



ADAMA Reports Second Quarter and First Half Year 2024 Results

- Q2 2024 Adjusted EBITDA 7% above Q2 2023; Improvement in gross margin and adjusted EBITDA margin in Q2 & H1 2024 following strict inventory management allowing the Company to benefit from market costs, positive product sales mix and continued OPEX management measures;
- Significant improvement in cash flow despite challenging market conditions; Positive operating cash flow of \$243 million achieved in H1 2024 in comparison to a negative cash flow of \$19 million in H1 2023; Positive free cash flow of \$51m achieved in H1 2024 in comparison to a negative cash flow of \$254m in H1 2023;
- Implementation of transformation plan underway, showing initial benefits as challenging market conditions continue.

Second Quarter 2024 Highlights:

- Sales down 16% to \$1,041 million (**-14% in RMB terms**; -14% in CER¹ terms), mainly reflecting a 10% decrease in prices and a 4% decrease in volumes
- Gross profit amounted to \$269m (margin of 25.8%) vs \$277m (margin of 22.5%) in Q2 2023
- Adjusted EBITDA amounted to \$120 million (margin of 11.5%) vs. \$112 million (margin of 9.1%) in Q2 2023
- Adjusted net loss of \$61 million; Reported net loss of \$94 million
- Operating cash flow of \$347million in Q2 2024 vs \$405 million in Q2 2023
- Free cash flow of \$245 million in Q2 2024 vs \$288 million in Q2 2023

First Half Year 2024 Highlights:

- Sales down 16% to \$2,098 million (**-14% in RMB terms**; -14% in CER² terms), mainly reflecting a 10% decrease in prices and a 4% decrease in volumes
- Gross profit amounted to \$557m (margin of 26.5%) vs \$617m (margin of 24.8%) in H1 2023
- Adjusted EBITDA amounted to \$252 million (margin of 12.0%) vs. \$277 million (margin of 11.1%) in H1 2023
- Adjusted net loss of \$71 million; Reported net loss of \$126 million
- Improvement of \$262 million in operating cash flow; \$243 million in H1 2024 vs -\$19 million in H1 2023
- Improvement of \$305 million in free cash flow; \$51 million in H1 2024 vs -\$254 million in H1 2023

BEIJING, CHINA and TEL AVIV, ISRAEL, August 28, 2024 – ADAMA Ltd. (the “Company”) (SZSE 000553), today reported its financial results for the second quarter and first half of 2024 that ended June 30, 2024.

Steve Hawkins, President and CEO of ADAMA, said, "While the crop protection market remains challenging, we are focused on our transformation plan aimed at improving the quality of our business and strengthening our position in the fast-growing Value Innovation customer segment. We continue to launch a wide array of advanced, differentiated products with strong ROI for farmers in our largest and most important markets. The agriculture industry is cyclical in nature and ADAMA is taking the

¹ CER – Constant Exchange Rates



necessary steps to maximize our ability to capture opportunities when the market turns around. We believe that our value innovation portfolio is exactly the right fit for the large segment of growers who are looking for innovation but will be pressured by declining commodity prices and seeking cost effective solutions.

"Our transformation plan is already showing initial positive results with higher EBITDA achieved in the second quarter, as well as an improvement in the gross and EBITDA margins in both the second quarter and the first half of 2024. This improvement was driven by efficient inventory management, better product sales mix as well as a steady reduction in operating expenses. Steps taken in working capital and CAPEX management have brought a significant improvement in cashflow in the first half of 2024.

"We are still in the first phase of our transformation in ADAMA and as the market eventually turns around, we expect to see significant acceleration of the plan's impact on our financial results."

Table 1. Financial Performance Summary

USD (m)	As Reported			Adjustments		Adjusted		
	Q2 2024	Q2 2023	% Change	Q2 2024	Q2 2023	Q2 2024	Q2 2023	% Change
Revenues	1,041	1,233	(16%)	-	-	1,041	1,233	(16%)
Gross profit	227	253	(10%)	41	24	269	277	(3%)
<i>% of sales</i>	21.8%	20.6%				25.8%	22.5%	
Operating income (EBIT)	(16)	40		69	6	52	46	13%
<i>% of sales</i>	(1.6%)	3.3%				5.0%	3.8%	
Loss before taxes	(59)	(56)	6%	42	6	(17)	(50)	(65%)
<i>% of sales</i>	(5.7%)	(4.5%)				(1.7%)	(4.0%)	
Net loss	(94)	(46)	102%	33	5	(61)	(41)	48%
<i>% of sales</i>	(9.0%)	(3.8%)				(5.8%)	(3.3%)	
EPS								
- USD	(0.0403)	(0.0199)				(0.0261)	(0.0177)	
- RMB	(0.2864)	(0.1397)				(0.1855)	(0.1238)	
EBITDA	76	115	(34%)	44	(3)	120	112	7%
<i>% of sales</i>	7.3%	9.3%				11.5%	9.1%	



USD (m)	As Reported			Adjustments		Adjusted		
	H1 2024	H1 2023	% Change	H1 2024	H1 2023	H1 2024	H1 2023	% Change
Revenues	2,098	2,492	(16%)	-	-	2,098	2,492	(16%)
Gross profit	484	563	(14%)	73	54	557	617	(10%)
% of sales	23.0%	22.6%				26.5%	24.8%	
Operating income (EBIT)	34	132	(74%)	89	16	124	148	(16%)
% of sales	1.6%	5.3%				5.9%	5.9%	
Loss before taxes	(80)	(45)	78%	65	16	(16)	(29)	
% of sales	(3.8%)	(1.8%)				(0.7%)	(1.2%)	
Net loss	(126)	(34)	268%	55	15	(71)	(20)	
% of sales	(6%)	(1.4%)				(3.4%)	(0.8%)	
EPS								
- USD	(0.0541)	(0.0147)				(0.0303)	(0.0084)	
- RMB	(0.3841)	(0.1039)				(0.2152)	(0.0604)	
EBITDA	196	281	(30%)	55	(4)	252	277	(9%)
% of sales	9.4%	11.3%				12.0%	11.1%	

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 Q2 and H1 2024 and 2023 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 Environment³

Key commodity crop prices continued to decline through the second quarter of 2024, although remain above average historical levels. Farmer income is pressured by the declining crop commodity prices, however, there has been some ease in the prices of inputs such as fertilizers.

The channel inventory situation continues to ease but the high interest rate environment coupled with ample product supply continue to drive a just-in-time purchasing approach by the channel. Active ingredient prices from China remained low during Q2 with some molecules even experiencing further price declines. Container shipping costs climbed higher during Q2 due to the combination of the red sea disruptions coupled with higher global trade demand.

Update on the War Situation in Israel

ADAMA is headquartered in Israel and has three manufacturing sites in the country. Following October 7th, 2023, the Company continued the production in its global manufacturing sites and in Israel, with certain non-significant restrictions (which have been lifted in February 2024). This situation did not

³ Sources: CCPIA (China Crop Protection Industry Association), BAINFO, FocusEconomics, China Containerized Freight Index, internal sources



have a material impact on the Company's ability to support its markets or on ADAMA's consolidated financial results.

On the 14th of April, Israel was under an attack from Iran, with no consequences to the Company's ongoing activities.

Update on Impact of Shipping Obstructions

In January 2024 some major shipping lines announced that they will suspend shipping to Israel through Israeli ports and through the Suez Canal due to tensions in the Red Sea. This has led to longer transportation times, with shipping lines being diverted around Africa.

As of the date of publication of this report, shipping time and costs have increased significantly, mainly in the China-Israel/Europe; China-America routes in comparison to before January 2024. Currently, the Company does not anticipate this to have a significant impact on its financial results or on the ongoing supply of materials to its production facilities, due to the Company's strict inventory management, although this situation might impact the company's ability to respond quickly to changing market demand.

"Fight Forward" Transformation Plan

As announced in the ADAMA's full year 2023 financial results report, it initiated a plan in the first quarter of 2024 to revalue ADAMA through improving the quality of the business to turnaround the Company. The Company-wide transformation plan is aimed at gradually delivering profit and cash targets over a period of 3 years (2024-2026).

Portfolio Development Update

Product Launches, Registrations:

During the second quarter of 2024 ADAMA continued to register and launch multiple new products in markets across the globe, adding on to its differentiated product portfolio.

Differentiated products address specific grower needs through innovative formulation technology and/or novel mixing concepts of Active Ingredients.

Select launches of differentiated products during the second quarter of 2024 include:

- Launch of Prothioconazole based products, part of ADAMA's comprehensive portfolio of innovative solutions for cereal fungicides
 - **Protadis**[®] and **Magan**[®] in Turkey, powered by ADAMA's proprietary **Asorbital**[®] Formulation Technology
 - **Maxentis**[®] in Australia

- **Vinergy**[®] in Italy and France – a unique combination of folpet, a protectant fungicide with multi-site contact activity and potassium phosphonate, a systemic fungicide rapidly distributed in the whole plant. The combination of both active ingredients ensures long lasting plant protection against downy mildew.

Selected registrations of differentiated products during the second quarter of 2024 include:



Registration of Prothioconazole based products, part of ADAMA's comprehensive portfolio of innovative solutions for cereal fungicides in Europe, including:

- **Soratel**[®] in Spain, Hungary, Moldova, Slovenia and Slovakia & Morocco powered by ADAMA's proprietary **Asorbital**[®] Formulation Technology
- **Avastel**[®] in France, Poland and Latvia, powered by ADAMA's proprietary **Asorbital**[®] Formulation Technology
- **Maganic**[®] in Italy and Slovakia, powered by ADAMA's proprietary **Asorbital**[®] Formulation Technology
- **Forapro**[®] in Slovakia and Lithuania, powered by ADAMA's proprietary **Asorbital**[®] Formulation Technology
- **Maxentis**[®] in Spain, Italy, Hungary, Romania and Greece & Moldova, a dual mode broad spectrum fungicide
- Registration of **Edaptis**[®] in Poland. EDAPTIS[®] is a ready-to-use solution that provides broad-spectrum control of grassy weeds and improved efficacy in combating resistant populations.
- Registration of **Bazak**[®] in India. BAZAK[®] is a new strong solution helping farmers controlling brown plant hoppers in rice thanks to the combination of 2 systemic molecules (Pymetrozine and Dinotefuran) having different mode of actions.
- Registration of **Forpido**[®] in India - FORPIDO[®] is an innovative insecticide combining Chlorantraniliprole, Fipronil and Zinc that controls resistant rice stem borer and improves early crop establishment.
- **Folpet & Captan** active ingredient renewal in Europe, supporting the ongoing marketing of **Folpan**[®] 500SC, **Folpan**[®] 800WG and **Merpan**[®] 800WG

Select patent granted during the second quarter of 2024 includes:

- Patent granted for **Sesgama**[®] in EU, 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 years in EU.
- Patent of **Upturn**[®] in India
- Patent of **Forabaz**[®] in India

Financial Highlights

Revenues in the second quarter declined by approximately 16% (-14% in RMB terms; -14% in CER terms) to \$1,041 million, presenting a decrease of 10% in prices and a decrease of 4% in volumes. The lower sales reflect lower market prices and de-focus from selected low profit products. Inventory levels in some areas have improved, however, high competition from Chinese and Indians manufactures increased pricing pressure mainly in commoditized crop protection products, while the channel is exercising more cautious buying patterns in light of previous price volatility and a higher interest rate environment.

These results brought the revenues in the first half of 2024 to \$2,098 million, a decline of approximately 16% (-14% in RMB terms; -14% in CER terms), reflecting a decrease of 10% in prices and a decrease of 4% in volumes.



Table 2. Regional Sales Performance

	Q2 2024 \$m	Q2 2023 \$m	Change USD	Change CER	H1 2024 \$m	H1 2023 \$m	Change USD	Change CER
Europe, Africa & Middle East	312	334	(7%)	(6%)	679	765	(11%)	(8%)
North America	223	225	(1%)	(1%)	414	436	(5%)	(5%)
Latin America	209	329	(37%)	(33%)	400	562	(29%)	(28%)
Asia Pacific	298	345	(14%)	(12%)	605	729	(17%)	(15%)
<i>Of which China</i>	121	141	(14%)	(12%)	275	323	(15%)	(13%)
Total	1,041	1,233	(16%)	(14%)	2,098	2,492	(16%)	(14%)

Notes:

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

Europe, Africa & Middle East (EAME):

Sales in **EAME** decreased in the second quarter and first half of 2024, despite demand recovering in Europe at the former level in the second quarter supported by positive weather in Western and Southern Europe, slowly improving inventory levels. Overall pricing was softer, particularly in commoditized products, with new competition coming into the market.

North America: Consumer & Professional Solutions – Sales were higher in the second quarter following normalized buying patterns supported by good weather, while the Company focused on higher margin products. In the half year period sales were stable.

In the **US Ag** market, sales declined in the second quarter and first half of 2024 reflecting overall good weather, with the season progressing as usual, while new competition from China and India is putting pressure on pricing. Channel inventory levels have declined with purchasing patterns on a just-in-time basis. Pricing is currently stabilizing, although still lower than during H1 2023.

ADAMA's sales in **Canada** declined in the second quarter and first half of 2024 reflecting low insecticide sales as weather conditions were unfavorable for insect pressure. While inventory levels are declining, mainly in herbicide and fungicides, purchasing patterns on a just-in-time basis. Additionally, the market experienced strong competition and softer pricing particularly in commoditized products.

Latin America: Brazil – decline in sales in the second quarter and first half of 2024, reflecting the softer pricing, competition from Chinese competitors, “wait and see” farmers behavior postponing CP purchases, as well as de-focus from non-selective herbicides. Channel inventory has mostly normalized however demand is impacted by expectations for additional price decreases. The Company is focusing its sales on higher margin products, with new product introductions of differentiated products continuing to do well.

In the **rest of LATAM** lower sales reflected the overall contraction in the market in Northern LATAM negatively impacted by El Niño weather. Inventory levels are back to normal levels in most countries, while pricing was impacted by high competition, mostly in commoditized products.

Asia-Pacific (APAC):

In **China**, the branded formulations sales in the second quarter and first half of 2024 were impacted by pressure on pricing and negative weather in southern China while focusing on improving the quality of the business with differentiated products. High channel inventories



especially for cash crops. In the non-ag business, market pricing in has normalized while tech sales were mainly impacted by a "wait and see" approach in the market.

In the **Pacific region**, sales declined impacted by softer pricing following competition from China and India. Despite this, better weather conditions than expected brought an increase in demand, mainly in Pacific countries in the second quarter of 2024. While channel inventories have declined, purchasing patterns are on a just-in-time basis.

Sales in **India** were impacted by overall negative season with erratic weather and low pest pressure and softer pricing, particularly in commoditized products. Channel inventories have increased due to the weak season.

Sales in the **wider APAC region** continued to experience pricing pressure following intense competition from China, particularly in commoditized products, while good weather conditions supported demand.

Gross Profit reported in the second quarter reached \$227 million (gross margin of 21.8%) compared to \$253 million (gross margin of 20.6%) in the same quarter last year, and reached \$484 million (gross margin of 23.0%) in the half year period compared to \$563 million (gross margin of 22.6%) last year.

Adjustments to reported results: The adjusted gross profit mainly includes reclassification of all inventory impairment, taxes and surcharge and excludes certain transportation costs (classified under operating expenses), as well as a provision related to the soil cleanup and remediation regarding the Company's plant in Be'er Sheva.

Adjusted gross profit in the second quarter reached \$269 million (gross margin of 25.8%) compared to \$277 million (gross margin of 22.5%) in the same quarter last year, and reached \$557 million (gross margin of 26.5%) in the half year period compared to \$617 million (gross margin of 24.8%) last year.

Despite the decline in sales in the second quarter and first half of 2024, the Company improved the gross margin following the positive impact of new inventory sold, priced at market levels and following management's focus on the quality of business which led to an improvement in the sales mix of higher margin products. In the second quarter and first half of 2024, exchange rates had a negative impact.

Operating expenses reported in the second quarter of 2024 were \$244 million (23.4% of sales), compared to \$213 million (17.3% of sales) in the same quarter last year and reached \$449 million (21.4% of sales) in the half year period compared to \$431 million (17.3% of sales) 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 items within its reported operating expenses amounting to \$56 million in Q2 2024 in comparison to \$6 million in Q2 2023 and \$76 in H1 2024 in comparison to \$15 in H1 2023. These include mainly (i) provisions, such as legal claims, registration impairment and update of registration depreciation (ii) measures to improve efficiencies, (iii) non-cash amortization charges in respect of Transfer Assets received from Syngenta related to the 2017 ChemChina-Syngenta acquisition, (iv) 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. For further details on these non-operational items, please see the appendix to this release.

Adjusted operating expenses in the second quarter were \$216 million (20.8% of sales), compared to \$231 million (18.7% of sales) in the same quarter last year, and reached \$433 million (20.6% of sales) in the half year period compared to \$469 million (18.8% of sales) last year.



The operating expenses were lower in the second quarter and first half of 2024, following undertaking tight OPEX management measures, including the impact of initiatives included in the Company's transformation plan, lower transportation and logistics costs and the positive impact of exchange rates.

Operating income reported in the second quarter amounted to a loss of \$16 million (-1.6% of sales) compared to an income of \$40 million (3.3% of sales) in the second quarter of 2023 and amounted to \$34 million (1.6% of sales) in the half year period compared to \$132 million (5.3% of sales) last year.

Adjusted operating income in the second quarter reached \$52 million (5.0% of sales) compared to \$46 million (3.8% of sales) in the same quarter last year and amounted to \$124 million (5.9% of sales) in the half year period compared to \$148 million (5.9% of sales) last year.

EBITDA reported in the second quarter amounted to \$76 million (7.3% of sales) compared to \$115 million (9.3% of sales) in the same quarter last year and amounted to \$196 million (9.4% of sales) in the half year period compared to \$281 million (11.3% of sales) last year.

Adjusted EBITDA in the second quarter amounted to \$120 million (11.5% of sales) compared to \$112 million (9.1% of sales) in the same quarter last year and amounted to \$252 million (12.0% of sales) in the half year period compared to \$277 million (11.1% of sales) last year.

Adjusted financial expenses amounted to \$70 million in the second quarter, compared to \$96 million in the corresponding quarter last year and amounted to \$139 million in the half year period compared to \$177 million last year.

The lower financial expenses were mainly due to lower hedging costs on exchange rates, the net effect of lower Israeli CPI on the ILS-denominated, CPI-linked bonds (in the half year period) and steps taken by the Company's management to optimize the Company's financing structure. These steps included taking advantage of the high interest rate environment to increase interest received from weekly bank deposits designated to support working capital, as well as improving financing terms and leveraged group funding possibilities by taking long-term RMB denominated loans at attractive rates, which minimized the increase in bank interest expenses paid.

Adjusted taxes on income in the second quarter amounted to tax expenses of \$43 million, compared to a tax income of \$8 million in the corresponding quarter last year and amounted to an expense of \$55 million in the half year period compared to a tax income of \$10 million last year.

Despite reaching losses before tax, the Company recorded tax expenses mainly because the losses were primarily incurred by subsidiaries with relatively lower tax rates, while some of them did not create deferred tax assets on the losses. On the other hand, the subsidiaries that generated profit have a higher tax rate.

In the first half of 2024 the company recorded tax expenses due to the non-cash impact of the weakness of the BRL compared with tax income due to stronger BRL in the first half of 2023.

Net loss reported in the second quarter was \$94 million and \$126 million in the half-year period, compared to a net loss of \$46 million and \$34 million in the corresponding periods last year, respectively.

Adjusted net loss in the second quarter was \$61 million and \$71 million in the half-year period, compared to a net loss of \$41 million and \$20 million in the corresponding periods last year, respectively.

Trade working capital as of June 30, 2024, was \$2,289 million compared to \$2,844 million as of June 30, 2023. Inventory held by the Company continued to decline from the end of 2023, including inventory of finished goods, and reached \$1,728 million as of June 30, 2024, in comparison to \$2,307 million as of June 30, 2023. The decrease in working capital was following the Company's implementation of selective procurement practices, which already began in 2023, and which led to lower trade payables and a decrease in the level of inventory held by the Company. Additionally,



implementation of initiatives, part of the Company's transformation plan, improved payable terms. The decrease in receivables reflected the intensive collections as well as the lower sales.

Cash Flow: Operating cash flow of \$347 million and \$243 million was generated in the second quarter and first half year period in 2024 respectively, compared to \$405 million generated in the second quarter and \$19 million consumed in the half year period in 2023. The operating cash flow was significantly improved in the first half year of 2024 due to the company maintaining strict procurement practices, intensive collections and an improvement in supplier terms, reflecting initial implementation of initiatives taken as part of the company's transformation plan.

In the second quarter we see a decrease in operating cash flow, reflecting the high benchmark in Q2 2023 following the significant decrease in procurement in that quarter.

Net cash used in investing activities was \$48 million in the second quarter and \$115 million in the first half period in 2024, compared to \$69 million and \$162 million in the corresponding periods last year, respectively. The lower cash used in investing activities in the second quarter and first half of 2024 reflected the prioritization of fixed asset investments in its manufacturing facilities as well as optimization of the company's portfolio, part of the implementation of the Company's transformation plan, reflected in prioritization of investments in intangible assets relating to ADAMA's global registrations. It should be noted that in the first quarter of 2023 the company completed the acquisition of AgriNova New Zealand.

Free cash flow of \$245 million was generated in the second quarter and \$51 million generated in the half-year period compared to \$288 million generated in the second quarter and \$254 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

	Q2 2024 USD (m)	%	Q2 2023 USD (m)	%	H1 2024 USD (m)	%	H1 2023 USD (m)	%
Crop Protection	945	91%	1,145	93%	1,906	91%	2,291	92%
Intermediates and Ingredients	96	9%	89	7%	192	9%	201	8%
Total	1,041	100%	1,233	100%	2,098	100%	2,492	100%

Sales by product category

	Q2 2024 USD (m)	%	Q2 2023 USD (m)	%	H1 2024 USD (m)	%	H1 2023 USD (m)	%
Herbicides	414	40%	528	43%	868	41%	1,104	44%
Insecticides	304	29%	352	29%	594	28%	686	28%
Fungicides	227	22%	264	21%	444	21%	502	20%
Intermediates and Ingredients	96	9%	89	7%	192	9%	201	8%
Total	1,041	100%	1,233	100%	2,098	100%	2,492	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 practical solutions to farmers across the world to combat weeds, insects and disease. Our culture empowers ADAMA's people to actively listen to farmers and ideate from the field. ADAMA's diverse portfolio of existing active ingredients, coupled with its leading formulation capabilities and proprietary formulation technology platforms, uniquely position the company to develop high-quality, innovative and sustainable products, to address the many challenges farmers and customers face today. ADAMA serves customers 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 Second Quarter of 2024

<i>Adjusted⁴</i>	Q2 2024 USD (m)	Q2 2023 USD (m)	Q2 2024 RMB (m)	Q2 2023 RMB (m)
Revenues	1,041	1,233	7,401	8,643
Cost of Sales	769	943	5,466	6,609
Other costs	3	13	26	89
Gross profit	269	277	1,910	1,945
<i>% of revenue</i>	<i>25.8%</i>	<i>22.5%</i>	<i>25.8%</i>	<i>22.5%</i>
<i>Selling & Distribution expenses</i>	<i>169</i>	<i>185</i>	<i>1,203</i>	<i>1,297</i>
<i>General & Administrative expenses</i>	<i>33</i>	<i>30</i>	<i>233</i>	<i>208</i>
<i>Research & Development expenses</i>	<i>15</i>	<i>18</i>	<i>106</i>	<i>128</i>
<i>Other operating expenses (income)</i>	<i>(1)</i>	<i>(2)</i>	<i>(4)</i>	<i>(13)</i>
Total operating expenses	216	231	1,538	1,620
<i>% of revenue</i>	<i>20.8%</i>	<i>18.7%</i>	<i>20.8%</i>	<i>18.7%</i>
Operating income (EBIT)	52	46	371	325
<i>% of revenue</i>	<i>5.0%</i>	<i>3.8%</i>	<i>5.0%</i>	<i>3.8%</i>
Financial expenses	70	96	495	673
Loss before taxes	(17)	(50)	(123)	(348)
Taxes on Income	43	(8)	309	(59)
Net loss	(61)	(41)	(432)	(288)
<i>% of revenue</i>	<i>(5.8%)</i>	<i>(3.3%)</i>	<i>(5.8%)</i>	<i>(3.3%)</i>
Adjustments	33	5	235	37
Reported Net loss	(94)	(46)	(667)	(325)
<i>% of revenue</i>	<i>(9%)</i>	<i>(3.8%)</i>	<i>(9%)</i>	<i>(3.8%)</i>
Adjusted EBITDA	120	112	851	783
<i>% of revenue</i>	<i>11.5%</i>	<i>9.1%</i>	<i>11.5%</i>	<i>9.1%</i>
Adjusted EPS⁵				
– Basic	(0.0261)	(0.0177)	(0.1855)	(0.1238)
– Diluted	(0.0261)	(0.0177)	(0.1855)	(0.1238)
Reported EPS⁵				
– Basic	(0.0403)	(0.0199)	(0.2864)	(0.1397)
– Diluted	(0.0403)	(0.0199)	(0.2864)	(0.1397)

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 Q2 2024 and 2023 is 2,329.8 million shares.



Abridged Consolidated Income Statement for the First Half of 2024

<i>Adjusted⁶</i>	H1 2024 USD (m)	H1 2023 USD (m)	H1 2024 RMB (m)	H1 2023 RMB (m)
Revenues	2,098	2,492	14,910	17,253
Cost of Sales	1,536	1,852	10,915	12,827
Other costs	6	22	39	157
Gross profit	557	617	3,956	4,270
<i>% of revenue</i>	<i>26.5%</i>	<i>24.8%</i>	<i>26.5%</i>	<i>24.7%</i>
<i>Selling & Distribution expenses</i>	<i>338</i>	<i>371</i>	<i>2,401</i>	<i>2,568</i>
<i>General & Administrative expenses</i>	<i>69</i>	<i>69</i>	<i>487</i>	<i>475</i>
<i>Research & Development expenses</i>	<i>31</i>	<i>38</i>	<i>218</i>	<i>263</i>
<i>Other operating expenses (income)</i>	<i>(4)</i>	<i>(8)</i>	<i>(30)</i>	<i>(56)</i>
Total operating expenses	433	469	3,076	3,249
<i>% of revenue</i>	<i>20.6%</i>	<i>18.8%</i>	<i>20.6%</i>	<i>18.8%</i>
Operating income (EBIT)	124	148	880	1,021
<i>% of revenue</i>	<i>5.9%</i>	<i>5.9%</i>	<i>5.9%</i>	<i>5.9%</i>
Financial expenses	139	177	990	1,228
Loss before taxes	(16)	(29)	(110)	(207)
Taxes on Income	55	(10)	391	(67)
Net loss	(71)	(20)	(501)	(141)
<i>% of revenue</i>	<i>(3.4%)</i>	<i>(0.8%)</i>	<i>(3.4%)</i>	<i>(0.8%)</i>
Adjustments	55	15	393	101
Reported Net loss	(126)	(34)	(895)	(242)
<i>% of revenue</i>	<i>(6%)</i>	<i>(1.4%)</i>	<i>(6%)</i>	<i>(1.4%)</i>
Adjusted EBITDA	252	277	1,789	1,914
<i>% of revenue</i>	<i>12.0%</i>	<i>11.1%</i>	<i>12.0%</i>	<i>11.1%</i>
Adjusted EPS⁷				
– Basic	(0.0303)	(0.0084)	(0.2152)	(0.0604)
– Diluted	(0.0303)	(0.0084)	(0.2152)	(0.0604)
Reported EPS⁵				
– Basic	(0.0541)	(0.0147)	(0.3841)	(0.1039)
– Diluted	(0.0541)	(0.0147)	(0.3841)	(0.1039)

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 both H1 2024 and 2023 is 2,329.8 million shares.



Abridged Consolidated Balance Sheet

	June 30 2024 USD (m)	June 30 2023 USD (m)	June 30 2024 RMB (m)	June 30 2023 RMB (m)
Assets				
Current assets:				
Cash at bank and on hand	561	637	3,995	4,605
Bills and accounts receivable	1,314	1,421	9,368	10,264
Inventories	1,728	2,307	12,316	16,668
Other current assets, receivables and prepaid expenses	279	269	1,986	1,941
Total current assets	3,882	4,633	27,665	33,478
Non-current assets:				
Fixed assets, net	1,754	1,747	12,499	12,624
Rights of use assets	81	89	576	641
Intangible assets, net	1,407	1,472	10,027	10,634
Deferred tax assets	203	244	1,449	1,760
Other non-current assets	89	106	638	766
Total non-current assets	3,534	3,657	25,189	26,424
Total assets	7,416	8,290	52,854	59,902
Liabilities				
Current liabilities:				
Loans and credit from banks and other lenders	928	1,236	6,611	8,934
Bills and accounts payable	761	892	5,424	6,442
Other current liabilities	794	948	5,659	6,853
Total current liabilities	2,483	3,076	17,695	22,228
Long-term liabilities:				
Loans and credit from banks and other lenders	406	453	2,892	3,276
Debentures	960	1,029	6,844	7,433
Deferred tax liabilities	41	46	292	333
Employee benefits	80	106	572	763
Other long-term liabilities	502	308	3,578	2,224
Total long-term liabilities	1,989	1,942	14,177	14,029
Total liabilities	4,472	5,018	31,872	36,257
Equity				
Total equity	2,944	3,272	20,982	23,645
Total liabilities and equity	7,416	8,290	52,854	59,902

Numbers may not sum due to rounding



Abridged Consolidated Cash Flow Statement for the Second Quarter of 2024

	Q2 2024 USD (m)	Q2 2023 USD (m)	Q2 2024 RMB (m)	Q2 2023 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	347	405	2,466	2,840
Cash flow from operating activities	347	405	2,466	2,840
Investing activities:				
Acquisitions of fixed and intangible assets	(47)	(85)	(332)	(598)
Net cash received from disposal of fixed assets, intangible assets and others	4	1	27	5
Other investing activities	(5)	16	(37)	112
Cash flow used for investing activities	(48)	(69)	(342)	(482)
Financing activities:				
Receipt of loans from banks and other lenders	21	73	151	510
Repayment of loans from banks and other lenders	(198)	(200)	(1,410)	(1,400)
Interest payment and other	(59)	(49)	(419)	(342)
Dividend to shareholders	-	(9)	-	(63)
Other financing activities	(26)	(22)	(184)	(155)
Cash flow used for financing activities	(262)	(207)	(1,861)	(1,450)
Effects of exchange rate movement on cash and cash equivalents	2	(3)	29	183
Net change in cash and cash equivalents	39	126	292	1,092
Cash and cash equivalents at the beginning of the period	519	506	3,679	3,479
Cash and cash equivalents at the end of the period	557	633	3,971	4,571
Free Cash Flow	245	288	1,740	2,021

Numbers may not sum due to rounding



Abridged Consolidated Cash Flow Statement for the First Half of 2024

	H1 2024 USD (m)	H1 2023 USD (m)	H1 2024 RMB (m)	H1 2023 RMB (m)
Cash flow from operating activities:				
Cash flow used for operating activities	243	(19)	1,731	-65
Cash flow from (used for) operating activities	243	(19)	1,731	-65
Investing activities:				
Acquisitions of fixed and intangible assets	(113)	(170)	(800)	(1,178)
Net cash received from disposal of fixed assets, intangible assets and others	4	4	30	31
Acquisition of subsidiary	-	(22)	-	(148)
Other investing activities	(6)	25	(45)	175
Cash flow used for investing activities	(115)	(162)	(815)	(1,121)
Financing activities:				
Receipt of loans from banks and other lenders	193	598	1,369	4,105
Repayment of loans from banks and other lenders	(393)	(229)	(2,792)	(1,599)
Interest payments and other	(83)	(75)	(587)	(522)
Dividend to shareholders	-	(9)	-	(63)
Other financing activities	23	(75)	165	(520)
Cash flow from (used for) financing activities	(260)	210	(1,845)	1,401
Effects of exchange rate movement on cash and cash equivalents	2	(2)	42	130
Net change in cash and cash equivalents	(129)	26	(886)	345
Cash and cash equivalents at the beginning of the period	686	607	4,857	4,225
Cash and cash equivalents at the end of the period	557	633	3,971	4,571
Free Cash Flow	51	(254)	364	(1,689)

Numbers may not sum due to rounding



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 June 30, 2024 and 2023 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

	Q2 2024 USD (m)	Q2 2023 USD (m)	Q2 2024 RMB (m)	Q2 2023 RMB (m)
Reported Net Loss	(94)	(46)	(667)	(325)
Adjustments to COGS & Operating Expenses:				
1. Amortization of acquisition-related PPA and other acquisition related costs	4	4	28	29
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	5	5	36	33
3. Accelerated depreciation	1	1	6	5
4. Incentive plans	-	(4)	-	(25)
5. ASBEs classifications COGS impact	(29)	(24)	(208)	(165)
6. ASBEs classifications OPEX impact	29	24	208	165
7. Measures to improve efficiencies	4	-	26	-
8. Provisions such as legal claims, registration impairment and update of registration depreciation	44	-	312	-
9. Soil cleanup and remediation	11	-	78	-
Total Adjustments to Operating Income (EBIT)	69	6	488	42
Total Adjustments to EBITDA	44	(3)	312	(23)
Adjustments to Financing Expenses:				
10. Non-cash adjustment related to put option revaluation	(34)	-	(239)	-
Other financing expenses	7	-	48	-
Adjustments to Taxes:				
Taxes impact	9	1	62	5
Total adjustments to Net loss	33	5	235	37
Adjusted Net Loss	(61)	(41)	(432)	(288)

	H1 2024 USD (m)	H1 2023 USD (m)	H1 2024 RMB (m)	H1 2023 RMB (m)
Reported Net loss	(126)	(34)	(895)	(242)
Adjustments to COGS & Operating Expenses:				
1. Amortization of acquisition-related PPA and other acquisition related costs	8	8	54	58
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	10	11	72	74
3. Accelerated depreciation	2	1	12	10
4. Incentive plans	-	(4)	-	(31)
5. ASBEs classifications COGS impact	(59)	(53)	(421)	(368)
6. ASBEs classifications OPEX impact	59	53	421	368
7. Measures to improve efficiencies	15	-	107	-
8. Provisions such as legal claims, registration impairment and update of registration depreciation	44	-	312	-
9. Soil cleanup and remediation	11	-	78	-
Total Adjustments to Operating Income (EBIT)	89	16	635	111
Total Adjustments to EBITDA	55	(4)	394	(27)
Adjustments to Financing Expenses:				
10. Non-cash adjustment related to put option revaluation	(34)	-	(239)	-
Other financing expenses	9	-	65	-
Adjustments to Taxes:				
Taxes impact	10	1	68	10
Total adjustments to Net loss	55	15	393	101
Adjusted Net loss	(71)	(20)	(501)	(141)



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. **Accelerated depreciation:** These charges relate to accelerated depreciation attributed to the upgrade & relocation programs in China and Israel, in which production assets located in the old production sites in Huaif'An and Beer-Sheva are in relocation process to new sites. Since some older production assets may not be able to be relocated, or are not operational, these are depreciated over a shorter period.
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.
7. **Measures to improve efficiencies:** ADAMA recorded costs due to certain measures initiated to improve efficiencies mainly personnel changes
8. Provisions such as legal claims, registration impairment and update of registration depreciation.
9. **Soil cleanup and remediation:** a wholly-owned indirect subsidiary of the Company filed with Israel's Ministry of Environmental Protection a remediation plan regarding its plant in Be'er Sheva. Following additional discussions between the parties, a final approval to such plan, which is expected to be gradually implemented during the coming years, was received from the Ministry after the date of the financial reports. As a result of the submission of the plan, the Company has made a provision in its financial statements for June 30, 2024 according to its best estimation.
10. Non-cash, non-recurring income due to revaluation of put option attributed to minority stake in a subsidiary



Exchange Rate Data for the Company's Principal Functional Currencies

	June 30			Q2 Average			H1 Average		
	2024	2023	Change	2024	2023	Change	2024	2023	Change
EUR/USD	1.069	1.086	-1.53%	1.076	1.09	-1.17%	1.081	1.081	0.03%
USD/BRL	5.559	4.819	-15.35%	5.217	5.56	6.15%	5.085	5.073	-0.24%
USD/PLN	4.032	4.107	1.82%	3.997	4.18	4.33%	3.994	4.285	6.78%
USD/ZAR	18.448	18.657	1.12%	18.576	18.65	0.39%	18.736	18.192	-2.99%
AUD/USD	0.663	0.663	0.09%	0.659	0.67	-1.50%	0.658	0.676	-2.65%
GBP/USD	1.264	1.262	0.11%	1.262	1.26	-0.03%	1.265	1.233	2.61%
USD/ILS	3.759	3.700	-1.59%	3.732	3.70	-0.86%	3.696	3.592	-2.90%
USD L 3M	5.32%	3.40%	1.92 bp	5.33%	3.08%	2.25 bp	5.32%	2.65%	2.67 bp

	June 30			Q2 Average			H1 Average		
	2024	2023	Change	2024	2023	Change	2024	2023	Change
USD/RMB	7.127	7.226	-1.37%	7.108	7.009	1.41%	7.105	6.925	2.60%
EUR/RMB	7.622	7.848	-2.88%	7.650	7.633	0.22%	7.681	7.484	2.63%
RMB/BRL	0.780	0.667	-16.95%	0.734	0.706	-3.90%	0.716	0.733	2.30%
RMB/PLN	0.568	0.568	0.00%	0.596	0.596	0.00%	0.619	0.619	0.00%
RMB/ZAR	0.386	0.387	0.26%	0.383	0.376	-1.81%	0.381	0.381	0.00%
AUD/RMB	4.727	4.788	-1.28%	4.683	4.688	-0.10%	4.678	4.683	-0.12%
GBP/RMB	9.007	9.121	-1.26%	8.969	8.776	2.20%	8.989	8.538	5.28%
RMB/ILS	0.527	0.512	-3.01%	0.525	0.520	-0.96%	0.520	0.519	-0.30%
RMB Shibor 3M	1.917%	2.17%	-0.253 bp	1.991%	2.292%	-0.301 bp	2.135%	2.352%	-0.217 bp