seasons last year and with the company seizing opportunities in the cereal market in France.

North America: **Consumer & Professional Solutions** – Sales in the third quarter and nine-month period were impacted by softening demand both in the consumer and professional solutions markets following a decline in disposable income, an outcome of inflationary pressures and high interest rates, and high channel inventories. Additionally, sales shifted from the third quarter to the fourth quarter to align with season use.

In the **US Ag** market sales in the third quarter and the nine-month period declined reflecting the overall dynamic of the channel lowering inventory levels due to high interest rates with demand focusing on "just-in-time" supply from producers.

Sales in **Canada** were significantly impacted in the third quarter among others due to the negative effect of the weather on fungicide sales and pricing pressure. In the nine-month period the decline in sales was more moderate as the sales were supported by the strong performance in the first half of the year following expansion of the Company's portfolio during 2022 and relatively stable pricing in the market.

Latin America: Brazil – CP market contraction, characterized by channel destocking and softening pricing, led to a decline in the company's sales in the third quarter and nine-month period.

In the rest of LATAM, sales in the third quarter and nine-month period decreased, following pressure on prices and dryer weather than expected. This is despite the strong performance of the biologicals portfolio and gaining market share in some key countries.

Asia-Pacific (APAC):

In **China**, the market is experiencing oversupply and pricing pressure impacting both the branded formulation and non-ag sales, while the branded business was supported by the launch of differentiated products. Additionally, the impact was partially offset by the increase of AI sales as a result of active efforts to expand the markets and customers along with the Sanonda Jingzhou site reaching high utilization after relocation.

Sales in the **wider APAC** and in **India** decreased in the third quarter and first nine-month period despite an increase in volumes sold in the Pacific region in the quarter. Sales were negatively impacted by pressure on prices, especially in Australia and India and the beginning of El Niño and a weak monsoon season.

Gross Profit reported in the third quarter reached $185 million (gross margin of 18.0%) compared to $332 million (gross margin of 24.4%) in the same quarter last year and reached $748 million (gross margin of 21.2%) in the first nine-month period compared to $1,098 million (gross margin of 25.8%) 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 adjusted items, **adjusted gross profit** in the third quarter reached $198 million (gross margin of 19.2%) compared to $373 million (gross margin of 27.4%) in the same quarter last year and reached $815 million (gross margin of 23.1%) in the first nine-month period compared to $1,224 million (gross margin of 28.7%) last year.

The decline in the gross profit in the first nine months was due to the decline in sales, as described above, high-cost inventory, a provision for inventory impairment and negative exchange rates. In the third quarter, these impacts had a higher adverse effect, though slightly moderated by the positive impact of exchange rates and the initial effect of new inventory sold, priced at market levels.

Operating expenses reported in the third quarter and first nine-month period of 2023 were $224 million (21.7% of sales) and $655 million (18.6% of sales), compared to $236 million (17.4% of sales) and $736 million (17.3% 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, taxes and surcharges and inventory impairment.

Additionally, the Company recorded certain non-operational items within its reported operating expenses amounting to $7 million in Q3 2023 in comparison to $3 million in Q3 2022 and $22 in 9M 2023 in comparison to $31 in 9M 2022. These 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 items, please see the appendix to this release.

Excluding the impact of the abovementioned non-operational items, **adjusted operating expenses** in the third quarter and first nine-month period were $229 million (22.1% of sales) and $698 million (19.8% of sales), compared to $273 million (20.1% of sales) and $821 million (19.3% of sales) in the corresponding periods last year, respectively.

The operating expenses were lower in the third quarter and first nine-month period of 2023 mainly due to OPEX management measures, an adjustment of a provision for success-based compensation, lower transportation and logistics costs and the positive impact of exchange rates. Additionally, in the first nine months year of 2022 the Company recorded a provision for doubtful debts in Ukraine.

Operating income (loss) reported in the third quarter reached a loss of $38 million (-3.7% of sales) compared to an income of $96 million (7.1% of sales) in the same quarter last year and amounted to an income of $94 million (2.7% of sales) in the first nine-month period compared to an income of $363 million (8.5% of sales) last year.

Excluding the impact of the abovementioned non-operational items, **adjusted operating income (loss)** in the third quarter reached a loss of $31 million (-3.0% of sales) compared to an income of $100 million (7.4% of sales) in the same quarter last year and amounted to an income of $117 million (3.3% of sales) in the first nine-month period compared to an income of $403 million (9.5% of sales) in the same period last year. The Company reached operating loss during the third quarter of 2023 due to the low gross profit and despite lower operating expenses.

EBITDA reported in the third quarter amounted to $37 million (3.6% of sales) compared to $177 million (13.0% of sales) in the same quarter last year and amounted to $318 million (9.0% of sales) in the first nine-month period compared to $605 million (14.2% of sales) last year.

Excluding the impact of the abovementioned non-operational items, **adjusted EBITDA** in the third quarter amounted to $35 million (3.4% of sales) compared to $171 million (12.5% of sales) in the same quarter last year and amounted to $312 million (8.9% of sales) in the first nine-month period compared to $611 million (14.4% of sales) last year.

Adjusted financial expenses amounted to $82 million in the third quarter and $259 million in the first nine-month period, compared to $86 million and $220 million in the corresponding periods last year, respectively.

The lower financial expenses in the quarter were due to lower hedging costs on exchange rates and lower bond interest following the payment of bond principal in November 2022 and the net effect of lower Israeli CPI on the ILS-denominated, CPI-linked bonds. These impacts were moderated by higher bank interest expenses due to the increase in interest rates and an increase in short-term loans. For the nine months, the higher financial expenses were mainly due to higher bank interest expenses as stated above partially offset by lower bond interest and CPI.

Adjusted taxes on income in the third quarter amounted to tax expenses of $3 million and an income of $7 million in the first nine-month period, compared to tax expenses of $6 million and $23 million in the corresponding periods last year. Despite reaching losses before tax, the Company recorded tax expenses in the third quarter and recorded a low tax income in the first nine-month period of 2023 , mainly because the generation of the losses were primarily by subsidiaries with relatively lower tax rates than the subsidiaries that generated profit. Additionally, in the third quarter the company recorded tax expenses due to the non-cash impact of the weakness of the BRL in the third quarter that effect the value of non-monetary tax assets. In the first nine months of 2022, the company recognized a high deferred tax asset, related to inter-group sales, that led to a decline in the tax on income.

Net loss reported in the third quarter was $112 million and $146 million in the first nine-month period, compared to net income of $5 million (0.4% of sales) and $119 million (2.8% of sales) in the corresponding periods last year, respectively.

Excluding the impact of the abovementioned extraordinary and non-operational charges, **adjusted net loss** in the third quarter was $115 million, and $135 million in the first nine-month period, compared to net income of $8 million (0.6% of sales), and $159 million (3.7% of sales) in the corresponding periods last year, respectively.

Trade working capital as of September 30, 2023, was $2,742 million compared to $2,832 million as of September 30, 2022, and compared to $2,844 million as of June 30, 2023. Following the Company's implementation of strict procurement practices, inventory held by the Company reached $2,129 million as of September 30, 2023, in comparison to $2,448 million as of September 30, 2022, and $2,307 million as of June 30, 2023. The decrease in working capital was following the Company's implementation of strict procurement practices, as mentioned, which led to lower trade payables and a decrease in the level of inventory held by the Company. The decrease in receivables reflected the intensive collections as well as the lower sales.

Cash Flow: Operating cash flow of $82 million was generated in the third quarter and $63 million generated in the first nine-month period in 2023, compared to $31 million consumed in the third quarter and $246 million consumed in the first nine-month period in 2022. Despite lower sales, the higher cash flow generated in the quarter was primarily due to a decrease in the procurement of goods as well as intensive collection.

Net cash used in investing activities was $69 million in the third quarter and $231 million in the first nine months period in 2023, compared to $102 million and $299 million in the corresponding periods last year, respectively. The cash used in investing activities in the third quarter and first nine months period of 2023 reflected the prioritization of investments, part of the actions taken by the Company to improve its cash flow and included 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 as well as the acquisition of AgriNova New Zealand in Q1 2023.

Free cash flow of $22 million was consumed in the third quarter and $276 million consumed in the first nine-months period compared to $154 million consumed in the third quarter and $623 million consumed 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

	Q3 2023 USD (m)	%	Q3 2022 USD (m)	%	9M 2023 USD (m)	%	9M 2022 USD (m)	%
Crop Protection	943	91%	1,228	90%	3,233	92%	3,826	90%
Intermediates and Ingredients	90	9%	131	10%	291	8%	432	10%
Total	**1,033**	**100%**	**1,359**	**100%**	**3,524**	**100%**	**4,258**	**100%**

Sales by product category

	Q3 2023 USD (m)	%	Q3 2022 USD (m)	%	9M 2023 USD (m)	%	9M 2022 USD (m)	%
Herbicides	427	41%	571	42%	1,531	43%	1,932	45%
Insecticides	304	29%	381	28%	989	28%	1,125	26%
Fungicides	212	20%	276	20%	713	20%	769	18%
Intermediates and Ingredients	90	9%	131	10%	291	8%	432	10%
Total	**1,033**	**100%**	**1,359**	**100%**	**3,524**	**100%**	**4,258**	**100%**

Notes:

- *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.

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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 Third Quarter

Adjusted[4]		Q3 2023 USD (m)	Q3 2022 USD (m)	Q3 2023 RMB (m)	Q3 2022 RMB (m)
Revenues		**1,033**	**1,359**	**7,407**	**9,282**
Cost of Sales		815	977	5,846	6,671
Other costs		20	10	142	66
Gross profit		**198**	**373**	**1,418**	**2,545**
% of revenue		*19.2%*	*27.4%*	*19.2%*	*27.4%*
Selling & Distribution expenses		169	199	1,215	1,361
General & Administrative expenses		36	52	259	356
Research & Development expenses		15	21	110	142
Other operating expenses		8	0	56	2
Total operating expenses		229	273	1,640	1,862
% of revenue		*22.1%*	*20.1%*	*22.1%*	*20.1%*
Operating income (EBIT)		**(31)**	**100**	**(222)**	**683**
% of revenue		*(3.0%)*	*7.4%*	*(3.0%)*	*7.4%*
Financial expenses		82	86	587	587
Income before taxes		**(113)**	**14**	**(809)**	**96**
Taxes on Income		3	6	20	38
Net Income		**(115)**	**8**	**(829)**	**57**
% of revenue		*(11.2%)*	*0.6%*	*(11.2%)*	*0.6%*
Adjustments		(4)	3	(28)	21
Reported Net income		**(112)**	**5**	**(800)**	**36**
% of revenue		*(10.8%)*	*0.4%*	*(10.8%)*	*0.4%*
Adjusted EBITDA		**35**	**171**	**254**	**1,165**
% of revenue		*3.4%*	*12.5%*	*3.4%*	*12.5%*
Adjusted EPS[5]	– Basic	*(0.0496)*	*0.0036*	*(0.3556)*	*0.0245*
	– Diluted	*(0.0496)*	*0.0036*	*(0.3556)*	*0.0245*
Reported EPS[5]	– Basic	*(0.0479)*	*0.0023*	*(0.3435)*	*0.0155*
	– Diluted	*(0.0479)*	*0.0023*	*(0.3435)*	*0.0155*

[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 Q3 2023 and 2022 is 2,329.8 million shares.

Abridged Consolidated Income Statement for the First Nine Months

Adjusted[6]		9M 2023 USD (m)	9M 2022 USD (m)	9M 2023 RMB (m)	9M 2022 RMB (m)
Revenues		**3,524**	**4,258**	**24,660**	**28,078**
Cost of Sales		2,667	3,004	18,673	19,810
Other costs		42	30	299	201
Gross profit		**815**	**1,224**	**5,688**	**8,067**
% of revenue		*23.1%*	*28.7%*	*23.1%*	*28.7%*
Selling & Distribution expenses		540	607	3,782	4,007
General & Administrative expenses		105	146	735	962
Research & Development expenses		53	63	373	416
Other operating expenses		0	5	0	32
Total operating expenses		698	821	4,890	5,417
% of revenue		*19.8%*	*19.3%*	*19.8%*	*19.3%*
Operating income (EBIT)		**117**	**403**	**799**	**2,650**
% of revenue		*3.3%*	*9.5%*	*3.2%*	*9.4%*
Financial expenses		259	220	1,815	1,462
Income before taxes		**(142)**	**182**	**(1,016)**	**1,188**
Taxes on Income		(7)	23	(47)	153
Net Income		**(135)**	**159**	**(969)**	**1,035**
% of revenue		*(3.8%)*	*3.7%*	*(3.9%)*	*3.7%*
Adjustments		11	41	73	267
Reported Net income		**(146)**	**119**	**(1,042)**	**768**
% of revenue		*(4.1%)*	*2.8%*	*(4.2%)*	*2.7%*
Adjusted EBITDA		**312**	**611**	**2,168**	**4,027**
% of revenue		*8.9%*	*14.4%*	*8.8%*	*14.3%*
Adjusted EPS[7]	– Basic	*(0.0580)*	*0.0684*	*(0.4161)*	*0.4442*
	– Diluted	*(0.0580)*	*0.0684*	*(0.4161)*	*0.4442*
Reported EPS[7]	– Basic	*(0.0626)*	*0.0510*	*(0.4474)*	*0.3297*
	– Diluted	*(0.0626)*	*0.0510*	*(0.4474)*	*0.3297*

[6] 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".
[7] The number of shares used to calculate both basic and diluted earnings per share in 9M 2023 and 2022 is 2,329.8 million shares.

Abridged Consolidated Balance Sheet

	September 30 2023 USD (m)	September 30 2022 USD (m)	September 30 2023 RMB (m)	September 30 2022 RMB (m)
Assets				
Current assets:				
Cash at bank and on hand	737	524	5,294	3,720
Bills and accounts receivable	1,327	1,547	9,529	10,985
Inventories	2,129	2,448	15,284	17,381
Other current assets, receivables and prepaid expenses	266	318	1,908	2,256
Total current assets	**4,459**	**4,836**	**32,015**	**34,343**
Non-current assets:				
Fixed assets, net	1,759	1,666	12,629	11,829
Rights of use assets	90	82	646	582
Intangible assets, net	1,457	1,464	10,461	10,393
Deferred tax assets	245	185	1,758	1,314
Other non-current assets	102	105	730	746
Total non-current assets	**3,653**	**3,502**	**26,225**	**24,864**
Total assets	**8,112**	**8,339**	**58,240**	**59,206**
Liabilities				
Current liabilities:				
Loans and credit from banks and other lenders	1,258	704	9,032	4,997
Bills and accounts payable	724	1,172	5,197	8,322
Other current liabilities	959	892	6,888	6,330
Total current liabilities	**2,941**	**2,768**	**21,118**	**19,650**
Long-term liabilities:				
Loans and credit from banks and other lenders	423	591	3,038	4,193
Debentures	1,003	1,120	7,200	7,952
Deferred tax liabilities	42	53	305	379
Employee benefits	90	117	648	827
Other long-term liabilities	458	371	3,290	2,636
Total long-term liabilities	**2,017**	**2,252**	**14,480**	**15,986**
Total liabilities	**4,958**	**5,019**	**35,598**	**35,636**
Equity				
Total equity	**3,154**	**3,319**	**22,642**	**23,570**
Total liabilities and equity	**8,112**	**8,339**	**58,240**	**59,206**

Abridged Consolidated Cash Flow Statement for the Third Quarter

	Q3 2023 USD (m)	Q3 2022 USD (m)	Q3 2023 RMB (m)	Q3 2022 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	82	(31)	591	(213)
Cash flow from operating activities	**82**	**(31)**	**591**	**(213)**
Investing activities:				
Acquisitions of fixed and intangible assets	(74)	(99)	(529)	(677)
Net cash received from disposal of fixed assets, intangible assets and others	1	0	6	2
Other investing activities	4	(3)	30	(22)
Cash flow used for investing activities	**(69)**	**(102)**	**(493)**	**(697)**
Financing activities:				
Receipt of loans from banks and other lenders	49	216	353	1,474
Repayment of loans from banks and other lenders	(52)	(24)	(374)	(161)
Interest payment and other	(46)	(20)	(331)	(140)
Other financing activities	138	4	987	28
Cash flow from (used for) financing activities	**89**	**176**	**635**	**1,201**
Effects of exchange rate movement on cash and cash equivalents	**1**	**(5)**	**(23)**	**161**
Net change in cash and cash equivalents	**103**	**38**	**710**	**452**
Cash and cash equivalents at the beginning of the period	633	475	4,571	3,191
Cash and cash equivalents at the end of the period	**736**	**513**	**5,281**	**3,643**
Free Cash Flow	**(22)**	**(154)**	**(97)**	**(1,050)**

Abridged Consolidated Cash Flow Statement for the First Nine Months

	9M 2023 USD (m)	9M 2022 USD (m)	9M 2023 RMB (m)	9M 2022 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	63	(246)	526	(1,559)
Cash flow from operating activities	**63**	**(246)**	**526**	**(1,559)**
Investing activities:				
Acquisitions of fixed and intangible assets	(244)	(298)	(1,707)	(1,969)
Net cash received from disposal of fixed assets, intangible assets and others	5	11	37	72
Acquisition of subsidiaries	(22)	0	(148)	-
Other investing activities	29	(12)	205	(80)
Cash flow used for investing activities	**(231)**	**(299)**	**(1,614)**	**(1,976)**
Financing activities:				
Receipt of loans from banks and other lenders	647	590	4,458	3,909
Repayment of loans from banks and other lenders	(281)	(201)	(1,974)	(1,324)
Interest payment and other	(121)	(83)	(853)	(553)
Dividends to shareholders	(9)	(3)	(63)	(19)
Other financing activities	62	(140)	467	(906)
Cash flow from (used for) financing activities	**298**	**164**	**2,036**	**1,107**
Effects of exchange rate movement on cash and cash equivalents	(2)	(9)	107	311
Net change in cash and cash equivalents	**129**	**(390)**	**1,056**	**(2,116)**
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	**736**	**513**	**5,281**	**3,643**
Free Cash Flow	**(276)**	**(623)**	**(1,849)**	**(4,049)**

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 September 30, 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

	Q3 2023 USD (m)	Q3 2022 USD (m)	Q3 2023 RMB (m)	Q3 2022 RMB (m)
Net Income (loss) (Reported)	**(112)**	**5**	**(800)**	**36**
Adjustments to COGS & Operating Expenses:				
1. Amortization of acquisition-related PPA and other acquisition related costs	4	5	30	35
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	5	6	34	39
3. Upgrade & Relocation related costs	1	2	6	11
4. Incentive plans	(2)	(8)	(16)	(58)
5. ASBEs classifications COGS impact	(12)	(40)	(84)	(270)
6. ASBEs classifications OPEX impact	12	40	84	270
Total Adjustments to Operating Income (EBIT)	**7**	**4**	**53**	**28**
Total Adjustments to EBITDA	**(2)**	**(7)**	**(14)**	**(47)**
Adjustments to Financing Expenses:				
Revaluation of non-cash adjustment related to put option revaluation	(7)	-	(51)	-
Other financing expenses	(4)	-	(26)	-
Adjustments to Taxes:				
1. Taxes impact	(1)	(1)	(5)	(7)
Total adjustments to Net Income	**(4)**	**3**	**(28)**	**21**
Net Income (Adjusted)	**(115)**	**8**	**(829)**	**57**

	9M 2023 USD (m)	9M 2022 USD (m)	9M 2023 RMB (m)	9M 2022 RMB (m)
Net Income (loss) (Reported))	**(146)**	**119**	**(1,042)**	**768**
Adjustments to COGS & Operating Expenses:				
1. Amortization of acquisition-related PPA and other acquisition related costs	13	16	88	104
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	16	17	109	113
3. Upgrade & Relocation related costs	2	5	16	36
4. Incentive plans	(7)	2	(48)	10
5. ASBEs classifications COGS impact	(65)	(116)	(452)	(766)
6. ASBEs classifications OPEX impact	65	116	452	766
Total Adjustments to Operating Income (EBIT)	**24**	**40**	**165**	**263**
Total Adjustments to EBITDA	**(6)**	**7**	**(41)**	**43**
Adjustments to Financing Expenses:				
Revaluation of non-cash adjustment related to put option revaluation	(7)	-	(51)	-
Other financing expenses	(4)	4	(26)	24
Adjustments to Taxes				
1. Taxes impact	(2)	(3)	(15)	(20)
Total adjustments to Net Income	**11**	**41**	**73**	**267**
Net Income (Adjusted)	**(135)**	**159**	**(969)**	**1,035**

Notes:

1. **Amortization of acquisition-related PPA and other acquisition related costs:**
   a. **Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)**: Under ASBE, since the third 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.
   b. **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.
2. **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.
3. **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 third 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.
4. **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. **ASBEs classifications COGS impact –** according to the ASBE guidelines [IAS 37], certain items (specifically certain transportation costs) are classified under COGS.
6. **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

	September 30			Q3 Average			9M Average		
	2023	2022	Change	2023	2022	Change	2023	2022	Change
EUR/USD	1.060	0.984	7.73%	1.088	1.008	7.90%	1.083	1.064	1.84%
USD/BRL	5.008	5.407	7.38%	4.880	5.249	7.03%	5.009	5.134	2.45%
USD/PLN	4.370	4.953	11.78%	4.138	4.706	12.08%	4.236	4.395	3.62%
USD/ZAR	18.939	17.953	(5.49%)	18.655	17.03	(9.54%)	18.347	15.950	(15.03%)
USD/AUD	0.648	0.652	(0.58%)	0.654	0.684	(4.34%)	0.669	0.707	(5.44%)
GBP/USD	1.223	1.118	9.40%	1.265	1.179	7.36%	1.244	1.256	(0.99%)
USD/ILS	3.824	3.543	(7.93%)	3.746	3.400	(10.17%)	3.643	3.313	(9.95%)
USD L 3M	5.39%	3.75%	1.64 bp	5.39%	2.99%	2.4 bp	3.56%	1.69%	1.87 bp

	September 30			Q3 Average			9M Average		
	2023	2022	Change	2023	2022	Change	2023	2022	Change
USD/RMB	7.180	7.100	1.13%	7.173	6.830	5.03%	7.008	6.597	6.22%
EUR/RMB	7.610	6.985	8.94%	7.803	6.886	13.33%	7.590	7.017	8.17%
RMB/BRL	0.697	0.762	8.41%	0.680	0.769	11.48%	0.715	0.778	8.16%
RMB/PLN	0.609	0.658	7.57%	0.577	0.649	11.08%	0.604	0.649	6.83%
RMB/ZAR	2.638	2.529	(4.32%)	2.601	2.494	(4.30%)	2.618	2.418	(8.29%)
AUD/RMB	4.652	4.627	0.54%	4.693	4.671	0.47%	4.687	4.666	0.44%
GBP/RMB	8.783	7.939	10.63%	9.077	8.051	12.75%	8.714	8.286	5.17%
RMB/ILS	0.533	0.499	(6.73%)	0.522	0.498	(4.90%)	0.520	0.502	(3.51%)
RMB Shibor 3M	2.30%	1.67%	0.63 bp	2.11%	1.73%	0.38 bp	2.27%	2.09%	0.18 bp