



ADAMA

אדמה פתרונות לחקלאות בע"מ
ADAMA Agricultural Solutions Ltd.

Quarterly Report for March 31, 2024



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ADAMA Agricultural Solutions Ltd.

Quarterly Report for March 31, 2024

- Chapter A - Board of Directors' Report on the State of the Company's Affairs
- Chapter B - Financial statements (unaudited) for March 31, 2024
- Chapter C - Report Regarding the Effectiveness of the Internal Auditing of Financial Reporting and Disclosure



ADAMA

אדמה פתרונות לחקלאות בע"מ
ADAMA Agricultural Solutions Ltd.

Chapter A

Board of Directors' Report on the state of the Company's Affairs



Adama Agricultural Solutions Ltd.

Board of Directors' Report for the Quarter Ended March 31, 2024

This Report is limited in scope and should be reviewed together with the 2023
Periodic Report, published on March 26, 2024 (Ref: 2024-01-026440)
(the "**2023 Periodic Report**")

Performance in Context of General Crop Protection (CP) Market Environment¹

Key commodity crop prices continued to decline in the first months of 2024 and global supply continued to improve. Crop prices remain above average historical levels, but the current price level has a negative impact on farmer income compared to previous years. Despite this, farmer demand is expected to remain stable under the current conditions. The channel inventory situation is easing up, but there still remains above average inventories in several geographies, including Brazil. In addition, the high interest rate environment continues to drive a "just-in-time" purchasing approach by the channel. Active ingredient prices from China remained low during Q1 with some molecules even experiencing further price declines, on one hand reducing input costs but on the other creating pricing pressure on crop protection products and supporting a "wait and see" approach in the market.

Update on the War Situation in Israel

ADAMA is headquartered in Israel and has three manufacturing sites in the country. Following October 7, 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 have a material impact on the Company's ability to support its markets or on ADAMA's consolidated financial results.

On April 14, 2024, 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 Asia-Pacific Israel route in comparison to before January 2024. These cost increases impact only a small portion of the Company's overall shipping costs and the Company has been ordering relevant materials ahead of time to ensure timely supply. 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, although this situation might impact the company's ability to respond quickly to changing market demand.²

Turnaround Plan

As disclosed in the 2023 Periodic Report, the Company 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).

The Company's assessments with regard to changes in demand for crop protection products, the impact of the current war driven events in Israel and the shipping obstructions on its ability to support its markets or on the Company's business results and the turnaround plan are forward looking statements, as defined in the Securities Law, 1968. Such assessments are based on the information available to the Company as of the date hereof and may not be realized or be realized in a different manner than the Company estimates, inter alia, due to factors that are not in the Company's control.

¹ Sources: CCPIA (China Crop Protection Industry Association), BAIINFO, FocusEconomics, Peer quarterly financial reports, internal sources

² For further information see Section 34 of chapter A to the 2023 Periodic Report, "Raw material supply and/or shipping and port services disruptions"

Results of Operations - Income Statement

Income Statement for the Quarter

In USD Million

	Q1 2024 As Reported	Q1 2023 As Reported	% Change As Reported	Q1 2024 Adjustments	Q1 2023 Adjustments	Q1 2024 Adjusted	Q1 2023 Adjusted	% Change in USD Adjusted	% Change CER ³ Adjusted
Revenues	945	1,121	-16%	-	-	945	1,121	-16%	-14%
Gross profit	257	309	-17%	1	0	258	310	-17%	-12%
% of revenue	27.2%	27.6%				27.3%	27.6%		
Operating expenses	215	225	-5%	-17	-8	198	217	-9%	-10%
Operating income (EBIT)	43	84	-49%	18	8	60	92	-35%	-24%
% of revenue	4.5%	7.5%				6.4%	8.3%		
Finance expenses, net	70	74	-6%	-3	-	67	74	-10%	
Profit (loss) before taxes	-27	10		21	8	-6	19	-130%	
Net income (loss)	-35	13		20	8	-14	21	-169%	-107%
% of revenue	-3.7%	1.1%				-1.5%	1.9%		
EBITDA	95	141	-33%	10	1	105	141	-25%	-18%
% of revenue	10.1%	12.6%				11.1%	12.6%		

Relevant income statement items contained in this report 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 bondholders 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 Appendix A below.

³ CER - Constant Exchange Rates

Analysis of the Company's Results

Revenues

Revenues in the first quarter declined by approximately 16% (-14% in CER terms) to \$945 million, reflecting a decrease of 10% in prices and a decrease of 4% in volumes. The lower sales reflect lower market prices and lower demand, attributed to the market dynamics of pricing pressure in the crop protection market and in active ingredients from China, high competition and a "wait and see" approach mainly in commoditized products as well as unfavorable weather conditions in some regions and the channel opting to hold lower levels of inventory and purchase closer to the season in light of higher interest rates.

Revenue distribution by region

Region	Q1 2024 In Million USD	Q1 2023 In Million USD	% Change in USD	% Change in CER ³
Europe, Africa & Middle East (EAME)	366	430	-14.8%	-10.3%
<i>of which, Israel</i>	30	35	-15.7%	-13.8%
North America	189	209	-9.4%	-9.1%
Latin America	191	233	-18.1%	-21.4%
Asia-Pacific ⁴	199	249	-19.9%	-17.6%
Total	945	1,121	-15.6%	-14.0%

Noteworthy trends and developments in the various geographies affecting the Company's activities

Europe, Africa & Middle East (EAME)

Sales in **EAME** decreased in the first quarter of 2024 led by a contraction in the overall European crop protection market mainly from low demand following channel destocking, erratic spring season causing "just-in-time" purchasing patterns and lower farmer demand in areas impacted by lower grain market prices. This market also experienced pricing pressure, mainly in commoditized products

North America

Consumer & Professional Solutions - Sales were lower impacted by prices, in light of declining active ingredient prices from China, as demand from the end-users in both the consumer and professional markets recovered during the first quarter. Declining active ingredient prices from China also supported "just-in-time" purchasing patterns.

In the **US Ag** market sales in the first quarter of 2024 were lower reflecting weak pricing, lower demand and strong competition. The overall pricing was lower in the first quarter of 2024 than in the first quarter of 2023, as market prices began to decline only during the second quarter of 2023. While channel inventory levels are steadily declining, demand is being impacted by sales being pushed closer to season application, with the channel opting to hold lower inventory levels due to high interest rates.

ADAMA's sales in **Canada** declined in the first quarter in light of a "wait and see" approach in the market, high fungicide channel inventories, as well as strong competition particularly in commoditized products.

Latin America

Brazil - the Company's sales in the first quarter following the overall challenging crop protection market due to unfavorable weather conditions, a "wait and see" approach in the market and softer pricing impacted by strong competition, particularly in commoditized products. Despite this, the Company's differentiated products continued to be well received in the market.

In the rest of **LATAM** sales in the first quarter reflected the overall challenging crop protection market due to unfavorable weather conditions in Northern LATAM and "wait and see" purchasing patterns combined with softer pricing in commoditized products. Despite this, the Company's differentiated products in key strategic crop segment continued to be well received in the market.

Asia Pacific

In the **Pacific region**, sales in the first quarter were impacted by softer pricing following decline of active ingredients prices from China as well as overall high channel inventories. This was despite better weather conditions than anticipated in Australia.

Sales in **India** were impacted by softer pricing, exceptionally dry and hot weather, high channel inventories as well as "wait-and-see" purchasing behavior, mainly in commoditized products.

Sales in the **wider APAC region** continued to experience pricing pressure following intense competition from China, particularly in commoditized products, while dry weather and higher channel inventories impacted demand.

During the first quarter, the Company continued to advance the development of its differentiated product portfolio, obtaining multiple new product registrations and launching several new products.

Gross profit

Reported gross profit in the first quarter reached \$257 million (gross margin of 27.2%) compared to \$309 million (gross margin of 27.6%) in the same quarter last year.

Adjusted gross profit in the first quarter reached \$258 million (gross margin of 27.3%) compared to \$310 million (gross margin of 27.6%) in the same quarter last year.

This is following the lower sales impacted by the decrease in prices and volumes and moderated by the positive impact of new inventory sold, priced at market levels and the management focus on the quality of business which led to an improvement in the sales mix of higher margin products. In the first quarter of 2024, exchange rates had a negative impact.

Operating expenses

Total reported operating expenses in the first quarter were \$215 million (22.7% of sales), compared to \$225 million (20.1% of sales) in the same quarter last year.

Adjustments to reported results: The Company recorded certain non-operational items within its reported operating expenses, amounting to \$17 million in the first quarter in comparison to \$8 million in Q1 2023. These include mainly non-cash amortization charges in respect of Transfer Assets received from Syngenta related to the 2017 ChemChina-Syngenta acquisition, 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, measures to improve efficiencies and

non-cash impacts related to incentive plans. For further details on these non-operational charges, please see Appendix A to this report.

Excluding the impact of the abovementioned non-operational charges, adjusted operating expenses in the first quarter were \$198 million (20.9% of sales), compared to \$217 million (19.4% of sales), in the corresponding period last year.

The operating expenses were lower in the first quarter of 2024, following undertaking tight OPEX management measures, lower transportation and logistics costs and the positive impact of exchange rates.

Financing expenses

Total net financial expenses were \$70 million in the first quarter, compared to \$74 million in the same quarter last year. The lower financial expenses in the quarter were mainly due to the net effect of lower Israeli CPI on the ILS-denominated, CPI-linked bonds, which amounted to \$3 million in the first quarter (net of hedging)⁴, as well as steps taken by the Company's management to optimize the Company's financing structure. The Company took advantage of the high interest rate environment to increase interest received from weekly bank deposits designated to support working capital, as well as improved financing terms and leveraged group funding possibilities by taking long-term loans in China at attractive rates, which minimized the increase in bank interest expenses paid in the first quarter of 2024.

Taxation

The Company reported net tax expenses of \$8 million in the quarter, compared to a net tax income of \$3 million in the corresponding period last year.

Despite reaching losses before tax, the Company recorded tax expenses in the quarter, 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 quarter 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 quarter of 2023.

Revenue distribution by operating segment

Operating Segment	Q1 2024 in Million USD	%	Q1 2023 in Million USD	%	Change in Million USD	Change %
Crop protection	900	95.2%	1,074	95.8%	-173	-16.2%
Intermediates and Ingredients	45	4.8%	47	4.2%	-2	-3.7%
Total	945	100%	1,121	100%	-175	-15.6%

⁴ For details, see Section 25 "Financing and Credit" of Chapter A to the 2023 Periodic Report. For information concerning CPI and foreign currency exposure, see Note 29 to the Company's financial statements included in the 2023 Periodic Report.

Financial Condition and Liquidity

Trade working capital

Trade working capital on March 31, 2024, was \$2,321 million, compared to \$2,936 million at the same point last year. 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. The decrease in receivables reflected the intensive collections as well as the lower sales.

Cash flow and investment in fixed assets

Operating cash flow of \$135 million was consumed in the quarter, compared to \$435 million consumed in the corresponding period last year. The negative operating cash flow, which is seasonally typical for the Company in the first quarter, was significantly improved due to a decrease in the procurement of goods as well as intensive collection.

Net cash used in investing activities was \$60 million in the first quarter, compared to \$86 in the corresponding period last year. The lower cash used in investing activities in the first quarter of 2024 reflected the prioritization of investments, part of the actions taken by the Company to improve its cash flow. The Company invested in fixed assets including in its manufacturing capabilities in Israel and investments in intangible assets relating to ADAMA's global registrations. In the first quarter of 2023 the Company completed the acquisition of AgriNova New Zealand.

Investments in fixed assets, net of investment grants, amounted to \$37 million in the first quarter, compared to \$51 million in the corresponding period last year.

Free cash flow of \$195 million was consumed in the first quarter, compared to \$520 million consumed in the corresponding period last year, reflecting the aforementioned operating and investing cash flow dynamics.

Current assets

Total current assets as of March 31, 2024, amounted to \$3,909 million compared to \$4,655 million as of March 31, 2023.

Cash, current liabilities and long-term loans

The Company's total financial liabilities include credit from banks and others, as well as the series B debentures (in this report: "**Financial Liabilities**"), were \$2,490 million as of March 31, 2024 (of which 35.5% was short-term), compared to \$2,566 million (of which 44.4% was short-term) as of March 31, 2023.

The Company's balances of cash and short-term investments as of March 31, 2024, were \$479 million, compared to \$417 million as of March 31, 2023.

The Company's net debt, including credit, the impact of hedging transactions attributed to debt, and net of cash and short-term investments, was \$2,014 million as of March 31, 2024, compared to \$2,156 million as of March 31, 2023.

Financial covenants

The financial covenants of the Company's bank financing documents and its Receivables Financing Facility Program are:

	In USD Million			
	Net Debt/Equity	Net Debt/EBITDA	Equity	Retained Earnings
Financial Covenants - Bank Credit	1.25x	5.0x	1,220	700
Financial Covenants - Receivables Facility	1.25x	5.0x		
Compliance of the Company with Financial Covenants as of March 31, 2024	0.6x	4.6x	2,192	1,793

As of March 31, 2024, and on the date of publication of this report, the Company complied with the financial covenants included in its financing documents and the Receivables Financing Facility Program.⁵

Shareholders' equity

The Company's shareholders' equity was \$2,192 million as of March 31, 2024, compared to \$2,464 million as of March 31, 2023. Equity as a proportion of total assets was 33.9% as of March 31, 2024, 34.4% million as of March 31, 2023, and 34.2% as of December 31, 2023.

The Company's issued and paid-up share capital for March 31, 2024, is 137,990,881 ordinary shares of NIS 3.12 par value each.

Financial ratios

As of:	March 31, 2024	March 31, 2023
Ratio of current assets to current liabilities (current ratio)	1.59	1.54
Ratio of current assets, excluding inventory, to current liabilities (quick ratio)	0.90	0.76
Ratio of Financial Liabilities to total balance sheet, gross	38.4%	35.8%
Ratio of Financial Liabilities to total equity, gross	113.6 %	104.1%

Financing sources

The Company finances its business operations from its own equity and external funding sources.⁶

Warning signs

The Company has an ongoing positive cash flow from operating activities, and therefore, as of the date of this report, the Company has no warning signs.

For information about the debentures held by the public at the reporting date, see Appendix B.

⁵ For details regarding the consent letters granted to the Company with respect to the financial Covenants, see Section 20B to the Company's financial statements as of December 31, 2023, included as Chapter C of the 2023 Periodic Report. The calculation of the covenant Net Debt/EBITDA is based on the twelve months ended on the date of the financial statements. For more information about the Financial Covenants and additional limitations that apply to the Company pursuant to the provisions of the financing agreements and the Receivables Financing Facility Program, see Section 25 in Chapter A of the 2023 Periodic Report, and Note 20 to the financial statements as of December 31, 2023.

⁶ For details, see Section 25, "Financing and Credit", and Section 24 "Working Capital" of Chapter A of the 2023 Periodic Report.

The Company has elected not to include the Separate Financial Data Report of the Company as of the period ending December 31, 2022, in accordance with Regulation 9C and 38D of the Securities Regulations (Periodic and Immediate Reports), 1970, since according to the Company's assessment, the Separate Financial Data Report does not contain any material information to that included in the annual or the quarterly Consolidated Financial Statements Report.

Steve Hawkins
Chairman of the Board of
Directors, President & CEO

An Liru
Director

April 25, 2024

Appendixes

Appendix A - Income Statement Adjustments

In Million USD

Adjustments Period	Q1 2024	Q1 2023
Net Income (as Reported)	-34.8	13
Adjustments to COGS & Operating Expenses:		
1. Amortization of transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	5.0	6.1
2. Incentive plans (non-cash)	-1.6	-0.8
3. Amortization of acquisition-related PPA (non-cash), other acquisition-related costs	2.6	2.8
4. Measures to improve efficiencies	11.3	-
5. Other	0.4	0.4
Total Adjustments to Operating Income (EBIT)	17.8	8.5
Total Adjustments to EBITDA	10.0	-0.5
Other financing expenses	3.1	-
Total Adjustments to Income before taxes	20.9	8.5
Adjustments to Taxes:		
3. Deferred Tax due to amortization of acquisition-related PPA (non-cash), other acquisition-related costs	-0.3	-0.4
4. Tax related to measures to improve efficiencies	-2.1	-
Tax related to other financing expenses	1.9	-
Total adjustments to Net Income	20.3	8.1
Net Income (Adjusted)	-14.4	21

In the table above, numbers may not sum due to rounding.

Notes:

- Amortization of transfer assets received and written-up due to the 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 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.
- Incentive plans (non-cash):** The Company granted its employees a long-term incentive (LTI) in the form of 'phantom' options, based on the mother company's share, 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 Parent 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.
- Amortization of acquisition-related PPA (non-cash), 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 company acquired, while the related tax expense is also adjusted for, as well as other M&A-related costs.
- Measures to improve efficiencies:** The Company recorded costs due to certain measures initiated to improve efficiencies, mainly personnel changes.
- Other:** Related mainly to facilities upgrade related costs.

Appendix B - Details of the Company's Debentures (Series B) as at March 31, 2024

Date of issue	Total par value on date of issue (in NIS millions)	Rating at March 31, 2024	Total par value on date of issue (in NIS millions)	Type of interest	Nominal interest rate	Effective interest rate at reporting date	Market value on March 31, 2024 (in NIS millions)	Dates of interest payments	Dates of principal payments	Linkage basis	Nominal par value at March 31, 2024 (in NIS millions)	CPI-linked nominal par value at March 31, 2024 (in NIS millions)	Carrying value of debenture balances at March 31, 2024 (in USD millions)	Carrying value of interest payable on March 31, 2024 (in USD millions)	Fair value at March 31, 2024 (in USD millions)
Dec. 2006	1,650	iIAA-(d)	3,810	CPI-linked annual interest	5.15%	2.98%	4,400 ^(e)	Twice a year on May 31 and on Nov. 30 in each of the years 2006-2036	Nov. 30 of each of the years 2020- 2036	CPI for October 2006	2,852 ^(e)	3,842 ^(e)	1,046 ^(e)	17.9 ^(e)	1,195 ^(e)
Jan. 2012	514														
Jan. 2013	600														
Feb. 2015	533														
Feb-May 2015	267														
May 2020	246														

Notes:

- (a) The trustee for debentures (Series B) is Mishmeret Trust Company Ltd., 48 Menachem Begin Road, Tel Aviv (Tel: 03-6374351; Fax: 03-6374344). Contact person: Rami Sebti, C.P.A. VP, E-mail: Ramis@mtrust.co.il.
- (b) **Series B is considered a material liability of the Company.**
- (c) At the date of the report, the Company was in compliance with all the terms and undertakings under the Deed of Trust, and no conditions existed giving rise to a cause of action for immediate repayment of the debentures.
- (d) On March 27, 2024, S&P Maalot affirmed the iIAA- rating of the debentures (Series B), and revised the outlook to Negative (reference: 2024-01-027478).
- (e) Net of debentures purchased by a wholly-owned subsidiary, which, as of the end of the reported period, holds 55,925,765 par value debentures (Series B), accounting for 1.78% of total issued debentures (Series B)

Appendix C - Exchange Rate Data for the Company's Principal Functional Currencies

Principal Functional Currencies	2024 March 31	2023 March 31	Change March 31	2024 Q1 Average	2023 Q1 Average	Change Q1 Average
EUR/USD	1.081	1.088	-0.6%	1.086	1.073	1.2%
USD/BRL	4.996	5.080	1.7%	4.953	5.195	4.7%
USD/PLN	3.989	4.293	7.1%	3.992	4.392	9.1%
USD/ZAR	18.87	17.83	-5.8%	18.896	17.735	-6.5%
AUD/USD	0.651	0.668	-2.6%	0.658	0.684	-3.8%
GBP/USD	1.264	1.236	2.3%	1.268	1.214	4.5%
USD/ILS	3.681	3.615	-1.8%	3.660	3.538	-3.4%
USD L 3M	5.30%	5.19%	-0.1%	5.32%	4.92%	-0.4%



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אדמה פתרונות לחקלאות בע"מ
ADAMA Agricultural Solutions Ltd.

Chapter B

Financial Statements (unaudited)

for March 31, 2024

Adama Agricultural Solutions Ltd.

**Condensed Consolidated Interim
Financial Statements
As at March 31, 2024**

(Unaudited)

In U.S. Dollars

Adama Agricultural Solutions Ltd.

Condensed Consolidated Interim Financial Statements As at March 31, 2024

(Unaudited)

In U.S. Dollars

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**A Review Report of the Independent Auditor to the shareholders of
Adama Agricultural Solutions Ltd.**

Introduction

We have reviewed the accompanying financial information of Adama Agricultural Solutions Ltd. the Company and consolidated companies (hereafter- "the Company") which includes the condensed consolidated statement of financial position as of March 31, 2024 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended. The Board of Directors and management are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 "Interim Financial Reporting" and they are also responsible for the preparation of this interim financial information in accordance with Chapter D of Securities Regulations (Periodic and Immediate Reports) - 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

We did not review the interim condensed financial information of companies that were consolidated, whose assets included in consolidation constitute approximately 2% of total consolidated assets as of March 31, 2024, and whose revenues included in consolidation constitute approximately 6% of total consolidated revenues for the three-month period then ended. The interim condensed financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information included for those companies, is based on the review reports of the other auditors.

Scope of Review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel "Review of Interim Financial Information Performed by the Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, and the review reports of other auditors, nothing has come to our attention that causes us to believe that the abovementioned financial information is not prepared, in all material respects, in accordance with IAS 34.

In addition to the statements in the previous paragraph, based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the abovementioned financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports) - 1970.

Brightman Almagor Zohar & Co.
Certified Public Accountants
A Firm in the Deloitte Global Network

Tel Aviv, April 25, 2024

Tel Aviv - Main Office

1 Azrieli Center Tel Aviv, 6701101 P.O.B. 16593 Tel Aviv, 6116402 Tel: +972 (3) 608 5555 | info@deloitte.co.il

Jerusalem

3 Kiryat Ha'Mada
Har Hotzvim Tower
Jerusalem, 914510

Tel: +972 (2) 501 8888
Fax: +972 (2) 537 4173
info-jer@deloitte.co.il

Haifa

5 Ma'aleh Hashichrur
P.O.B. 5648
Haifa, 3105502

Tel: +972 (4) 860 7333
Fax: +972 (4) 867 2528
info-haifa@deloitte.co.il

Eilat

The City Center
P.O.B. 583
Eilat, 8810402

Tel: +972 (8) 637 5676
Fax: +972 (8) 637 1628
info-eilat@deloitte.co.il

Nazareth

9 Marj Ibn Amer St.
Nazareth, 16100

Tel: +972 (73) 399 4455
Fax: +972 (73) 399 4455
info-nazareth@deloitte.co.il

Beit Shemesh

Yigal Alon 1 St.
Beit Shemesh, 9906201

Adama Agricultural Solutions Ltd.
Condensed Consolidated Interim Statement of Financial Position
(\$ thousands)

<u>Item</u>	<u>March 31 2 0 2 4 (Unaudited)</u>	<u>March 31 2 0 2 3 (Unaudited)</u>	<u>December 31 2 0 2 3 (Audited)</u>
Current assets:			
Cash and cash equivalents	475,234	396,653	609,618
Short-term investments	14,498	19,862	22,663
Trade receivables	1,243,601	1,359,953	1,127,340
Trade receivable as part of securitization transaction not yet eliminated	26,245	36,757	19,747
Subordinated note in respect of sale of trade receivables	187,881	182,113	106,561
Prepaid expenses	27,890	31,060	24,180
Financial and other assets, including derivatives	195,278	238,293	307,385
Tax deposits less provision for taxes	44,133	34,743	29,701
Inventories	1,694,361	2,356,038	1,706,122
Total current assets	3,909,121	4,655,472	3,953,317
Long-term investments, loans and receivables:			
Investments in equity-accounted investee companies	4,529	3,867	4,444
Other financial investments and receivables	82,607	73,289	74,200
Non-financial assets, including non-current inventory	25,656	45,121	48,832
Total long-term investments, loans and receivables	112,792	122,277	127,476
Fixed assets:			
Cost	2,837,947	2,672,959	2,807,541
Less - accumulated depreciation	1,498,018	1,402,482	1,476,908
Total fixed assets	1,339,929	1,270,477	1,330,633
Deferred tax assets	205,467	182,526	207,070
Intangible assets:			
Cost	2,770,149	2,673,304	2,754,414
Less - accumulated amortization	1,861,197	1,743,728	1,837,677
Total intangible assets	908,952	929,576	916,737
Total non-current assets	2,567,140	2,504,856	2,581,916
Total assets	6,476,261	7,160,328	6,535,233

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Adama Agricultural Solutions Ltd.
Condensed Consolidated Interim Statement of Financial Position (Cont.)
(\$ thousands)

Item	March 31 2 0 2 4 (Unaudited)	March 31 2 0 2 3 (Unaudited)	December 31 2 0 2 3 (Audited)
Current liabilities			
Loans and credit from banks and other lenders	826,004	1,081,919	897,669
Current maturities of debentures	80,438	79,825	81,415
Trade payables	864,178	1,050,813	838,565
Other payables	576,309	714,473	621,886
Current tax liabilities	36,645	37,893	27,677
Put options to holders of non-controlling interests	68,671	64,758	66,149
Total current liabilities	2,452,245	3,029,681	2,533,361
Long-term liabilities			
Long-term loans from banks	309,894	336,454	229,986
Debentures	965,253	1,039,264	976,947
Other long-term liabilities	444,723	156,807	448,877
Deferred tax liabilities	29,148	31,410	29,408
Employee benefits	77,368	96,449	75,204
Put options to holders of non-controlling interests	5,191	5,790	5,024
Total long-term liabilities	1,831,577	1,666,174	1,765,446
Total liabilities	4,283,822	4,695,855	4,298,807
Equity			
Share capital	125,595	125,595	125,595
Share premium	623,829	623,829	623,829
Capital reserves	(350,105)	(375,035)	(341,418)
Retained earnings	1,793,120	2,090,084	1,828,420
Total equity attributable to the owners of the Company	2,192,439	2,464,473	2,236,426
Total liabilities and equity	6,476,261	7,160,328	6,535,233

Steve Hawkins
Chairman of the Board
of Directors, President & CEO

Efrat Nagar
Chief Financial Officer

An Liru
Director

Date the financial statements were approved: April 25, 2024

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Adama Agricultural Solutions Ltd.
Condensed Consolidated Interim Statement of Income
(\$ thousands)

<u>Item</u>	For the Three-month period ended March 31 2 0 2 4 (Unaudited)	For the Three-month period ended March 31 2 0 2 3 (Unaudited)	For the Year ended December 31 2 0 2 3 (Audited)
Revenues	945,383	1,120,536	4,191,837
Cost of sales	688,167	811,073	3,225,691
Gross profit	257,216	309,463	966,146
Other income	(2,002)	(1,855)	(11,902)
Selling and marketing expenses	175,369	185,481	699,560
General and administrative expenses	27,925	26,531	109,781
Research and development expenses	12,428	14,467	53,858
Other expenses	806	835	18,210
Total expenses	214,526	225,459	869,507
Operating income	42,690	84,004	96,639
Financing expenses	80,188	112,692	489,999
Financing income	(10,321)	(38,313)	(161,478)
Financing expenses, net	69,867	74,379	328,521
Share of income of equity-accounted investee companies	603	517	908
Profit (loss) before taxes on income	(26,574)	10,142	(230,974)
Taxes expenses (income)	8,216	(2,609)	11,027
Profit (loss) for the period attributable to the owners of the Company	(34,790)	12,751	(242,001)

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Adama Agricultural Solutions Ltd.
Condensed Consolidated Interim Statement of Comprehensive Income
(\$ thousands)

<u>Item</u>	For the Three-month period ended March 31 2 0 2 4 <u>(Unaudited)</u>	For the Three-month period ended March 31 2 0 2 3 <u>(Unaudited)</u>	For the Year ended December 31 2 0 2 3 <u>(Audited)</u>
Profit (loss) for the period	(34,790)	12,751	(242,001)
Items that may be reclassified subsequent to profit or loss:			
Foreign currency translation differences for foreign operations	(10,588)	8,412	34,144
Effective portion of changes in fair value of cash flow hedges	3,004	(3,440)	(2,916)
Net change in fair value of cash flow hedges transferred to profit or loss	(809)	1,782	9,342
Taxes related to items that may subsequently reclassified to profit or loss	(294)	127	(718)
Total items that may be reclassified subsequent to profit or loss	(8,687)	6,881	39,852
Items that will not be reclassified subsequent to profit or loss			
Re-measurement of defined benefit plan	(588)	1,591	1,831
Taxes related to items that will not be reclassified subsequently to profit or loss	78	(195)	(151)
Total items that will not be reclassified subsequent to profit or loss	(510)	1,396	1,680
Total comprehensive income (loss) for the period attributable to the owners of the Company	(43,987)	21,028	(200,469)

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Adama Agricultural Solutions Ltd.
Condensed Consolidated Interim Statement of Changes in Equity
(\$ thousands)

<u>Item</u>	For the three-month period ended March 31, 2024 (unaudited)				Total equity attributable to the owners of the Company
	Share capital	Share premium	Capital reserves (1)	Retained earnings	
Balance as of January 1, 2024	125,595	623,829	(341,418)	1,828,420	2,236,426
Total comprehensive income for the period:					
Profit (loss) for the period	-	-	-	(34,790)	(34,790)
Components of other comprehensive income:					
Foreign currency translation differences for foreign operations	-	-	(10,588)	-	(10,588)
Effective portion of change in fair value of cash flow hedges	-	-	3,004	-	3,004
Net change in fair value of cash flow hedges transferred to statement of income	-	-	(809)	-	(809)
Re measurement of defined benefit plan	-	-	-	(588)	(588)
Taxes on other comprehensive income	-	-	(294)	78	(216)
Other comprehensive income (loss) for the period, net of tax	-	-	(8,687)	(510)	(9,197)
Total comprehensive income (loss) for the period			(8,687)	(35,300)	(43,987)
Balance as of March 31, 2024	125,595	623,829	(350,105)	1,793,120	2,192,439

(1) Including treasury shares that were cancelled in the amount of \$245,548 thousand.

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Adama Agricultural Solutions Ltd.
Condensed Consolidated Interim Statement of Changes in Equity (Cont.)
(\$ thousands)

<u>Item</u>	For the three-month period ended March 31, 2023 (unaudited)				Total equity attributable to the owners of the Company
	Share capital	Share premium	Capital reserves (1)	Retained earnings	
Balance as of January 1, 2023	125,595	623,829	(375,997)	2,077,937	2,451,364
Total comprehensive income for the period:					
Profit for the period	-	-	-	12,751	12,751
Components of other comprehensive income:					
Foreign currency translation differences for foreign operations	-	-	8,412	-	8,412
Effective portion of change in fair value of cash flow hedges	-	-	(3,440)	-	(3,440)
Net change in fair value of cash flow hedges transferred to statement of income	-	-	1,782	-	1,782
Re measurement of defined benefit plan	-	-	-	1,591	1,591
Taxes on other comprehensive income	-	-	127	(195)	(68)
Other comprehensive income (loss) for the period, net of tax	-	-	6,881	1,396	8,277
Total comprehensive income (loss) for the period			6,881	14,147	21,028
Dividends to non-controlling interests holders holding a put option	-	-	-	(2,000)	(2,000)
Transactions with holders of non-controlling interests related to exercise of call option			(5,919)	-	(5,919)
Balance as of March 31, 2023	125,595	623,829	(375,035)	2,092,084	2,464,473

(1) Including treasury shares that were cancelled in the amount of \$245,548 thousand.

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Adama Agricultural Solutions Ltd.
Condensed Consolidated Interim Statement of Changes in Equity (Cont.)
(\$ thousands)

Item	For the year ended December 31, 2023 (Audited)				Total equity attributable to the owners of the Company
	Share capital	Share premium	Capital reserves (1)	Retained earnings	
Balance as of January 1, 2023	125,595	623,829	(375,997)	2,077,937	2,451,364
Total comprehensive income for the year:					
Loss for the year	-	-	-	(242,001)	(242,001)
Components of other comprehensive income:					
Foreign currency translation differences for foreign operations	-	-	34,145	-	34,145
Effective portion of change in fair value of cash flow hedges	-	-	(2,916)	-	(2,916)
Net change in fair value of cash flow hedges transferred to statement of income	-	-	9,342	-	9,342
Re-measurement of defined benefit plan	-	-	-	1,831	1,831
Taxes on other comprehensive income	-	-	(718)	(151)	(869)
Other comprehensive income (loss) for the year, net of tax	-	-	39,853	1,680	41,533
Total comprehensive loss for the year	-	-	39,853	(240,321)	(200,468)
Transactions with holders of non controlling interest	-	-	(5,274)	-	(5,274)
Dividends to non-controlling interests holders holding a put option	-	-	-	(9,196)	(9,196)
Balance as of December 31, 2023	125,595	623,829	(341,418)	1,828,420	2,236,426

(1) Including treasury shares that were cancelled in the amount of \$245,548 thousand.

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Adama Agricultural Solutions Ltd.
Condensed Consolidated Interim Statement of Cash Flows
(\$ thousands)

Item	For the Three-month period ended March 31 2 0 2 4 (Unaudited)	For the Three-month period ended March 31 2 0 2 3 (Unaudited)	For the Year ended December 31 2 0 2 3 (Audited)
Cash flows from operating activities			
Profit (loss) for the period	(34,790)	12,751	(242,001)
Adjustments			
Depreciation and amortization	53,971	57,315	230,402
Amortization of discount/premium and debt issuance costs	(132)	(146)	(584)
Impairment changes of assets	(1,365)	-	8,179
Share of income of equity-accounted investee companies	(603)	(517)	(908)
Share-based payments	(1,578)	(709)	(8,471)
Revaluation of put and call options related to acquired subsidiaries	1,921	2,227	7,531
Revaluation of long-term liabilities	(16,039)	(16,345)	2,824
Loss in respect of hedging transactions on debentures	16,601	33,944	55,871
Change in provision for income tax and tax advances, net	(5,465)	674	(4,892)
Decrease (increase) in deferred taxes, net	696	(25,447)	(52,296)
Gain on realization of fixed and intangible assets, net	(193)	(70)	(149)
Changes in assets and liabilities			
Decrease (increase) in trade and other receivables	(205,211)	(246,735)	112,810
Decrease (increase) in inventories	26,936	(61,630)	613,027
Increase (decrease) in trade and other payables	29,406	(195,642)	(498,691)
Change in employee benefits	414	5,680	(14,979)
Net cash from (used in) operating activities	(135,431)	(434,650)	207,673
Cash flows from investing activities			
Acquisition of fixed assets	(37,348)	(53,036)	(188,592)
Additions to intangible assets	(21,912)	(20,544)	(105,631)
Short-term investments, net	18,890	5,002	2,202
Investment grant received	-	2,116	5,076
Proceeds on disposal of fixed and intangible assets	521	399	2,242
Investment in an equity instrument held at FVTOCI	-	-	(402)
Long-term investments, net	(20,052)	1,852	5,460
Dividends received from equity-accounted investees	-	250	658
Acquisition of subsidiaries excluding cash acquired	-	(21,699)	(21,699)
Net cash used in investing activities	(59,901)	(85,660)	(300,686)

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Adama Agricultural Solutions Ltd.
Condensed Consolidated Interim Statement of Cash Flows (Cont.)
(\$ thousands)

Item	For the Three-month period ended March 31 2 0 2 4 (Unaudited)	For the Three-month period ended March 31 2 0 2 3 (Unaudited)	For the Year ended December 31 2 0 2 3 (Audited)
Cash flows from financing activities			
Receipt (repayment) of long-term loans and liabilities from banks and others	(36,348)	(18,979)	278,147
Increase (decrease) in short-term liabilities to banks and others, net	(54,863)	485,182	298,899
Proceeds (payments) in respect of hedging transactions on debentures	56,770	(31,770)	(130,711)
Repayment of lease liability	(6,564)	(6,662)	(24,968)
Receipt (repayment) of long-term loans from banks and others	101,953	1,589	(119,364)
Repayment of debentures	-	-	(80,424)
Dividend paid to holders of non-controlling interests	-	(2,000)	(9,196)
Realization of call option in a subsidiary	-	(17,000)	(17,000)
Other	-	-	645
Net cash from financing activities	60,948	410,360	196,028
Net increase (decrease) in cash and cash equivalents	(134,384)	(109,950)	103,015
Cash and cash equivalents at the beginning of the period	609,618	506,603	506,603
Cash and cash equivalents at the end of the period	475,234	396,653	609,618
Additional information for Cash flows from operating activities:			
Interest paid in cash	(21,297)	(22,026)	(154,519)
Interest received in cash	4,160	3,142	34,954
Taxes paid in cash, net	(12,797)	(22,160)	(68,590)

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Adama Agricultural Solutions Ltd.
Notes to the Financial Statements as at March 31, 2022 (Unaudited)

Note 1 - Description of the Company and its Activities

- A.** Adama Agricultural Solutions Ltd. (hereinafter - "the Company") is an Israel-resident company incorporated in Israel located at Golan Street in Airport City Park. The condensed consolidated financial statements of the Company as at March 31, 2024 include those of the Company and its subsidiaries (hereinafter together - "the Group") as well as the Company's rights in an associated company and in joint ventures. The Group operates in Israel and abroad and is engaged in the development, manufacture and commercialization of crop protection products, As well as intermediate materials for other industries, food additives and synthetic aromatic products, primarily for export.

As of March 31, 2024, the Company is 100% held by ADAMA Ltd. The Company is a reporting entity.

- B.** Sales of crop protection products are directly dependent on the agricultural seasons and crop cycles. Therefore, the Company's income is split equally over the year, and accordingly there are variations between the first and second halves of the year. Countries in the Northern Hemisphere are characterized by similar generally timing of agricultural seasons, with these countries usually having their highest sales in the first half of the calendar year, whereas the agricultural season is the opposite in the Southern Hemisphere (except to some extent in Australia), where most sales occur in the second half of the year.
The Company believes that the Group's global activity and the diversification across the markets in which it operates mitigates to a large extent the inherent seasonality in the business.

Note 2 - Basis for Preparation of Financial Statements

A. Declaration of compliance with International Financial Reporting Standards (IFRS):

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 –*Interim Financial Reporting* and do not include all the information required for full annual financial statements. They should be read in conjunction with the financial statements as at and for the year ended December 31, 2023 (hereinafter – "the Annual Financial Statements"). Furthermore, these financial statements have been prepared in accordance with the Section D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The condensed consolidated interim financial statements were authorized for issue by the Group's Board of Directors on April 25, 2024.

B. Use of estimates and judgment:

When preparing the condensed consolidated interim financial statements in conformance with IFRS, Company management is required to use judgment when making assessments, estimates and assumptions that affect the implementation of the policies and amounts of assets and liabilities, revenues and expenses. It is clarified that the actual results are likely to be different than these estimates.

Management's judgment when applying the Group's accounting policies and the key assumptions used in estimates that involve uncertainty are consistent with those used in the Annual Financial Statements.

Adama Agricultural Solutions Ltd.
Notes to the Financial Statements as at March 31, 2022 (Unaudited)

Note 3 - Significant Accounting Policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its annual financial statements.

Note 4 - Operating Segments

A. Products and services:

The Company presents its segment reporting according to a format based on a breakdown by business segments:

Crop Protection (Agro):

This is the main area of the Company's operations and includes the manufacture and marketing of conventional agrochemical products.

Intermediates and ingredients:

This field of activity includes a large number of sub-fields, including: Lycopene (an oxidization retardant), aromatic products, and other chemicals. It combines all the Company's activities not included in the agro-products segment.

Segment results reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly financing expenses, net.

Information regarding the results of each reportable segment is included below:

<u>Item</u>	For the three-month period ended March 31, 2024 (Unaudited)			
	(\$ thousands)			
	Crop protection	Intermediates and ingredients	Reconciliation	Consolidated
Statement of income information:				
Revenues				
External revenues	900,079	45,304		945,383
Inter-segment revenues	-	67	(67)	-
Total revenues	<u>900,079</u>	<u>45,371</u>	<u>(67)</u>	<u>945,383</u>
Results				
Segment's results	<u>40,714</u>	<u>1,976</u>	<u>-</u>	42,690
Financing expenses, net				(69,867)
Share of income of equity-accounted investee companies				603
Income taxes				<u>(8,216)</u>
Net income (loss) for the period attributable to the owners of the Company				<u>(34,790)</u>

Adama Agricultural Solutions Ltd.
Notes to the Financial Statements as at March 31, 2022 (Unaudited)

Note 4 - Operating Segments (Cont.)

A. Products and services: (Cont.)

For the three-month period ended March 31, 2023 (Unaudited) (\$ thousands)				
<u>Item</u>	<u>Crop protection</u>	<u>Intermediates and ingredients</u>	<u>Reconciliation</u>	<u>Consolidated</u>
Statement of income information:				
Revenues				
External revenues	1,073,522	47,014	-	1,120,536
Inter-segment revenues	-	41	(41)	-
Total revenues	<u>1,073,522</u>	<u>47,055</u>	<u>(41)</u>	<u>1,120,536</u>
Results				
Segment's results	<u>80,546</u>	<u>3,458</u>	<u>-</u>	84,004
Financing expenses, net				(74,378)
Share of income of equity-accounted investee companies				517
Income taxes				<u>2,609</u>
Net income for the period attributable to the owners of the Company				<u>12,752</u>

For the year ended December 31, 2023 (Audited) (\$ thousands)				
<u>Item</u>	<u>Crop protection</u>	<u>Intermediates and ingredients</u>	<u>Reconciliations</u>	<u>Consolidated</u>
Statement of income information:				
Revenues:				
External revenues	4,011,392	180,445	-	4,191,837
Inter-segment revenues	-	164	(164)	-
Total revenues	<u>4,011,392</u>	<u>180,609</u>	<u>(164)</u>	<u>4,191,837</u>
Results:				
Segment's results	<u>89,263</u>	<u>7,376</u>	<u>-</u>	96,639
Financing expenses, net				(328,521)
Share of income of equity-accounted investee companies, net				908
Income taxes				<u>(11,027)</u>
Net loss for the year attributable to the owners of the Company				<u>(242,001)</u>

Adama Agricultural Solutions Ltd.
Notes to the Financial Statements as at March 31, 2022 (Unaudited)

Note 4 - Operating Segments (Cont.)

B. Sales distribution by geographic regions

Below is a breakdown of sales by geographical segments based on location of customers (sales target - \$ thousands).

	For the Three-month period ended March 31 2 0 2 4	For the Three-month period ended March 31 2 0 2 3	For the Year ended December 31 2 0 2 3
<u>Item</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
Europe, Africa & Middle East	336,333	394,486	1,104,061
Asia Pacific	199,371	248,906	862,410
Latin America	190,855	233,130	1,291,757
North America	188,938	208,566	813,013
Israel	29,886	35,448	120,596
Total	<u>945,383</u>	<u>1,120,536</u>	<u>4,191,837</u>

Adama Agricultural Solutions Ltd.
Notes to the Financial Statements as at March 31, 2022 (Unaudited)

Note 5 - Financial Instruments

Fair value:

The fair value of forward contracts on foreign currency is based on their listed market price, if available. In the absence of market prices, the fair value is estimated based on the discounted difference between the stated forward price in the contract and the current forward price for the residual period until redemption, using an appropriate interest rate.

The fair value of foreign currency options is based on bank quotes. The reasonableness of the quotes is evaluated through discounting future cash flow estimates, based on the conditions and duration to maturity of each contract, using the market interest rates of a similar instrument at the measurement date and in accordance with the Black & Scholes model.

(1) Financial instruments measured at fair value for disclosure purposes only:

The carrying amount of certain financial assets and liabilities, including cash and cash equivalents, trade receivables, other receivables, other short-term investments, derivatives, bank overdrafts, short-term loans and credit, trade payables and other payables, are the same or proximate to their fair value.

The following table details the carrying amount in the books and fair value of groups of non-current financial instruments presented in the financial statements not in accordance with their fair value (\$ thousands):

<u>Item</u>	<u>March 31, 2024 Carrying value Unaudited</u>	<u>March 31, 2024 Fair value Unaudited</u>	<u>March 31, 2023 Carrying value Unaudited</u>	<u>March 31, 2023 Fair value Unaudited</u>	<u>December 31, 2023 Carrying value Audited</u>	<u>December 31, 2023 Fair value Audited</u>
Financial assets:						
Long-term loans and other receivables (a)	<u>24,160</u>	<u>23,526</u>	<u>12,695</u>	<u>10,773</u>	<u>15,074</u>	<u>13,260</u>
Financial liabilities:						
Long-term loans and other liabilities (b)	<u>872,497</u>	<u>835,906</u>	<u>627,744</u>	<u>578,187</u>	<u>813,272</u>	<u>771,799</u>
Debentures (c)	<u>1,045,691</u>	<u>1,195,291</u>	<u>1,119,089</u>	<u>1,285,928</u>	<u>1,058,362</u>	<u>1,203,100</u>

(a) The fair value of the long-term loans granted is based on a calculation of the present value of cash flows, using the acceptable interest rate for similar loans having similar characteristics (Level 2).

(b) The fair value of the long-term liabilities is based on a calculation of the present value of cash flows, using the acceptable interest rate for similar liabilities having similar characteristics (Level 2).

(c) The fair value of the debentures is based on stock exchange quotes (Level 1).

Adama Agricultural Solutions Ltd.
Notes to the Financial Statements as at March 31, 2022 (Unaudited)

Note 5 - Financial Instruments (cont.)

(2) Fair value hierarchy of financial instruments measured at fair value:

The table below presents an analysis of financial instruments measured at fair value, measured by valuation method. The various levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in an active market for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3: Inputs that is not based on observable market data (unobservable inputs).

The Company's financial instruments carried at fair value are evaluated by observable inputs and therefore are concurrent with the definition of Level 2.

<u>Item</u>	<u>March 31 2 0 2 4 (Unaudited)</u>	<u>March 31 2 0 2 3 (Unaudited)</u>	<u>December 31 2 0 2 3 (Audited)</u>
Derivatives used for hedging the cash flow:			
Forward contracts and options	2,111	(8,169)	(86)
Derivatives used for economic hedging:			
Forward contracts and options	(29,811)	(33,025)	34,303
Short term investment	264	249	270
Long term investment	22,786	27,922	22,469

Note 6 - Additional Information

- A.** ADAMA is headquartered in Israel and has three manufacturing sites in the country. Following October 7, 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 have a material impact on the Company's ability to support its markets or on ADAMA's consolidated financial results.

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 Asia-Pacific Israel route in comparison to before January 2024. These cost increases impact only a small portion of the Company's overall shipping costs and the Company has been ordering relevant materials ahead of time to ensure timely supply. 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, although this situation might impact the company's ability to respond quickly to changing market demand.

- B.** The Group is in the process of assessing its exposure to Pillar Two, which has been enacted in various jurisdictions from 2024 onwards. The Group is closely monitoring the legislative developments in each jurisdiction in which it operates.

The impact of any Pillar Two top-up taxes is currently assessed as not material.



ADAMA

אדמה פתרונות לחקלאות בע"מ
ADAMA Agricultural Solutions Ltd.

Chapter C

Report Regarding the Effectiveness of the Internal Auditing of Financial Reporting and Disclosure

Periodic report regarding the effectiveness of the internal auditing of financial reporting and disclosure according to Regulation 38C(a):

The Management, under the supervision of the Board of Directors of ADAMA Agricultural Solutions Ltd. (hereafter: the “**Corporation**”) is responsible for determining and maintaining appropriate internal auditing of financial reporting and of disclosure in the Corporation.

In this matter, the members of the Management are the following:

- Steve Hawkins, Chairman of the Board, President and CEO
- Efrat Nagar, EVP, CFO
- Elad Shabtai, EVP, Formulation Supply
- Bruce Morris, EVP, AI Production
- Florian Wagner, EVP, Portfolio & Innovation
- Ruthie Zeltzer, EVP, People
- An Liru, EVP, China

The internal auditing of financial reporting and disclosure includes the existing controls and procedures in the Corporation, which were designed by the Chief Executive Officer and the senior corporate financial officer or under their supervision, or by the individual who in practice executes these functions, under the supervision of the Corporation's Board of Directors and which are intended to provide a reasonable confidence regarding the reliability of financial reporting and preparation of the reports according to the instructions of the law, and to ensure that the information the Corporation is required to disclose in the reports that it publishes according to the instructions of the law is collected, processed, summarized and reported on the dates and in the format dictated by law.

The internal auditing includes, inter alia, audits and procedures that were designated to ensure that said information the Corporation is required to disclose was accumulated and submitted to the Corporation's Management, including the Chief Executive Officer and the senior corporate financial officer or the individual who in practice fulfills these functions, so as to facilitate decision making at the appropriate time, with regard to the disclosure requirements.

Due to its structural constraints, internal auditing of financial reporting and disclosure is not intended to fully guarantee that a biased presentation or the omission of information in the reports will be avoided or discovered.

In the annual report on the effectiveness of the internal auditing of the financial reports and disclosure which was attached to the periodic report for the period ended on December 31, 2023 (hereinafter: the “**Last Annual Report on Internal Auditing**”), the Board of Directors and the Management of the Corporation have assessed the internal auditing of the Corporation. Based on such assessment, the Board of Directors and the Management of the Corporation have concluded that the internal auditing as of December 31, 2023 was found to be effective.

Up to the date of the report, the Board of Directors and the Management were not made aware of any event or matter that would have changed their assessment of the effectiveness of internal auditing, as it was presented in the Last Annual Report on Internal Auditing.

As of the date of the report and based on the assessment of the effectiveness of the internal auditing in the Last Annual Report on Internal Auditing and on the information brought to the attention of the Management and the Board of Directors as mentioned above, the internal auditing is effective.

Officers' Certification
Certification of CEO according to Regulation 38C(d)(1)

I, Steve Hawkins, affirm that:

1. I have reviewed the quarterly reports of ADAMA Agricultural Solutions Ltd. (hereinafter: the "**Corporation**") for the first quarter of 2024 (hereinafter: the "**Reports**").
2. Based on my knowledge, the Reports do not contain any untrue statement of a material fact or omit a material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, misleading with respect to the period covered by the Reports.
3. Based on my knowledge, the financial statements and other financial information included in the Reports, fairly present in all material respects, the financial condition, results of operations and cash flows of the Corporation as of the dates and for the periods presented in the reports.
4. Based on my most recent evaluation regarding internal control over financial reporting and disclosure, I have disclosed to the Corporation's Auditors, Board of Directors and the Corporation's Audit Committee and Financial Statements Committee:
 - a. All significant deficiencies and material weaknesses in the establishment or operation of internal control over financial reporting and disclosure, which may reasonably adversely affect the Corporation's ability to collect, process, summarize or report financial data so as to cast doubt on the reliability of financial report and the preparation of financial statements in accordance with law; and -
 - b. Any fraud, whether or not material, that involves the CEO or anyone directly subordinated to the CEO or that involves other employees who have a significant role in internal control over financial reporting and disclosure.
5. I, alone or together with others in the Corporation, state that:
 - a. Have established such controls and procedures, or I have confirmed the establishment and existence of such controls and procedures to under my supervision, so as to ensure that material information relating to the Corporation, including its consolidated corporations as defined in the Securities Regulations (Annual Financial Statements) 5770-2010, is made known to me by others in the Corporation and the consolidated corporations, particularly during the course of the period wherein the Reports are being prepared; and
 - b. Have established such controls and procedures, or I have confirmed the establishing and existence of such controls and procedures under my supervision, so as to ensure reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with the law, including in accordance with generally accepted accounting principles; and
 - c. No event or matter which occurred during the period between the date of the last report (quarterly or periodic, as the case may be) and the date of this report has been brought to my attention that would change the conclusion of the Board of Directors and the Management with respect to the effectiveness of the internal auditing of the Corporation's financial reporting and disclosure.

Nothing in the aforesaid derogates from my responsibility or from the responsibility of any other individual under the law.

Date: 25.4.2024

Steve Hawkins
Chairman of the Board,
President and CEO

Officers' Certification
Certification of Chief Financial Officer according to Regulation 38C(d)(2)

I, Efrat Nagar, affirm that:

1. I have reviewed the interim financial statements and other financial information included in the interim period reports of ADAMA Agricultural Solutions Ltd. (hereinafter: the "**Corporation**") for the first quarter of 2024 (hereinafter: the "**Reports**" or the "**Interim Period Reports**").
2. Based on my knowledge, the interim financial statements and other financial information included in the Interim Period Reports do not contain any untrue statement of a material fact nor do they omit a material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, misleading with respect to the period covered by the reports.
3. Based on my knowledge, the interim financial statements and other financial information included in the Interim Period Reports, fairly present in all material respects, the financial condition, results of operations and cash flows of the Corporation as of the dates and for the periods presented in the reports.
4. Based on my most recent evaluation regarding internal control over financial reporting and disclosure, I have disclosed to the Corporation's Auditors, Board of Directors and the Corporation's Audit Committee and Financial Statements Committee:
 - a. All significant deficiencies and material weaknesses in the establishment or operation of internal control over financial reporting and disclosure insofar as such refers to the Interim Period Reports and the other financial information recorded therein, which may reasonably adversely affect the Corporation's ability to collect, process, summarize or report financial data so as to cast doubt on the reliability of financial report and the preparation of financial statements in accordance with law; and
 - b. Any fraud, whether or not material, that involves the CEO or anyone directly subordinated to the CEO or that involves other employees who have a significant role in internal control over financial reporting and disclosure.
5. I, alone or together with others in the Corporation:
 - a. Have established such controls and procedures, or have confirmed the establishment and existence of such controls and procedures to be designed under our supervision, so as to ensure that material information relating to the Corporation, including its consolidated corporations as defined in the Securities Regulation (Annual Financial Statements) 5770 - 2010, is made known to me by others in the Corporation and the consolidated corporations, particularly during the course of the period wherein the Reports are being prepared; and
 - b. Have established such controls and procedures, or confirmed the establishment and existence of such controls and procedures under my supervision, so as to ensure reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with the law, including in accordance with generally accepted accounting principles; and
 - c. No event or matter has been brought to my attention which occurred during the course of the period between the date of the last report (quarterly or periodic, as the case may be) and the date of this report that relates to the interim financial statements and any other financial information that is included in the interim period reports, that would change the conclusion of the Board of Directors and the Management with respect to the effectiveness of the internal auditing of the Corporation's financial reporting and disclosure.

Nothing in the aforesaid derogates from my responsibility or from the responsibility of any other individual under the law.

Date: 25.4.2024

Efrat Nagar
EVP, CFO