ADAMA Reports Fourth Quarter and Full Year 2020 Results

Robust business growth and increased profits in the fourth quarter conclude a resilient performance in a challenging year

Fourth Quarter 2020 Highlights

- Sales grew 10.2% (+17.0% at Constant Exchange Rates, CER) to an all-time Q4 record-high of $1,141 million, driven by robust volume growth across all regions, and achieved despite an estimated $71 million impact from weaker currencies versus Q4 2019
- Adjusted EBITDA of $168 million, up 8.4% versus Q4 2019, despite an estimated $59 million negative FX impact
- Reported net income of $19 million, compared to a loss of $74 million in Q4 2019
- Adjusted net income up 10.3% to $53 million, despite an estimated $54 million in FX headwinds

Full Year 2020 Highlights

- Sales up 3.3% to hit an all-time high of $4,128 million (+10.6% in CER terms), despite COVID-19 related challenges; USD sales impacted by an estimated $293 million due to weaker currencies versus 2019
- Adjusted EBITDA of $628 million (2019: $692 million), reflecting an estimated $224 million in negative FX impact, more than offsetting robust business growth
- Reported net income up 19.4% to $51 million, compared to $43 million in 2019
- Adjusted net income of $176 million (2019: $258 million), largely reflecting an estimated negative FX impact of $252 million

2021 Outlook[1]

- Supportive global demand for crop protection products driven by current positive crop price outlook
- USD growth and profitability improvements dependent, amongst others, on stabilized currencies against the US dollar
- Recent increases in procurement costs of raw materials, intermediates and active ingredients, if sustained for an extended period, may challenge gross margins over the coming quarters
- The Company actively manages its procurement and supply chain activities in order to mitigate these higher procurement costs, and adjusts its pricing wherever possible to compensate
- Continued progress on the relocation and upgrade of China production and environmental facilities
  - Expecting to start production at the new site in Jingzhou within the next few months

[1] All forward–looking statements attributable to the Company or persons acting on its behalf apply only as of the date of this document, and are expressly qualified in their entirety by the cautionary statements included elsewhere in this document. The forward–looking statements are preliminary and subject to change; the Company undertakes no obligation to update or revise these forward–looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events. Inevitably, some assumptions will not materialize, and unanticipated events and circumstances may affect the ultimate financial results.

BEIJING, CHINA and TEL AVIV, ISRAEL, March 30, 2021 – ADAMA Ltd. (the "Company") (SZSE 000553), today reported its financial results for the fourth quarter and full-year period ended December 31, 2020.

Commenting on the results, **Erik Fyrwald, Chairman of ADAMA's Board of Directors**, said, "ADAMA ended 2020 on an extremely strong note, delivering a record fourth quarter, driving growth over the full-year period despite the many challenges seen throughout the year. The Company supplied record amounts of its products to customers, helping farmers to safely feed the world during the global COVID-19 pandemic. ADAMA's passion and commitment to supporting farmers resonated in dozens of local community initiatives across the globe during the pandemic. Additionally, ADAMA's commercial and operational collaborations with its partners within the Syngenta Group, as well as its continued investment in innovative solutions for agriculture, provides farmers with the best technology and expertise to increase productivity and sustainably grow healthy and affordable food."

Ignacio Dominguez, President and CEO of ADAMA, said, "2020 was a uniquely challenging year for all of humanity. We have had to completely change the way we live, work and communicate. In these unusual times, ADAMA has been creative, agile and responsive to the tough market conditions, while focusing on protecting both our people and our business. During the year, the global COVID-19 pandemic caused disruptions to both the commercial and operational sides of our business, including the temporary suspension of our site in Hubei province at the outbreak of the pandemic. In addition, the extreme currency volatility seen during the year was a heavy drag on our profitability. However, despite all these challenges, we were nevertheless able to achieve continued growth, and end the year delivering our strongest fourth quarter ever."

Table 1. Financial Performance Summary

USD (m)	As Reported			Adjustments		Adjusted				
	Q4 2020	Q4 2019	% Change	Q4 2020	Q4 2019	Q4 2020	Q4 2019	% Change USD	FX Impact	% Change CER
Revenues	**1,141**	**1,035**	**+10%**	-	-	**1,141**	**1,035**	**+10%**	**-71**	**+17%**
Gross profit	330	291	+14%	5	19	335	310	+8%	-62	+28%
% of sales	*28.9%*	*28.1%*				*29.4%*	*29.9%*			
Operating income (EBIT)	63	-36	+277%	44	134	107	98	+10%	-59	+70%
% of sales	*5.5%*	*-3.5%*				*9.4%*	*9.4%*			
Income before taxes	17	-73	+123%	43	132	59	60	-	-66	+110%
% of sales	*1.5%*	*-7.0%*				*5.2%*	*5.8%*			
Net income	**19**	**-74**	**+126%**	**33**	**121**	**53**	**48**	**+10%**	-54	+123%
% of sales	*1.7%*	*-7.1%*				*4.6%*	*4.6%*			
EPS										
- USD	0.0083	-0.0301	+127%			0.0225	0.0194	+16%		
- RMB	0.0547	-0.2116	+126%			0.1489	0.1389	+7%		
EBITDA	**154**	**95**	**+61%**	**14**	**59**	**168**	**155**	**+8%**	**-59**	**+47%**
% of sales	*13.5%*	*9.2%*				*14.7%*	*15.0%*			

USD (m)	As Reported			Adjustments		Adjusted				
	FY 2020	FY 2019	% Change	FY 2020	FY 2019	FY 2020	FY 2019	% Change USD	FX Impact	% Change CER
Revenues	**4,128**	**3,997**	**+3%**	**-**	**-**	**4,128**	**3,997**	**+3%**	**-293**	**+11%**
Gross profit	1,173	1,217	-4%	50	60	1,223	1,276	-4%	-247	+15%
% of sales	*28.4%*	*30.4%*				*29.6%*	*31.9%*			
Operating income (EBIT)	251	224	+12%	143	238	394	462	-15%	-224	+34%
% of sales	*6.1%*	*5.6%*				*9.6%*	*11.5%*			
Income before taxes	83	68	+21%	143	233	225	302	-25%	-241	+54%
% of sales	*2.0%*	*1.7%*				*5.5%*	*7.5%*			
Net income	**51**	**43**	**+19%**	**125**	**215**	**176**	**258**	**-32%**	-252	+66%
% of sales	*1.2%*	*1.1%*				*4.3%*	*6.5%*			
EPS										
- USD	0.0213	0.0175	+22%			0.0734	0.1054	-30%		
- RMB	0.1469	0.1132	+30%			0.5039	0.7260	-31%		
EBITDA	**592**	**610**	**-3%**	**36**	**81**	**628**	**692**	**-9%**	**-224**	**+23%**
% of sales	*14.4%*	*15.3%*				*15.2%*	*17.3%*			

Notes:

CER: Constant Exchange Rates

"As Reported" denotes the Company's audited financial statements according to the Accounting Standards for Business Enterprises (ASBE) issued by the Chinese Ministry of Finance (the "MoF") and the implementation guidance, interpretations and other relevant provisions of the Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15—General Provisions on Financial Reporting (revised by China Securities Regulatory Commission (hereinafter "CSRC") in 2014). 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 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. A detailed summary of these adjustments appears in the appendix below.

The 2019 Adjusted Income Statement has been amended from that presented at the time to include additional adjustments in order to consistently reflect largely the treatment of China Relocation & Upgrade Program-related costs amongst other adjustments that the Company has deemed non-operational and one-time in nature, as well as to reflect a change in allocation of certain costs between those impacting Operating Expenses and those impacting Gross Profit.

The number of shares used to calculate both basic and diluted earnings per share in 2019 is 2,446.6 million shares. The number of shares used to calculate both basic and diluted earnings per share in 2020 is 2,401.5 and 2,334.5 million shares for the full-year and 3-month periods, respectively, reflecting the buyback and cancellation of 102.4 million shares from CNAC in July 2020.

The general crop protection market environment

In 2020, the global agrochemical market saw resilient growth, with robust demand for crop protection products despite the ongoing COVID-19 pandemic, demonstrating the industry's importance in the global food production chain.

Crop prices mostly declined in the first half of the year as the demand for some agricultural crops, especially corn, cotton, sugar and some fresh fruits and vegetables, softened in the first half of the year as a result of widespread pandemic-related shutdowns. Crop prices improved significantly in the second half of the year as crop demand recovered, fueled by pandemic-related food security concerns, the recovery of oil prices (benefiting corn and sugar prices) and the recovery in textile demand (benefiting cotton prices). The spike in agricultural import demand is led by China, the world's largest agricultural importer, which is rebuilding its crop reserves. Dryness in Latin America due to the La Niña weather event also pushed crop prices higher in the latter part of 2020.

Overall, worldwide crop protection volumes were strong in 2020, driven by increased global planted acreages, higher pest pressure and improved weather conditions in key growing regions. Growth was also bolstered by demand for crop protection products in developing markets such as India, where pandemic-induced labor shortages encouraged higher use of herbicides.

The non-crop industry, especially the consumer segment, saw strong demand as COVID-19 lockdowns drove investments in the Home & Garden segments.

During most of 2020, prices of active ingredients in China declined as the cost of oil and related basic chemicals decreased sharply at the initial onset of the pandemic. However, towards the end of the year, prices began to increase due to the recovery of oil prices alongside higher raw material costs. This, combined with stronger demand for crop protection products and a strengthening of the RMB when compared to the US dollar, has contributed to a recent increase in the procurement costs of raw materials, intermediates and active ingredients, a trend which is continuing into 2021. This increase in procurement costs, if sustained for an extended period, may challenge the Company's gross margin over the coming quarters. The Company actively manages its procurement and supply chain activities in order to mitigate these higher procurement costs, and adjusts its pricing wherever possible to compensate. However, intense competitive dynamics in markets worldwide may constrain the Company's ability to fully and timely pass on these increases in procurement costs.

2020 saw significant volatility in global currency markets, with the rapid depreciation of many currencies against the US dollar in the first half of the year, most notably the Brazilian Real, Australian dollar, Turkish Lira and Indian Rupee, as well as volatility in the Euro. These trends, although stabilizing to some extent in the second half of the year, impacted the financial performance of multi-national companies throughout the world, including ADAMA. It should be noted that developed market currencies have strengthened more than those in developing markets where the Company is experiencing its strongest growth, another trend which is continuing into 2021. Furthermore, the relatively strong currencies of the Company's two main production hubs, Israel and China, have brought, and are expected to continue to bring, upward pressure on manufacturing costs in USD terms.

Financial Highlights

Revenues grew by 17% in the fourth quarter and by 11% in the full-year period, in CER terms, compared to the corresponding periods last year, driven by a 16% increase in volumes in the quarter and a 10% increase over the full year.

In the fourth quarter, the Company delivered strong, double-digit growth in all key regions in constant currency terms. A particularly strong performance in the quarter in North America saw the region almost fully recover from the severe weather and other challenges seen mainly in the US earlier in the year. Similarly strong growth was achieved in Europe in the quarter, bolstered by good consumption by farmers and the Company's acquisition in Greece in mid-year, bringing the region into positive growth territory for the full year. Favorable weather conditions in the quarter in Asia-Pacific supported growth across the region, with noteworthy performances seen in Australia, Japan and across south-east Asia. The India, Middle East & Africa region delivered continued growth, with noteworthy performances seen in India and South Africa, which also enjoyed supportive seasonal conditions. ADAMA continues to grow its market share in Latin America, led by strong business growth in Brazil, despite challenging weather in some parts which delayed the soybean planting season, as well as solid performances in Chile, Peru, Colombia and Mexico.

The robust growth in the fourth quarter drove ADAMA to achieve record-high sales in 2020. The Company saw its strongest growth over the year in the emerging markets of Latin America and the India, Middle East and Africa region, as well as in APAC. Its performance was further bolstered by various acquisitions completed in 2020, including in Greece and Paraguay.

In US dollar terms, sales in the fourth quarter grew by 10% and by 3% in the full-year period, compared to the corresponding periods last year, reflecting the impact of the generally weaker currencies, especially in the emerging market regions where the Company is growing the fastest. The currency weakness constrained sales in US dollar terms by an estimated $71 million in the fourth quarter and by an estimated $293 million over the full year.

Gross profit: Reported Gross Profit in the fourth quarter was $330 million (gross margin of 28.9%) and $1,173 million (gross margin of 28.4%) in the full-year period, compared to $291 million (gross margin of 28.1%) and $1,217 million (gross margin of 30.4%) in the corresponding periods last year, respectively.

China Relocation & Upgrade Program

ADAMA continues to progress on the relocation and upgrade of its production and environmental facilities at both its Jingzhou (Hubei Province) and Huai'An (Jiangsu Province) sites. Despite the temporary suspension of the Jingzhou site at the outbreak of the COVID-19 pandemic in Q1 2020, and some delays due to severe flooding in the area a few months later, the Company is expecting to start production at the new site in Jingzhou within the next few months. The first phase of the Huai'An relocation is expected to be completed by the end of 2022.

In addition to the significant capital sums being invested in the Relocation & Upgrade program, the Company recorded largely relocation-related costs within its Cost of Goods Sold of approximately $5 million in the fourth quarter (Q4 2019: $19 million) and $50 million in the full-year period (2019: $60 million). These charges include mainly (i) higher 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) higher idleness charges largely related to suspensions at the facilities being relocated as well as to the temporary suspensions of the Jingzhou site in both Q1 2020 (at the outbreak of COVID-19 in Hubei Province) as well as Q1 2019 (due to environmental inspections carried out at the time), and (iii) non-cash accelerated depreciation charges related to terminated facilities at the old sites. For further details on these extraordinary charges, please see the appendix to this release.

Excluding the impact of the abovementioned largely non-recurring and relocation-related costs, the Company recorded adjusted gross profit of $335 million (gross margin of 29.4%) in the fourth quarter and $1,223 million (gross margin of 29.6%) in the full-year period, compared to $310 million (gross margin of 29.9%) and $1,276 million (gross margin of 31.9%) in the corresponding periods last year, respectively.

The higher gross profit achieved in the fourth quarter was driven by the strong volume growth, alongside lower procurement costs, more than offsetting the continued impact of generally weaker global currencies, which constrained gross profit by an estimated $62 million.

Over the full-year period, the significant currency weakness constrained gross profit by an estimated $247 million, outweighing the Company's robust business growth and lower procurement costs, resulting in lower gross profit when compared to the same period last year.

Operating expenses: Total Reported operating expenses of $267 million (23.4% of sales) were recorded in the quarter and $922 million (22.3% of sales) in the full-year period, compared to $326 million (31.5% of sales) and $993 million (24.8% of sales) in the corresponding periods last year, respectively.

In addition to the abovementioned relocation-related costs included in its Cost of Goods Sold, the Company recorded within its operating expenses a further $39 million in the fourth quarter (Q4 2019: $115 million) and $93 million in the full-year period (2019: $178 million) in non-operational, mostly non-cash items, including mainly, (i) amortization charges related to various historical corporate development activities, (ii) expenses in respect of early retirement (mainly in 2020) and severance of employees (largely in 2019 and related to the China relocation and upgrade project), (iii) asset impairment charges recorded largely in 2019 and mainly related to facilities being relocated, and (iv) adjustments for non-cash/non-operational income related to incentive plans and a capital gain recognized on acquisition of control of an equity investee.

For further details on these charges, please see the appendix to this release.

Excluding the impact of the abovementioned extraordinary, mostly non-cash items, the Company recorded total adjusted operating expenses of $228 million (20.0% of sales) in the quarter and $829 million (20.1% of sales) in the full-year period, compared to $212 million (20.5% of sales) and $815 million (20.4% of sales) in the corresponding periods last year, respectively.

The Company continues to maintain strong operating cost discipline while accommodating significantly higher sales and the inclusion of acquisitions. Operating expenses in the 2020 periods benefited from the global currency weakness against the US dollar when compared to prior periods, and were further aided by the impact of COVID-19 restrictions that caused savings on certain expenses, while operating expenses in the 2019 periods were net of income related to expropriation of land recorded then.

Operating income: Reported operating income in the fourth quarter was $63 million (5.5% of sales) and $251 million (6.1% of sales) in the full-year period, compared to -$36 million and $224 million (5.6% of sales) in the corresponding periods last year, respectively.

Excluding the impact of the abovementioned non-operational, mostly non-cash items, adjusted operating income in the fourth quarter was $107 million (9.4% of sales) and $394 million (9.6% of sales) in the full-year period, compared to $98 million (9.4% of sales) and $462 million (11.5% of sales) in the corresponding periods last year, respectively.

The global currency weakness impacted operating income by an estimated $59 million in the quarter and $224 million in the full-year period.

EBITDA: Reported EBITDA in the quarter was $154 million (13.5% of sales) and $592 million (14.4% of sales) in the full-year period, compared to $95 million (9.2% of sales) and $610 million (15.3% of sales) recorded in the corresponding periods last year, respectively.

Adjusted EBITDA in the quarter was $168 million (14.7% of sales) and $628 million (15.2% of sales) in the full-year period, compared to $155 million (15.0% of sales) and $692 million (17.3% of sales) recorded in the corresponding periods last year, respectively.

The global currency weakness impacted EBITDA in the fourth quarter by an estimated $59 million and $224 million in the full-year period.

Financial expenses and investment income: Total reported net financial expenses and investment income were $47 million in the quarter and $168 million in the full-year period, compared to $37 million and $155 million in the corresponding periods last year, respectively. Total adjusted net financial expenses and investment income were $48 million in the quarter and $169 million in the full-year period, compared to $38 million and $160 million in the corresponding periods last year, respectively.

The higher financial expenses in the quarter were mainly due to an increase in financing costs on the NIS-denominated, CPI-linked bonds due to the expansion of this series in mid-2020 and a higher CPI in Israel, as well as the effect on balance sheet positions of the strengthening of the RMB when compared to 2019. In the full year period, the higher financial expenses were largely due to the effect on balance sheet positions of the strengthening of the RMB when compared to 2019, alongside higher financing costs on the NIS-denominated, CPI-linked bonds due to the aforementioned expansion of the series in mid-2020, which were partially offset by a lower CPI in Israel over the year.

Tax expenses: The Company reported net tax income in the fourth quarter of $3 million compared to an expense of $1 million in the same quarter last year, while in the full year period, net tax expenses were $32 million compared to $26 million in 2019. Adjusted net tax expenses in the fourth quarter were $7 million and $49 million in the full-year period, compared to $12 million and $44 million in the corresponding periods last year, respectively, with the differences from the reported figures largely reflecting provisions in respect of prior years' legal- and tax-related costs, as well as the tax-related impacts of the adjustments described above.

In the quarter, while the Company recorded higher operating income, tax expenses were lower when compared to the same period last year due to the stronger appreciation of the Brazilian Real in Q4 2020 which resulted in a higher non-cash tax income in Q4 2020 due to differences between the functional currency (US dollar) and tax currency (BRL) with respect to the value of non-monetary assets. The higher adjusted net tax expenses in the full-year period are largely due to the impact of the significant weakening of the Brazilian Real against the US dollar, which resulted in an increase in non-cash tax expenses.

Net income: Reported net income in the fourth quarter was $19 million (1.7% of sales) and $51 million (1.2% of sales) in the full-year period compared to -$74 million and $43 million (1.1% of sales) in the corresponding periods last year.

Adjusted net income in the fourth quarter was $53 million (4.6% of sales) and $176 million (4.3% of sales) in the full-year period compared to $48 million (4.6% of sales) and $258 million (6.5% of sales) in the corresponding periods last year.

The Company estimates the global currency headwinds to have impacted net income by approximately $54 million in the fourth quarter and $252 million in the full-year period.

Trade working capital at December 31, 2020 stood at $2,357 million compared to $2,097 million at the same point last year. The Company is holding higher inventory levels due mainly to a shift in geographic and portfolio sales mix, as well as due to the anticipation of further volume growth in coming quarters. The Company also saw an increase in trade receivables, most markedly in the fourth quarter, driven largely by its strong growth over the last year in emerging markets, most notably in Latin America and Brazil, where customer credit terms are generally longer. These increases were partially offset by higher trade payables.

Cash Flow: Operating cash flow of $95 million was generated in the quarter and $292 million over the full-year period, compared to $107 million and $117 million generated in the corresponding periods last year, respectively. The somewhat lower operating cash flow in the quarter reflects the increase in operating income in the period, which was more than offset by the higher build-up of working capital in the fourth quarter compared to its reduction during the parallel quarter last year. The stronger operating cash flow generated in the full-year period reflects the stronger operating income generated this year, alongside a more muted increase in working capital levels this year compared to the marked increase seen over the course of the 2019 period.

Net cash used in investing activities was $141 million in the fourth quarter and $341 million in the full-year period, compared to $144 million and $389 million in the corresponding periods last year, respectively. The lower level of cash used in investing activities over the 2020 full-year period reflects the relatively higher spend in 2019 due to the larger acquisitions made in that period, although 2020 did see an increase in investments in fixed assets, predominantly related to the relocations in China.

Free cash flow of $93 million was consumed in the fourth quarter and $150 million in the full-year period compared to $78 million and $368 million consumed in the corresponding periods last year, respectively, reflecting the aforementioned operating and investing cash flow dynamics.

Leverage: Balance sheet net debt at December 31, 2020 was $1,270 million, compared to $1,053 million at December 31, 2019, reflecting the free cash flow consumed in 2020.

Table 2. Regional Sales Performance

	Q4 2020 $m	Q4 2019 $m	Change USD	Change CER	FY 2020 $m	FY 2019 $m	Change USD	Change CER
Europe	246	214	+14.7%	+10.7%	1,036	1,031	+0.5%	+1.7%
North America	258	226	+14.4%	+14.7%	776	786	-1.2%	-0.9%
Latin America	374	365	+2.5%	+24.9%	1,088	1,022	+6.5%	+29.9%
Asia Pacific	159	136	+16.8%	+12.9%	656	633	+3.8%	+5.4%
Of which China	*73*	*60*	*+21.6%*	*+14.9%*	*324*	*317*	*+2.1%*	*+2.1%*
India, Middle East & Africa	104	94	+10.5%	+12.8%	572	526	+8.7%	+13.9%
Total	**1,141**	**1,035**	**+10.2%**	**+17.0%**	**4,128**	**3,997**	**+3.3%**	**+10.6%**

CER: Constant Exchange Rates

Europe: Sales grew by 10.7% in the fourth quarter and by 1.7% in the full-year period, in CER terms, compared with the corresponding periods last year.

The strong double-digit growth in the quarter was driven by good consumption of cereal herbicides by farmers, which more than offset the lower insecticide applications on key crops such as oilseed rape, due to weather challenges. Northern Europe benefited in the quarter from an early start to the 2021 season. The Company continued to deliver a pleasing performance in Greece, following its recent acquisition in the country.

The robust performance in the quarter saw ADAMA deliver positive growth in the region over the full year period, driven by moderate volume growth which was partially offset by a somewhat softer pricing environment. The Company continues to gain market share in key countries in the region, with strong performances over the full year in Germany, Poland and Ukraine, as well as in Italy and France, despite an overall contraction of the market in the country.

During the quarter, the Company obtained multiple new registrations, including ADAMA's self-produced prothioconazole-based solution in the UK, a further milestone in the journey of this molecule that is expected to be a key contributor to the Company's future growth. ADAMA achieved the registration of TIMELINE FX®, a cross-spectrum herbicide for spring cereal, in Lithuania, penetrating an important segment in the region.

In US dollar terms, sales grew by 14.7% in the quarter and by 0.5% in the full-year period, compared to the corresponding periods last year, reflecting the net impact of the relative strengthening of European currencies against the US dollar in the quarter, contrasted with their relatively weaker levels over much of the full-year period.

North America: Sales grew by 14.7% in the fourth quarter but were lower by 0.9% in the full-year period, in CER terms, compared with the corresponding periods last year. The robust business growth in the quarter saw the Company almost fully overcome the severe weather-related challenges and COVID-19 impact seen earlier in the year.

Sales of crop protection products in the US and Canada in the quarter benefited from strong demand, especially for fall burndown herbicides, which more than offset a challenging season for cotton growers. The quarter also saw good momentum being generated by the Company's portfolio of recently launched products targeting the Spring 2021 season, among them the FullPage™ rice cropping system, which enjoyed early demand from growers following the considerable increases in rice yields seen in the 2020 season.

Continued growth of the Company's Consumer and Professional Solutions business in the quarter brought a resilient finish and a pleasing performance in what was a challenging year.

In US dollar terms, sales grew by 14.4% in the quarter but were lower by 1.2% in the full-year period, compared to the corresponding periods last year, reflecting the moderate weakening of the Canadian Dollar seen in the first half of the year.

Latin America: Sales grew by a robust 24.9% in the fourth quarter and by 29.9% in the full-year period, in CER terms, compared to the corresponding periods last year, driven by significant volume growth in key countries and continued price increases to partially compensate for the material weakening of the currencies in the region.

In Brazil, a strong performance in the quarter resulted in continued market share gain, despite experiencing unstable weather which delayed soybean planting and reduced cotton acreage, as well as continued COVID-19-related challenges. The Company also recorded strong growth in the quarter in Colombia and Chile, as well as in Peru and Paraguay, bolstered by its recent acquisitions in those countries, and offsetting the impact of severe drought conditions in several countries in the region, including Argentina. Over the full-year period, the Company delivered strong business growth in the region in CER terms, driven by significant volume growth, most notably in Brazil as well as Mexico, Chile and Argentina, alongside local currency price increases, mainly in Brazil.

During the quarter, the Company obtained more than a dozen new product registrations in the region, including ACROSS® broad spectrum fungicide, ARREMATE® triple mode herbicide, both in Brazil, as well as MATTOK® a differentiated combination fungicide and bio-stimulant, in Colombia and Honduras, and PLETHORA® a unique and highly efficient combination insecticide for key crops in Colombia.

In US dollar terms, sales in the region grew by 2.5% in the quarter and 6.5% in the full-year period, compared to the corresponding periods last year, as the robust business growth was heavily impacted by weaker currencies in the region, in particular the significant decline in the Brazilian Real against the US dollar.

Asia-Pacific: Sales grew by 12.9% in the quarter and by 5.4% in the full-year period, in CER terms, compared to the corresponding periods last year.

In Asia-Pacific (outside of China), the Company delivered strong business growth across the region in the quarter, with noteworthy performances seen in Australia and across South East Asia and Japan, benefiting from favorable weather conditions. The strong growth in the quarter capped a pleasing performance over the full year period in this part of the region, despite COVID-related challenges seen throughout the year. During the quarter, the Company launched a new product in New Zealand, GOLTIX GOLD®, featuring a unique formulation with reduced hazard profile and improved efficacy for controlling weeds in beet crops.

In China, the Company recorded double-digit volume growth in the quarter, with strong sales of raw materials and intermediates, albeit at lower prices due to increased supply generally from Chinese producers. In the full-year period, ADAMA continued to deliver solid growth of its branded, formulated portfolio. The Company significantly enhanced its commercial reach in China, by acquiring a majority stake in Dibai, Jiangsu Huifeng's domestic commercial crop protection business. This transaction is a significant milestone in ADAMA's continuous commercial expansion in China, and will significantly bolster the Company's commercial activities, positioning and offering in this key strategic market. In addition, the Company continues to work towards the Closing of the second phase of the transaction with Huifeng (the acquisition of a majority stake in most of Huifeng's manufacturing operations), which is currently expected to close during the second quarter of 2021.

In US dollar terms, sales in the region grew by 16.8% in the fourth quarter by 3.8% in the full-year period, compared to the corresponding periods last year, reflecting mainly the strengthening of the Chinese Renminbi and the Australian dollar against the US dollar in the quarter, contrasted with the generally weaker currencies over the full-year period.

India, Middle East & Africa: Sales grew by 12.8% in the quarter and by 13.9% in the full-year period, in CER terms, compared to the corresponding periods last year, driven by strong volume growth.

The growth in the region over the quarter was driven by strong performances in all key countries, notwithstanding the ongoing COVID-19 restrictions, with noteworthy performances seen in India and South Africa, which benefited from favorable weather and cropping conditions. Turkey continued to grow in the quarter, despite experiencing a major earthquake which temporarily suspended commerce in the country, and following challenges seen earlier in the year due to lower demand for cotton as a result of the pandemic. The strong performance over the full year saw the Company take advantage of the good monsoon season in India as well as positive seasonal conditions in South Africa, to drive significant volume-led business growth across the region.

During the quarter, the Company launched multiple new products in India, including ZAMIR®, a systemic and long-acting fungicide in wheat, as well as FLAMBERGE®, a bio-stimulant, strengthening its portfolio in this key segment.

In US dollar terms, sales in the region grew by 10.5% in the quarter and by 8.7% in the full-year period, compared to the corresponding periods last year, reflecting the impact of softer currencies, most notably the Turkish Lira, the Indian Rupee and the South African Rand.

Table 3. Revenues by operating segment

Fourth quarter sales by segment

	Q4 2020 USD (m)	%	Q4 2019 USD (m)	%
Crop Protection	1,032	90.5%	941	90.9%
Intermediates and Ingredients	109	9.5%	94	9.1%
Total	**1,141**	**100.0%**	**1,035**	**100.0%**

Fourth quarter sales by product category

	Q4 2020 USD (m)	%	Q4 2019 USD (m)	%
Herbicides	477	41.8%	428	41.3%
Insecticides	316	27.7%	294	28.4%
Fungicides	240	21.0%	220	21.3%
Intermediates and Ingredients	109	9.5%	94	9.1%
Total	**1,141**	**100.0%**	**1,035**	**100.0%**

Note: the sales split by product category is provided for convenience purposes only and is not representative of the way the Company is managed or in which it makes its operational decisions.

Full year sales by segment

	FY 2020 USD (m)	%	FY 2019 USD (m)	%
Crop Protection	3,738	90.6%	3,611	90.4%
Intermediates and Ingredients	389	9.4%	385	9.6%
Total	**4,128**	**100.0%**	**3,997**	**100.0%**

Full year sales by product category

	FY 2020 USD (m)	%	FY 2019 USD (m)	%
Herbicides	1,707	41.4%	1,720	43.0%
Insecticides	1,174	28.5%	1,140	28.5%
Fungicides	857	20.8%	752	18.8%
Intermediates and Ingredients	389	9.4%	385	9.6%
Total	**4,128**	**100.0%**	**3,997**	**100.0%**

Note: the sales split by product category is provided for convenience purposes only and is not representative of the way the Company is managed or in which it makes its operational decisions.

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 Fourth Quarter

Adjusted[2]		Q4 2020 USD (m)	Q4 2019 USD (m)	Q4 2020 RMB (m)	Q4 2019 RMB (m)
Revenues		**1,141**	**1,035**	**7,555**	**7,281**
Cost of Sales		804	717	5,324	5,045
Other costs		2	9	14	60
Gross profit		**335**	**310**	**2,218**	**2,177**
% of revenue		*29.4%*	*29.9%*	*29.4%*	*29.9%*
Selling & Distribution expenses		170	151	1,125	1,062
General & Administrative expenses		38	41	249	286
Research & Development expenses		19	17	128	119
Other		1	3	7	18
Total operating expenses		228	212	1,508	1,484
% of revenue		*20.0%*	*20.5%*	*20.0%*	*20.4%*
Operating income (EBIT)		**107**	**98**	**710**	**693**
% of revenue		*9.4%*	*9.4%*	*9.4%*	*9.5%*
Financial expenses and investment income		48	38	319	268
Income before taxes		**59**	**60**	**391**	**424**
Taxes on Income		7	12	43	85
Adjusted Net Income		**53**	**48**	**348**	**340**
% of revenue		*4.6%*	*4.6%*	*4.6%*	*4.7%*
Adjustments		-33	-121	-220	-857
Reported Net income		**19**	**-74**	**128**	**-518**
% of revenue		*1.7%*	*-*	*1.7%*	*-*
Adjusted EBITDA		**168**	**155**	**1,111**	**1,090**
% of revenue		*14.7%*	*15.0%*	*14.7%*	*15.0%*
Adjusted EPS[3]	– Basic	*0.0225*	*0.0194*	*0.1489*	*0.1389*
	– Diluted	*0.0225*	*0.0194*	*0.1489*	*0.1389*
Reported EPS[4]	– Basic	*0.0083*	*-0.0301*	*0.0547*	*-0.2116*

[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".

3 The number of shares used to calculate both basic and diluted earnings per share in 2020 is 2,334.5 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.

	– Diluted	0.0083	-0.0301	0.0547	-0.2116

Abridged Consolidated Income Statement for the Full Year

Adjusted[4]	FY 2020 USD (m)	FY 2019 USD (m)	FY 2020 RMB (m)	FY 2019 RMB (m)
Revenues	**4,128**	**3,997**	**28,445**	**27,563**
Cost of Sales	2,886	2,697	19,897	18,610
Other costs	18	23	125	160
Gross profit	**1,223**	**1,276**	**8,422**	**8,793**
% of revenue	*29.6%*	*31.9%*	*29.6%*	*31.9%*
Selling & Distribution expenses	635	623	4,378	4,292
General & Administrative expenses	127	138	873	955
Research & Development expenses	70	63	478	437
Other	-3	-10	-21	-70
Total operating expenses	829	814	5,708	5,613
% of revenue	*20.1%*	*20.4%*	*20.1%*	*20.4%*
Operating income (EBIT)	**394**	**462**	**2,714**	**3,180**
% of revenue	*9.6%*	*11.5%*	*9.5%*	*11.5%*
Financial expenses and investment income	169	160	1,163	1,101
Income before taxes	**225**	**302**	**1,551**	**2,078**
Taxes on Income	49	44	341	302
Adjusted Net Income	**176**	**258**	**1,210**	**1,776**
% of revenue	*4.3%*	*6.5%*	*4.3%*	*6.4%*
Adjustments	-125	-215	-857	-1,499
Reported Net income	**51**	**43**	**353**	**277**
% of revenue	*1.2%*	*1.1%*	*1.2%*	*1.0%*
Adjusted EBITDA	**628**	**692**	**4,329**	**4,763**
% of revenue	*15.2%*	*17.3%*	*15.2%*	*17.3%*
Adjusted EPS[5] – Basic	*0.0734*	*0.1054*	*0.5039*	*0.7260*
– Diluted	*0.0734*	*0.1054*	*0.5039*	*0.7260*
Reported EPS[6] – Basic	*0.0213*	*0.0175*	*0.1469*	*0.1132*
– Diluted	*0.0213*	*0.0175*	*0.1469*	*0.1132*

[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 2020 is 2,401.5 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.

Abridged Consolidated Balance Sheet

	December 31 2020 USD (m)	December 31 2019 USD (m)	December 31 2020 RMB (m)	December 31 2019 RMB (m)
Assets				
Current assets:				
Cash at bank and on hand	592	623	3,864	4,349
Bills and accounts receivable	1,512	1,298	9,867	9,052
Inventories	1,585	1,424	10,338	9,933
Other current assets, receivables and prepaid expenses	484	259	3,160	1,808
Total current assets	**4,173**	**3,604**	**27,228**	**25,142**
Non-current assets:				
Fixed assets, net	1,223	1,108	7,981	7,728
Rights of use assets	74	77	484	536
Intangible assets, net	1,504	1,483	9,811	10,347
Deferred tax assets	118	119	774	827
Other non-current assets	80	101	523	709
Total non-current assets	**3,000**	**2,888**	**19,573**	**20,147**
Total assets	**7,173**	**6,492**	**46,801**	**45,289**
Liabilities				
Current liabilities:				
Loans and credit from banks and other lenders	380	441	2,478	3,076
Bills and accounts payable	755	649	4,927	4,528
Other current liabilities	845	622	5,515	4,341
Total current liabilities	**1,980**	**1,712**	**12,920**	**11,945**
Long-term liabilities:				
Loans and credit from banks and other lenders	366	133	2,388	927
Debentures	1,238	1,142	8,078	7,966
Deferred tax liabilities	51	46	332	323
Employee benefits	99	106	646	739
Other long-term liabilities	154	146	1,004	1,017
Total long-term liabilities	**1,908**	**1,573**	**12,447**	**10,972**
Total liabilities	**3,888**	**3,285**	**25,367**	**22,917**
Equity				
Total equity	**3,285**	**3,207**	**21,434**	**22,372**
Total liabilities and equity	**7,173**	**6,492**	**46,801**	**45,289**

ADAMA

Abridged Consolidated Cash Flow Statement for the Fourth Quarter

	Q4 2020 USD (m)	Q4 2019 USD (m)	Q4 2020 RMB (m)	Q4 2019 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	95	107	631	749
Cash flow from operating activities	**95**	**107**	**631**	**749**
Investing activities:				
Acquisitions of fixed and intangible assets	-101	-95	-668	-670
Proceeds from disposal of fixed and intangible assets	1	1	5	5
Acquisition of subsidiaries	-41	-42	-275	-295
Other investing activities	-	-9	-	-56
Cash flow used for investing activities	**-141**	**-145**	**-938**	**-1,016**
Financing activities:				
Receipt of loans from banks and other lenders	93	52	613	364
Repayment of loans from banks and other lenders	-262	-	-1,733	-3
Interest payment and other	-48	-40	-317	-280
Other financing activities	8	-2	56	-8
Cash flow from (used for) financing activities	**-209**	**10**	**-1,381**	**73**
Effects of exchange rate movement on cash and cash equivalents	4	3	-183	-41
Net change in cash and cash equivalents	**-250**	**-25**	**-1,871**	**-235**
Cash and cash equivalents at the beginning of the period	836	644	5,694	4,555
Cash and cash equivalents at the end of the period	**586**	**619**	**3,823**	**4,320**
Free Cash Flow	**-93**	**-78**	**-613**	**-547**

Abridged Consolidated Cash Flow Statement for the Full Year

	FY 2020 USD (m)	FY 2019 USD (m)	FY 2020 RMB (m)	FY 2019 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	292	117	2,023	843
Cash flow from operating activities	**292**	**117**	**2,023**	**843**
Investing activities:				
Acquisitions of fixed and intangible assets	-287	-254	-1,970	-1,760
Proceeds from disposal of fixed and intangible assets	3	27	23	187
Acquisition of subsidiaries	-55	-165	-371	-1,122
Other investing activities	-2	2	-14	16
Cash flow used for investing activities	**-341**	**-390**	**-2,332**	**-2,679**
Financing activities:				
Receipt of loans from banks and other lenders	642	443	4,465	3,032
Repayment of loans from banks and other lenders	-502	-215	-3,405	-1,487
Interest payments and other	-104	-102	-717	-664
Dividend to shareholders	-2	-43	-11	-294
Acquisition via combination under common control	-	-59	-	-415
Other financing activities	-26	-50	-189	-383
Cash flow from (used for) financing activities	**8**	**-26**	**143**	**-211**
Effects of exchange rate movement on cash and cash equivalents	10	-7	-319	21
Net change in cash and cash equivalents	**-31**	**-306**	**-485**	**-2,026**
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	**588**	**619**	**3,835**	**4,320**
Free Cash Flow	**-150**	**-368**	**-990**	**-2,499**

Notes to Abridged Consolidated Financial Statements

Note 1: Basis of preparation

Basis of presentation and accounting policies: The abridged consolidated financial statements for the years ended December 31, 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 (ASBE) issued by the Ministry of Finance (the "MoF") and the implementation guidance, interpretations and other relevant provisions as contained in the Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15—General Provisions on Financial Reporting (revised by China Securities Regulatory Commission (hereinafter "CSRC”) in 2014).

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” 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
- “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

Income Statement Adjustments

	Q4 2020 USD (m)	Q4 2019 USD (m)	Q4 2020 RMB (m)	Q4 2019 RMB (m)
Net Income (Reported)	**19.3**	**-73.6**	**127.7**	**-517.7**
Adjustments to COGS & Operating Expenses:				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	10.2	11.5	67.7	80.5
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	7.7	7.7	50.7	54.3
3. Upgrade & Relocation related costs	21.4	104.9	142.1	743.1
4. Incentive plans (non-cash)	-4.7	0.8	-31.1	5.7
5. Amortization of acquisition-related PPA (non-cash) and other acquisition-related costs	2.9	2.4	19.1	16.7
6. Employee early retirement expenses	0.5	-	3.3	-
8. Assets impairment	-	3.0	-	21.1
9. Provisions in respect of prior years' legal- and tax-related costs	6.0	3.2	39.5	22.7
Total Adjustments to Operating Income (EBIT)	**44.0**	**133.5**	**291.2**	**944.3**
Total Adjustments to EBITDA	**13.8**	**59.4**	**91.3**	**418.7**
Adjustments to Financing Expenses:				
10. Revaluation of non-cash adjustment related to non-controlling interest	1.5	1.3	9.7	9.3
Total Adjustments to Income before Taxes	**42.5**	**132.2**	**281.5**	**934.9**
Adjustments to Taxes				
1. Tax shield on Legacy PPA of 2011 acquisition of Solutions	1.7	1.9	11.5	13.7
3. Taxes related to restructuring costs	0.7	9.1	4.6	63.6
5. Deferred tax due to PPA and other acquisition-related costs	0.5	-1.1	3.3	-7.6
9. Provisions in respect of prior years' legal- and tax-related costs	6.3	1.1	42.0	7.7
Total adjustments to Net Income	**33.2**	**121.2**	**220.1**	**857.5**
Net Income (Adjusted)	**52.5**	**47.6**	**347.7**	**339.8**

	FY 2020 USD (m)	FY 2019 USD (m)	FY 2020 RMB (m)	FY 2019 RMB (m)
Net Income (Reported)	**51.1**	**42.8**	**352.8**	**277.0**
Adjustments to COGS & Operating Expenses:				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	44.6	45.8	307.8	315.9
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	30.6	35.2	211.4	242.1
3. Upgrade & Relocation-related costs	52.8	146.5	355.2	1,027.6
4. Incentive plans (non-cash)	-12.4	-5.5	-85.4	-39.3
5. Amortization of acquisition-related PPA (non-cash) and other acquisition-related costs	10.8	9.6	73.9	66.5
6. Employee early retirement expenses	10.5	-	73.5	-
7. Capital gain recognized on acquisition of control of an equity investee	-8.5	-	-59.0	-
8. Assets impairment	9.0	3.0	62.6	21.1
9. Provisions in respect of prior years' legal- and tax-related costs	6.0	3.2	39.5	22.7
Total Adjustments to Operating Income (EBIT)	**143.4**	**237.8**	**979.5**	**1,656.6**
Total Adjustments to EBITDA	**35.9**	**81.4**	**240.4**	**567.4**
Adjustments to Financing Expenses:				
10. Revaluation of non-cash adjustment related to non-controlling interest	0.7	4.4	4.0	29.9
Total Adjustments to Income before Taxes	**142.7**	**233.4**	**975.5**	**1,626.7**

	Adjustments to Taxes				
1.	Tax shield on Legacy PPA of 2011 acquisition of Solutions	7.6	7.8	52.3	53.7
3.	Taxes related to restructuring costs	2.0	10.1	13.5	71.2
5.	Deferred tax due to PPA and other acquisition-related costs	1.5	-0.7	10.2	-5.1
9.	Provisions in respect of prior years' legal- and tax-related costs	6.3	1.1	42.0	7.7
Total adjustments to Net Income		**125.3**	**215.1**	**857.4**	**1,499.2**
Net Income (Adjusted)		**176.4**	**257.9**	**1,210.2**	**1,776.2**

Notes:

1. **Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)**: Under ASBE, since the first combined reporting for Q3 2017, the Company has inherited the historical "legacy" amortization charge that ChemChina previously was incurring in respect of its acquisition of Solutions in 2011. This amortization is done in a linear manner on a quarterly basis, most of which will have been completed by the end of 2020.
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. **China Upgrade & 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 are being relocated to the new sites, both in 2020 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: (i) higher idleness charges mainly related to suspensions at the facilities being relocated as well as to the temporary suspensions of the Jingzhou site in both Q1 2020 (at the outbreak of COVID-19 in Hubei Province) as well as Q1 2019 (due to environmental inspections carried out at the time); (ii) non-cash accelerated depreciation charges due to the relocations; (iii) one-time, non-cash asset impairment charges (mainly in 2019); (iv) one-time provision for employee severance and other costs (mainly in 2019); and (iv) higher 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.
4. **Incentive plans (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) 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.
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**: During 2020, ADAMA acquired the remaining shares in an equity investee, and in so doing, gained control over the company. As a result of the change of consolidation scope, the Company recognized a one-time, non-cash, capital gain.
8. **Assets impairment:** One-time, non-cash charges due to impairment of mostly peripheral, non-material assets.
9. **Provisions in respect of prior years' legal- and tax-related costs:** Provisions in respect of future legal costs related to insured legal claims, as well as in respect of tax expenses related to activities of prior years.
10. **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.

ADAMA

Exchange Rates of the Company's Principal Functional Currencies

	December 31			Q4 Average			FY Average		
	2020	2019	Change	2020	2019	Change	2020	2019	Change
EUR/USD	1.227	1.122	9.3%	1.192	1.107	7.7%	1.139	1.120	1.7%
USD/BRL	5.197	4.031	(28.9%)	5.396	4.119	(31.0%)	5.156	3.945	(30.7%)
USD/PLN	3.758	3.798	1.0%	3.781	3.871	2.3%	3.900	3.839	(1.6%)
USD/ZAR	14.620	14.065	(3.9%)	15.648	14.689	(6.5%)	16.472	14.448	(14.0%)
AUD/USD	0.772	0.701	10.2%	0.731	0.684	6.8%	0.688	0.695	(1.1%)
GBP/USD	1.366	1.319	3.5%	1.321	1.289	2.5%	1.282	1.277	0.5%
USD/ILS	3.215	3.456	7.0%	3.333	3.492	4.6%	3.441	3.565	3.5%
USD LIBOR 3M	0.24%	1.91%	(87.5%)	0.22%	1.93%	(88.4%)	0.65%	2.33%	(72.3%)

	December 31			Q4 Average			FY Average		
	2020	2019	Change	2020	2019	Change	2020	2019	Change
USD/RMB	6.525	6.976	(6.5%)	6.621	7.034	(5.9%)	6.993	6.897	1.4%
EUR/RMB	8.005	7.937	0.8%	7.894	7.743	1.9%	7.860	7.671	2.5%
RMB/BRL	0.493	0.570	14.7%	0.503	0.589	14.0%	0.499	0.576	12.8%
RMB/PLN	0.576	0.537	(7.3%)	0.571	0.554	(3.1%)	0.565	0.560	(0.9%)
RMB/ZAR	2.485	1.989	(24.9%)	2.444	2.101	(16.3%)	2.395	2.109	(13.6%)
AUD/RMB	5.040	4.959	1.6%	4.837	4.782	1.2%	4.746	1.334	(0.4%)
GBP/RMB	8.913	9.332	(4.5%)	8.744	9.010	(3.0%)	8.849	8.746	1.2%
RMB/ILS	0.493	0.489	(0.8%)	0.503	0.500	(0.8%)	0.565	0.520	(8.6%)