

## 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 548 million (\$77 million) for the year of 2025 in provisions for asset and credit loss impairments. These provisions are mainly related to one-time impairments of some fixed 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 548 million (\$77 million).

Further details of the impairments are as follows:

Unit: '000 RMB

Item	Amount
Fixed assets	247,015
Inventories	159,054
Credit losses	115,546
Intangible assets	15,867
Construction in progress	11,002
<b>Total Asset impairments</b>	<b>548,484</b>

#### 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 2025, the Company is expected to provide impairments of around RMB 247 million (\$35 million) to fixed assets with lower operational efficiency, as part of the Fight Forward plan. This is due to the Company's strategic direction to enhance operational efficiency and focus on high-performing facilities. The impairment is made based on the evaluation of the assets' net book value and recoverable amount.

#### 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 159 million (\$22 million) for the full year 2025. This is attributable to the fact that some of the defective inventories could not be reprocessed because certain facilities are closing as part of the Fight Forward Plan in order to improve operational efficiency. Other reasons of the impairments were mainly due to inventory management aspects during the ordinary course of the Company's business.

#### Basis and Explanation for Credit Impairment Losses

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 are expected to be around RMB 116 million (\$16 million). The expected credit losses are mainly due to liquidity issues of some local customers in certain countries, which are provided based on the evaluation of the current and future financial position of the local customers.

#### 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, mainly related to product registrations, amounting to around RMB 16 million (\$2.2 million) is expected to be provided for 2025.

#### **Basis and Explanation for Impairment of Construction in Progress**

The Company assess at each balance sheet date whether there are any indications that the construction in progress 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 2025, the Company is expected to make impairments of around RMB 11 million (\$1.6 million) on construction in progress.

#### **Explanation on the Reasonableness of Asset Impairments**

The aforementioned provisions were mainly due to impairments of some fixed 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 2025 Annual Report of the Company for final financial data. Investors are kindly reminded to pay attention to investment risks.

#### **Approval Process for the Provision of Asset Impairments**

According to the Company's internal approval procedures, the above-mentioned major impairment of fixed assets and inventories, as part of the Fight Forward Plan, was approved by the Company's global senior management, with the calculation of the recoverable amount of the assets performed by the finance team of the related subsidiaries and review done by the global finance team.

Other impairments, were identified, calculated and approved locally by respective subsidiaries and reviewed by the relevant global teams.

It's hereby announced.

Board of Directors

**ADAMA LTD.**

January 30, 2026