



Abridged Consolidated Financial Statements

The following abridged consolidated financial statements and notes have been prepared as described in Note 1. While prepared based on the principles of PRC GAAP, they do not contain all of the information which either PRC GAAP 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.

Abridged Consolidated Income Statement for the Third Quarter

<i>Adjusted¹</i>	Q3 2020 USD (m)	Q3 2019 USD (m)	Q3 2020 RMB (m)	Q3 2019 RMB (m)
Revenues	978	953	6,769	6,666
Cost of Sales	701	656	4,849	4,583
Business taxes and surcharges	3	3	21	18
Gross profit	274	295	1,898	2,064
<i>% of revenue</i>	<i>28.0%</i>	<i>31.0%</i>	<i>28.0%</i>	<i>31.0%</i>
<i>Selling & Distribution expenses</i>	<i>155</i>	<i>148</i>	<i>1,071</i>	<i>1,035</i>
<i>General & Administrative expenses</i>	<i>31</i>	<i>32</i>	<i>213</i>	<i>225</i>
<i>Research & Development expenses</i>	<i>13</i>	<i>15</i>	<i>92</i>	<i>108</i>
<i>Other</i>	<i>6</i>	<i>17</i>	<i>39</i>	<i>115</i>
Total operating expenses	205	212	1,416	1,483
<i>% of revenue</i>	<i>20.9%</i>	<i>22.3%</i>	<i>20.9%</i>	<i>22.3%</i>
Operating income (EBIT)	70	83	482	581
<i>% of revenue</i>	<i>7.1%</i>	<i>8.7%</i>	<i>7.1%</i>	<i>8.7%</i>
Financial expenses and investment income	47	35	325	244
Income before taxes	23	48	158	337
Taxes on Income	2	6	11	41
Net income	21	42	146	296
<i>% of revenue</i>	<i>2.2%</i>	<i>4.4%</i>	<i>2.2%</i>	<i>4.4%</i>
EBITDA	130	144	899	1,010
<i>% of revenue</i>	<i>13.3%</i>	<i>15.1%</i>	<i>13.3%</i>	<i>15.1%</i>
Earnings per Share – Basic	<i>0.0089</i>	<i>0.0173</i>	<i>0.0614</i>	<i>0.1210</i>
– Diluted	<i>0.0089</i>	<i>0.0173</i>	<i>0.0614</i>	<i>0.1210</i>

The number of shares used to calculate both basic and diluted earnings per share in 2020 is 2,378.3 million shares, reflecting the buyback and cancellation of 102.4 million shares from CNAC in July. The number of shares used to calculate both basic and diluted earnings per share in 2019 is 2,446.6 million shares.

¹ 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”.



Abridged Consolidated Income Statement for the First Nine Months

<i>Adjusted²</i>	9M 2020 USD (m)	9M 2019 USD (m)	9M 2020 RMB (m)	9M 2019 RMB (m)
Revenues	2,987	2,962	20,890	20,282
Cost of Sales	2,108	1,984	14,744	13,593
Business taxes and surcharges	10	9	67	65
Gross profit	869	968	6,078	6,624
<i>% of revenue</i>	<i>29.1%</i>	<i>32.7%</i>	<i>29.1%</i>	<i>32.7%</i>
<i>Selling & Distribution expenses</i>	465	472	3,253	3,230
<i>General & Administrative expenses</i>	92	101	640	690
<i>Research & Development expenses</i>	40	46	281	318
<i>Other</i>	16	24	110	164
Total operating expenses	613	643	4,284	4,402
<i>% of revenue</i>	<i>20.5%</i>	<i>21.7%</i>	<i>20.5%</i>	<i>21.7%</i>
Operating income (EBIT)	256	325	1,794	2,222
<i>% of revenue</i>	<i>8.6%</i>	<i>11.0%</i>	<i>8.6%</i>	<i>11.0%</i>
Financial expenses and investment income	121	122	844	833
Income before taxes	135	204	949	1,389
Taxes on Income	41	30	285	206
Net income	95	173	664	1,183
<i>% of revenue</i>	<i>3.2%</i>	<i>5.9%</i>	<i>3.2%</i>	<i>5.9%</i>
EBITDA	436	509	3,048	3,481
<i>% of revenue</i>	<i>14.6%</i>	<i>17.2%</i>	<i>14.6%</i>	<i>17.2%</i>
Earnings per Share – Basic	<i>0.0390</i>	<i>0.0708</i>	<i>0.2740</i>	<i>0.4836</i>
– Diluted	<i>0.0390</i>	<i>0.0708</i>	<i>0.2740</i>	<i>0.4836</i>

The number of shares used to calculate both basic and diluted earnings per share in 2020 is 2,423.8 million shares, reflecting the buyback and cancellation of 102.4 million shares from CNAC in July. The number of shares used to calculate both basic and diluted earnings per share in 2019 is 2,446.6 million shares.

² 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”.



Abridged Consolidated Balance Sheet

	September 30 2020 USD (m)	September 30 2019 USD (m)	September 30 2020 RMB (m)	September 30 2019 RMB (m)
Assets				
Current assets:				
Cash at bank and on hand	842	647	5,733	4,579
Bills and accounts receivable	1,420	1,214	9,668	8,585
Inventories	1,631	1,485	11,110	10,509
Other current assets, receivables and prepaid expenses	323	307	2,200	2,171
Total current assets	4,216	3,653	28,711	25,844
Non-current assets:				
Fixed assets, net	1,152	1,112	7,844	7,866
Rights of use assets	74	78	504	550
Intangible assets, net	1,441	1,447	9,815	10,235
Deferred tax assets	130	111	883	782
Other non-current assets	78	109	535	771
Total non-current assets	2,875	2,857	19,581	20,203
Total assets	7,091	6,510	48,293	46,047
Liabilities				
Current liabilities:				
Loans and credit from banks and other lenders	487	298	3,314	2,106
Bills and accounts payable	739	581	5,032	4,109
Other current liabilities	782	707	5,326	5,002
Total current liabilities	2,008	1,586	13,672	11,218
Long-term liabilities:				
Loans and credit from banks and other lenders	319	141	2,169	998
Debentures	1,234	1,206	8,402	8,533
Deferred tax liabilities	57	52	387	368
Employee benefits	102	102	693	719
Other long-term liabilities	147	140	1,004	989
Total long-term liabilities	1,859	1,641	12,657	11,607
Total liabilities	3,866	3,227	26,329	22,825
Equity				
Total equity	3,225	3,283	21,964	23,222
Total liabilities and equity	7,091	6,510	48,293	46,047



Abridged Consolidated Cash Flow Statement for the Third Quarter

	Q3 2020	Q3 2019	Q3 2020	Q3 2019
	USD (m)	USD (m)	RMB (m)	RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	23	57	157	399
Cash flow from operating activities	23	57	157	399
Investing activities:				
Acquisitions of fixed and intangible assets	-72	-69	-498	-484
Proceeds from disposal of fixed and intangible assets	0	26	-3	151
Acquisition of subsidiaries	-14	0	-96	-
Other investing activities	2	1	18	41
Cash flow used for investing activities	-84	-42	-579	-292
Financing activities:				
Receipt of loans from banks and other lenders	149	97	1,030	680
Repayment of loans from banks and other lenders	-134	-146	-926	-1,020
Interest payment and other	-7	-9	-50	-64
Dividend to shareholders	-1	-35	-5	-237
Acquisition via combination under common control	-	-59	-	-415
Other financing activities	0	6	0	36
Cash flow from (used for) financing activities	7	-146	49	-1,020
Effects of exchange rate movement on cash and cash equivalents	6	-8	-189	87
Net change in cash and cash equivalents	-48	-139	-562	-827
Cash and cash equivalents at the beginning of the period	884	783	6,256	5,382
Cash and cash equivalents at the end of the period	836	644	5,694	4,555
Free Cash Flow	-68	7	-471	44



Abridged Consolidated Cash Flow Statement for the First Nine Months

	9M 2020	9M 2019	9M 2020	9M 2019
	USD (m)	USD (m)	RMB (m)	RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	196	10	1,392	94
Cash flow from operating activities	196	10	1,392	94
Investing activities:				
Acquisitions of fixed and intangible assets	-186	-158	-1,301	-1,090
Proceeds from disposal of fixed and intangible assets	3	26	18	182
Acquisition of subsidiaries	-14	-123	-96	-827
Other investing activities	-3	10	-15	73
Cash flow used for investing activities	-200	-245	-1,394	-1,662
Financing activities:				
Receipt of loans from banks and other lenders	550	391	3,852	2,668
Repayment of loans from banks and other lenders	-240	-214	-1,672	-1,484
Interest payments and other	-57	-60	-400	-413
Dividend to shareholders	-2	-43	-11	-294
Acquisition via combination under common control	-	-59	-	-415
Other financing activities	-34	-52	-245	-347
Cash flow from (used for) financing activities	217	-37	1,524	-285
Effects of exchange rate movement on cash and cash equivalents	4	-9	-148	62
Net change in cash and cash equivalents	217	-281	1,374	-1,791
Cash and cash equivalents at the beginning of the period	619	925	4,320	6,346
Cash and cash equivalents at the end of the period	836	644	5,694	4,555
Free Cash Flow	-56	-290	-376	-1,952



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, 2020 and 2019 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 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 "CASBE").

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:

- "Operating expenses" includes selling and distribution expenses; general and administrative expenses; research and development expenses; impairment losses; gain (loss) from disposal of assets and non-operating income and expenses
- "Financial expenses and investment income" includes net financing expenses; gains from changes in fair value; and investment income (including share of income of equity accounted investees)

Abridged Consolidated Balance Sheet:

- "Other current assets, receivables and prepaid expenses" includes financial assets held for trading; financial assets in respect of derivatives; prepayments; other receivables; and other current assets
- "Fixed assets, net" includes fixed assets and construction in progress
- "Intangible assets, net" includes intangible assets and goodwill
- "Other non-current assets" includes other equity investments; long-term equity investments; long-term receivables; investment property; and other non-current assets
- "Loans and credit from banks and other lenders" includes short-term loans and non-current liabilities due within one year
- "Other current liabilities" includes financial liabilities in respect of derivatives; payables for employee benefits, taxes, interest, dividends and others; advances from customers and other current liabilities
- "Other long-term liabilities" includes long-term payables, provisions, deferred income and other non-current liabilities



Analysis of Gaps between Adjusted Income Statement and Reported Income Statement in Financial Statements

For the below tables in USD terms, please see page 2 of this release.

Q3 RMB(m)	Adjusted		Adjustments		Reported	
	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019
Revenues	6,769	6,666	0	0	6,769	6,666
Gross profit	1,898	2,064	4	1	1,894	2,063
Operating expenses	1,416	1,483	-137	-103	1,553	1,586
Operating income (EBIT)	482	581	141	104	341	477
Income before taxes	158	337	141	104	17	233
Net income	146	296	126	90	20	206
EBITDA	899	1,010	-50	-54	950	1,064
Earnings per share	0.0614	0.1210			0.0086	0.0842

9M RMB(m)	Adjusted		Adjustments		Reported	
	9M 2020	9M 2019	9M 2020	9M 2019	9M 2020	9M 2019
Revenues	20,890	20,282	0	0	20,890	20,282
Gross profit	6,078	6,624	13	14	6,065	6,610
Operating expenses	4,284	4,402	-465	-433	4,749	4,835
Operating income (EBIT)	1,794	2,222	478	448	1,315	1,775
Income before taxes	949	1,389	484	427	466	962
Net income	664	1,183	439	388	225	795
EBITDA	3,048	3,481	-21	-43	3,069	3,524
Earnings per share	0.2740	0.4836			0.0929	0.3248



Income Statement Adjustments

	Q3 2020 USD (m)	Q3 2019 USD (m)	Q3 2020 RMB (m)	Q3 2019 RMB (m)
Net Income (Reported)	3.0	29.5	20.4	206.1
Adjustments to COGS & Operating Expenses:				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	11.5	11.5	79.2	80.1
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	7.6	7.7	52.5	53.5
3. China Relocation & Upgrade related costs	0.6	1.6	4.3	11.2
4. Long-term incentive (non-cash)	-2.5	-7.8	-17.6	-54.3
5. Amortization of acquisition-related PPA (non-cash)	2.2	1.9	14.9	13.4
6. Employee early retirement expenses	0.6	-	3.8	-
7. Capital gain recognized on acquisition of control of an equity investee	-8.5	-	-59.0	-
8. Non-core assets impairment	9.0	-	62.6	-
Total Adjustments to Operating Income (EBIT)	20.4	14.9	140.8	103.9
Total Adjustments to EBITDA	-7.3	-7.7	-50.2	-53.7
Total Adjustments to Income before Taxes	20.4	14.9	140.8	103.9
Adjustments to Taxes				
1. Tax shield on Legacy PPA of 2011 acquisition of Solutions	1.9	1.9	13.5	13.6
5. Deferred tax due to PPA	0.2	0.1	1.7	0.5
Total adjustments to Net Income	18.2	12.8	125.7	89.8
Net Income (Adjusted)	21.1	42.3	146.1	296.0

	9M 2020 USD (m)	9M 2019 USD (m)	9M 2020 RMB (m)	9M 2019 RMB (m)
Net Income (Reported)	31.8	116.4	225.1	794.7
Adjustments to COGS & Operating Expenses:				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	34.4	34.4	239.6	235.4
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	23.0	27.5	160.3	187.7
3. China Relocation & Upgrade related costs	2.4	6.1	17.1	41.9
4. Long-term incentive (non-cash)	-7.7	-6.4	-54.4	-45.0
5. Amortization of acquisition-related PPA (non-cash)	5.8	4.0	41.9	27.5
6. Employee early retirement expenses	10.0	-	70.0	-
7. Capital gain recognized on acquisition of control of an equity investee	-8.5	-	-59.0	-
8. Non-core assets impairment	9.0	-	62.6	-
Total Adjustments to Operating Income (EBIT)	68.5	65.6	478.2	447.5
Total Adjustments to EBITDA	-3.0	-6.1	-20.8	-43.4
Adjustments to Financing Expenses:				
9. Revaluation of non-cash adjustment related to non-controlling interest	0.8	-3.0	5.6	-20.5
Total Adjustments to Income before Taxes	69.3	62.5	483.9	427.0
Adjustments to Taxes				
1. Tax shield on Legacy PPA of 2011 acquisition of Solutions	5.8	5.8	40.7	40.0
5. Deferred tax due to PPA	0.6	-0.2	4.1	-1.4
Total adjustments to Net Income	62.9	56.9	439.0	388.3
Net Income (Adjusted)	94.6	173.3	664.1	1,183.1



Notes:

1. **Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash):** Under PRC GAAP, the Company has inherited the historical “legacy” amortization charge from the first combined reporting for Q3 2017 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 be completed and removed in the second half of 2020.
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 excluded 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 excluded 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 (more than \$10 million per year) until 2028.
3. **China Relocation & Upgrade related costs:** These are non-cash accelerated depreciation charges related to the three-year Relocation & Upgrade program in China. Production assets located in the old production sites in Jingzhou and Huai’An will be relocated to the new sites in the coming years. Since some of the older production assets may not be able to be relocated, 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 the accelerated depreciation of these assets.
4. **Long-term Incentive (non-cash):** The Company granted its employees, who are mainly non-Chinese residents, a long-term incentive (LTI) in the form of ‘phantom’ options, due to the complexity of granting Chinese-listed, equity-settled options to non-Chinese employees. As such, the Company records an expense, or recognizes income, depending on the fluctuation in the Company’s share price, even though the Company will not incur any cash impact prior to exercise of the phantom options. 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 options, in the Company’s adjusted financial performance, the LTI is presented on an equity-settled basis in accordance with the value of the existing plan at the grant date.
5. **Amortization of acquisition-related PPA (non-cash):** Related to the amortization of non-cash intangible assets created as part of the allocation of the purchase price (PPA) on acquisitions; has no impact on the ongoing performance of the companies acquired.
6. **Employee early retirement expenses:** Provision for early retirement plan of employees at the Company’s Israeli manufacturing sites
7. **Capital gain recognized on acquisition of control of an equity investee:** On 1 July 2020, ADAMA acquired the remaining 51% stake in Alfa Agricultural Supplies, S.A., and in so doing, gained control over the company which previously was accounted for as an equity investee. As a result of the change of consolidation scope, the company recognized a one-time, non-cash, capital gain.
8. **Non-core assets impairment:** One-time, non-cash charge due to impairment of peripheral, non-material assets.
9. **Revaluation of non-cash adjustment related to non-controlling interest:** Relates to put options issued to non-controlling interests as part of historical business combinations which took place before January 1, 2010. The put options are presented as a liability at the present value of the future exercise price. The revaluation of these put options in Solutions is recognized under IFRS to Goodwill, but due to the acquisition of Solutions by the Company in 2017, which is treated from an accounting perspective as a “Business Combination Under Common Control”, such revaluation is recorded as a profit or loss item in the financial reports of the Company. The revaluations of such put options have no bearing on the ongoing performance of the Company and are therefore adjusted for.



Exchange Rates of the Company's Principal Functional Currencies

	September 30			Q3 Average			9M Average		
	2020	2019	Change	2020	2019	Change	2020	2019	Change
EUR/USD	1.170	1.093	7.1%	1.169	1.112	5.1%	1.123	1.124	(0.1%)
USD/BRL	5.641	4.164	(35.5%)	5.380	3.974	(35.4%)	5.076	3.888	30.6%
USD/PLN	3.866	4.000	3.4%	4.096	3.885	(5.4%)	3.939	3.829	(2.9%)
USD/ZAR	16.920	15.083	(12.2%)	17.976	14.677	(22.5%)	16.747	14.367	(16.6%)
AUD/USD	0.712	0.676	5.2%	0.655	0.686	(4.5%)	0.675	0.699	(3.5%)
GBP/USD	1.282	1.229	4.3%	1.241	1.232	0.7%	1.270	1.273	(0.2%)
USD/ILS	3.441	3.482	1.2%	3.516	3.527	0.3%	3.477	3.589	3.1%
USD LIBOR 3M	0.23%	2.09%	(88.8%)	0.25%	2.20%	(88.5%)	0.80%	2.46%	(67.6%)

	September 30			Q3 Average			9M Average		
	2020	2019	Change	2020	2019	Change	2020	2019	Change
USD/RMB	6.810	7.073	(3.7%)	6.919	6.992	(1.0%)	6.993	6.851	2.1%
EUR/RMB	7.967	7.729	3.1%	8.086	7.774	4.0%	7.850	7.699	2.0%
RMB/BRL	0.828	0.589	(40.7%)	0.778	0.568	(36.8%)	0.726	0.567	(27.9%)
RMB/PLN	0.568	0.566	(0.4%)	0.549	0.556	1.1%	0.563	0.559	(0.8%)
RMB/ZAR	2.485	2.133	(16.5%)	2.444	2.099	(16.4%)	2.395	2.097	(14.2%)
AUD/RMB	4.845	4.783	1.3%	4.948	4.793	3.2%	4.718	4.791	(1.5%)
GBP/RMB	8.729	8.694	0.4%	8.935	8.615	3.7%	8.883	8.718	1.9%
RMB/ILS	0.492	0.492	0.0%	0.494	0.504	2.1%	0.497	0.524	5.1%