

ADAMA Ltd.

Asset Impairment Announcement

The Company and all members of its Board of Directors confirm that all the information disclosed herein is true, accurate, and complete with no false or misleading statement or material omission.

In accordance with the Accounting Standards for Business Enterprises, ADAMA Ltd. (hereinafter referred to as the "Company"), is expected to record a total of RMB 962 million (\$135 million) for the year of 2024 in provisions for asset and credit loss impairments. It includes the impairments for the first nine months of 2024 the Company disclosed on October 31, 2024 at www.cninfo.com.cn (Announcement No. 2024-48). These provisions are mainly related to one-time impairments of some fixed assets and intangible assets, impairment of inventories and credit loss impairment of accounts receivables made during the ordinary course of the Company's business, as provided herein.

Overview and Financial Impact of Provision for the Asset Impairments

During the year, the Company is expected to record provisions for asset and credit loss impairments based on "Accounting Standards for Business Enterprises" and the Company's own applicable accounting policies.

These provisions, charged to the total profits of the Company during the year, are expected amounting to RMB 962 million (\$135 million).

Further details of the impairments are as follows:

Unit: '000 RMB

Item	Amount
Fixed assets	538,671
Inventories	162,788
Intangible assets	161,125
Credit losses	99,713
Total Asset impairments	962,297

Basis and Explanation for Impairment of Fixed Assets

The Company assess at each balance sheet date whether there are any indications that the fixed assets may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets (recoverable amount is the higher between the assets' fair value less costs to sell and the present value of the future cash flow estimated to be derived from the asset). If the recoverable amount is below the

assets' net cost recorded in the balance sheet, a provision for impairment is made.

In 2024, the Company is expected to provide impairments of around RMB 539 million (\$75 million) to fixed assets mainly relating to production lines with lower operational efficiency, as part of the Fight Forward plan.

Basis and Explanation for Impairment of Inventories

Inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes.

Inventory impairments are expected to reach approximately RMB 163 million (\$23 million) for the full year 2024. The impairments were made mainly due to inventory management aspects such as inventory expiration during the ordinary course of the Company's business.

Basis and Explanation for Impairment of Intangible Assets

The Company assesses at each balance sheet date whether there is any indication that the intangible assets with a finite useful life may be impaired, and if such indication exists, the Company calculates the recoverable amount of the asset. When the recoverable amount of an asset is less than its carrying amount, an impairment loss is expected to be recognized to reduce the carrying amount to the recoverable amount.

Impairment of intangible assets amounting to around RMB 161 million (\$23 million) is expected to be provided for 2024. This is mainly due to the management's strategic decision to stop investing in the registrations related to products with low return on investment, and hence to focus on the quality of business to achieve a better sales mix of higher margin products.

Basis and Explanation for Credit Impairment Losses and Reversals

The Company recognizes an impairment provision which reflects its assessment regarding the credit risk of accounts and other receivables on a lifetime expected credit loss basis. The examination for expected credit losses is performed using a model including aging analysis and historical loss experience, and is adjusted taking into account observable factors reflecting current and expected future economic conditions. If there is objective evidence of a recovery in the value of receivables which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

The credit impairment losses provided for the year is expected to be around RMB 100 million (\$14 million). Most of the impairment made was related to the accounts receivables in Brazil which was provided based on the evaluation of the current and future financial position of the local customers.

Explanation on the Reasonableness of Asset Impairments

The aforementioned provisions were mainly due to impairments of some fixed assets and intangible assets, inventories and credit loss impairments of accounts receivables made during the ordinary course of the Company's business.

Based on the current status of the assets, these impairments, some of which non-recurring, serve to correctly present the balance sheet of the Company, truly and fairly reflects the company's financial situation, asset value and operating results, while meeting requirements of accounting standards and related policies.

Other Explanations

The expected provisions for asset impairment is the result of the preliminary calculation of the financial department of the Company, without the audit of the accounting firm. Please refer to the audited 2024 Annual Report of the Company for final financial data. Investors are kindly reminded to pay attention to investment risks.

It's hereby announced.

Board of Directors
ADAMA LTD.
January 23, 2025