

ADAMA Ltd.

Announcement on Expected Derivatives Transactions for Hedging

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

Important Notes:

- In order to offset the impact of foreign exchange rate and CPI fluctuations on the Company's financial indicators, the Company expects to conduct derivatives transactions for hedging. The derivatives transactions of the Company are for the purpose of hedging only and will match the size and term of the accounting exposure and economic exposure of the Company.
- All the Company's hedging transactions are through banks in certain countries where the Company is present. The hedging tools include (inter alia) Forwards, Swaps, Loans and Deposits, Options, Exotic Options, and Options Strategies (including sell and buys).
- The Company expects that the maximum outstanding contract value of derivatives transactions on any single trading day from the date of its approval at the 2024 Annual Shareholder Meeting till the next annual shareholder meeting (validity duration) should not exceed USD 5 billion. The transaction limits shall be valid and can be recycled within the validity duration.
- The 10th Meeting of the 10th session of the Board of Directors of the Company and the 1st Specialized Meeting of Independent Directors in 2025 considered and approved the Proposal on the Expected Derivatives Transactions for Hedging. In accordance with the provisions of the Articles of Association and relevant laws and regulations, the proposal is yet to be submitted to the shareholder meeting for consideration.
- Hedging transactions have market, liquidity and performance risks, etc. Investors are reminded to pay attention to investment risks.

On March 12th, 2025, the 10th Meeting of the 10th session of the Board of Directors of ADAMA Ltd.

(hereinafter referred to as “the Company”) considered and approved the Proposal on Expected Derivatives Transactions for Hedging, as follows,

I. Overview of the Transactions

1. Purpose

The Company and its subsidiaries (hereinafter combined as “the Company”) conducts crop protection business in dozens of countries globally, with direct presence in all Top-20 markets. In many countries, the business is settled in local currencies while the relevant local subsidiaries are nominated in USD. In addition, one of the Company’s major subsidiaries issued corporate bonds denominated in Israeli Shekel and linked to Israeli CPI. Given the global nature of its operational activities and the composition of its assets and liabilities, the Company, in the ordinary course of its business, uses derivatives to hedge mainly two exposures related to foreign exchange rates and CPI,

- Accounting Exposure----the currency exposure arising from currency exchange rate fluctuation effect on the value of monetary assets and liabilities in the balance sheet which are denominated to currencies that are different from the reporting currency or indexed to the CPI of the applicable subsidiaries nominated in USD.
- Economic Exposure----the business exposure to changes in profit or loss arising from future income and expenses that is in different currencies than the reporting currency of the applicable subsidiaries, and which were not recorded in the accounting system (such as due to signed contract, binding offers, open orders, work plan, acquisitions and investments).

All the derivatives transactions of the Company are for the purpose of hedging only. They match the size and terms of the accounting and economic exposure of the Company.

2. Expected Hedging Transactions

Based on 2025 Work Plan, the Company expects that the maximum outstanding contract value of derivatives transactions on any single trading day in 2025 (since the approval at 2024 Annual Shareholder Meeting till the next annual shareholder meeting) held by the Company shall not exceed USD 5 billion. The transaction amount (including the proceeds of the aforesaid transactions used to trade again) at any point during this period shall not exceed the above approved estimation.

The expected trading margin ratio for derivatives business shall not exceed 2.5% of the maximum contract value (including the value of collateral provided for the transaction, the credit line of the financial institution expected to be occupied, and the margin reserved for contingency measures).

3. Location and tools

Since the Company's global business involves settlement of many local currencies and is thus exposed to foreign exchange rates of various local currencies vs. USD, it conducts hedging transactions through qualified well-known banks in certain countries where relevant.

The derivatives to be used in hedging transactions include,

- High effective tools – including (inter alia) Forwards, Swaps, Loans and deposits.
- Low effective tools – including (inter alia) Options, Exotic options, Options strategies (includes sell and buys).

4. Duration

The authorization shall be valid from the date of its approval at the 2024 Annual Shareholders' Meeting till the next annual shareholders' meeting and can be recycled within the valid period.

5. Funding Source

The Company utilizes its own funds for hedging transactions and does not involve raised funds through equity placement.

II. Deliberation Procedures

On March 12th, 2025, the 10th Meeting of the 10th session of the Board of Directors of the Company considered and approved the Proposal on Expected Derivatives Transactions for Hedging. It had been approved by the 1st Specialized Meeting of Independent Directors in 2025.

In accordance with the provisions of the Articles of Association and relevant laws and regulations, this proposal is yet to be submitted to the shareholder meeting for consideration and approval. The Board of Directors seeks the shareholder meeting to authorize the management of the Company and their authorized persons to execute the matter of derivatives hedging transactions, including signing relevant agreements and documents. The transactions do not constitute related-party transactions and there is no need to go through procedures for related-party transactions.

III. Risk Analysis and Control Measures

i. Risk Analysis

1. Market risks: The current domestic and international political and economic situation, which has been complicated and volatile with ongoing geopolitical conflicts escalating, may cause drastic fluctuations in exchange rates and consumer price index and result in significant increase in the Company's hedging costs and consequently, potential losses.

2. Credit risks of default by customers: the Company's sales to customers worldwide usually involve customer credit as is customary in each market. A portion of these credit lines is insured, while the remainder are exposed to risk, particularly during economic slowdowns in the relevant markets. Any overdue accounts receivable from customers, or failure of money collection within the forecasted payback period may affect the Company's cash flow and result in the actual cash flow incurred not being able to fully match the term or amount of the foreign exchange derivatives business that has been operated.
3. Liquidity risks: as the derivatives transactions are carried out with banks based on the Company and its relevant subsidiaries' collection and payment in foreign currency as well as assets and liabilities in local and foreign currencies. Such transactions do not take up the available funds, but there is the risk of having to pay spreads to the banks due to losses on closing out and chopping down positions for various reasons.
4. Risks of contract fulfillment: The counterparties of the Company's futures and derivatives trading are banks with good credit and long-term business relationship, so the occurrence of such risk is relatively low.
5. Legal risks: Changes to relevant laws or violation of relevant laws by the counterparties may result in improper execution of contracts and bring losses to the Company.

ii. Risk Control Measures

1. The Company has formulated *the Derivatives Hedging Management Policy* as an internal control system for managing foreign exchange and index risk hedging, which clearly stipulates the principles, approval authority, operating institutions and processes as well as risk control procedures of the derivatives transactions, to ensure a comprehensive supervision over each link from pre-emptive prevention, in-process monitoring to post-processing.
2. The Company conducts derivatives transactions with large domestic and overseas commercial banks with compliant qualifications and good credibility, strictly follows the laws and regulations in the relevant fields in each country to avoid possible legal risks and fully takes into account settlement, liquidity and FX volatility related to the transactions.
3. The Company and its relevant subsidiaries follow up and evaluate their derivatives portfolio and transactions in a timely manner through weekly, monthly and quarterly meetings; any significant change in the market or significant floating losses, whenever it occurs, will be timely reported to the Company's management team and to the Board of Directors as appropriate, so as to activate a contingency mechanism to respond and handle the situation appropriately.
4. Conducting transactions shall be based, among other things, on an external expert (or other

system) theoretical pricing and/or banks/brokers quotes, as the case may be.

5. The financial department shall keep the records and documentation with respect to the process and transactions.

6. The internal audit department of the Company is the supervisory institution for its derivatives transactions and is responsible for monitoring and checking the compliance of both the Company and its subsidiaries in the decision-making, management and execution of relevant transactions.

IV. Relevant Accounting Treatment

The Company should account for and disclose the derivatives transactions according to Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, No. 24 – Accounting for Hedging, No. 37 – Presentation of Financial Instruments, and No. 39 - Fair Value Measurement, and relevant regulations and their guidelines.

V. Documents for Future Reference

1. Resolutions of the Board of Directors;
2. Feasibility Analysis Report on Derivatives Hedging Transactions;
3. Derivatives Hedging Management Policy;
4. Emergency Plan for Derivatives Hedging Transactions.

Board of Directors of ADAMA Ltd.

March 14, 2025