

## Syngenta AG

### Interim Condensed Consolidated Financial Statements

The following condensed consolidated financial statements and notes thereto have been prepared in accordance with IAS 34, "Interim Financial Reporting", as disclosed in Note 1 below. They do not contain all of the information which International Financial Reporting Standards (IFRS) would require for a complete set of financial statements and should be read in conjunction with the annual consolidated financial statements.

### Condensed Consolidated Income Statement

for the six months ended June 30,

(\$m)	Notes	2021	2020
<b>Sales</b>	<b>5</b>	<b>8,398</b>	<b>7,097</b>
Cost of goods sold		(4,743)	(3,909)
<b>Gross profit</b>		<b>3,655</b>	<b>3,188</b>
Marketing and distribution		(1,131)	(1,068)
Research and development		(539)	(453)
General and administrative:			
Restructuring	6	(69)	(78)
Other general and administrative		(587)	(333)
<b>Operating income</b>		<b>1,329</b>	<b>1,256</b>
(Loss)/income from associates and joint ventures		(3)	1
Financial expense, net		(219)	(244)
<b>Income before taxes</b>		<b>1,107</b>	<b>1,013</b>
Income tax expense	7	(171)	(155)
<b>Net income</b>		<b>936</b>	<b>858</b>
Attributable to:			
Syngenta AG shareholder		934	855
Non-controlling interests		2	3
<b>Net income</b>		<b>936</b>	<b>858</b>

All activities were in respect of continuing operations.

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30,

(\$m)	2021	2020
<b>Net income</b>	<b>936</b>	<b>858</b>
<b>Components of other comprehensive income/(loss) (OCI)</b>		
Items that will not be reclassified to profit or loss:		
Losses on equity investments at fair value through OCI	(12)	(10)
Actuarial gains/(losses) of defined benefit post-employment plans	313	(197)
Income tax relating to items that will not be reclassified to profit or loss	(28)	33
	273	(174)
Items that may be reclassified subsequently to profit or loss:		
Unrealized losses on derivatives designated as cash flow and net investment hedges and related hedging costs	(73)	(129)
Currency translation effects	54	(548)
Income tax relating to items that may be reclassified subsequently to profit or loss	6	(42)
	(13)	(719)
<b>Total OCI</b>	<b>260</b>	<b>(893)</b>
<b>Total comprehensive income/(loss)</b>	<b>1,196</b>	<b>(35)</b>
Attributable to:		
Syngenta AG shareholder	1,193	(36)
Non-controlling interests	3	1
<b>Total comprehensive income/(loss)</b>	<b>1,196</b>	<b>(35)</b>

All activities were in respect of continuing operations.

During the six months ended June 30, 2021, in respect of cash flow hedges, losses of \$73 million (2020: \$119 million) were recognized in OCI and gains of \$nil (2020: \$10 million) were reclassified from OCI to profit and loss. Income tax of \$6 million was credited to OCI (2020: \$14 million) in respect of these movements.

## Condensed Consolidated Balance Sheet

(\$m)	Notes	June 30, 2021	June 30, 2020 <sup>1</sup>	December 31, 2020
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents		1,753	1,606	2,517
Trade receivables	11	6,059	5,286	4,314
Other accounts receivable		645	563	661
Inventories		5,350	5,047	5,434
Derivative and other financial assets	11	419	592	381
Other current assets		527	354	407
Income taxes recoverable		127	101	88
<b>Total current assets</b>		<b>14,880</b>	<b>13,549</b>	<b>13,802</b>
<b>Non-current assets:</b>				
Property, plant and equipment		3,653	3,161	3,691
Right-of-use assets		398	402	395
Intangible assets		5,121	4,108	5,127
Deferred tax assets		1,334	1,144	1,306
Financial and other non-current assets	11	861	577	794
Investments in associates and joint ventures		166	144	168
<b>Total non-current assets</b>		<b>11,533</b>	<b>9,536</b>	<b>11,481</b>
<b>Total assets</b>		<b>26,413</b>	<b>23,085</b>	<b>25,283</b>
<b>Liabilities and equity</b>				
<b>Current liabilities:</b>				
Trade accounts payable		(5,593)	(4,610)	(4,654)
Contract liabilities		(627)	(365)	(790)
Current financial debt and other financial liabilities	11	(2,852)	(1,957)	(2,934)
Income taxes payable		(708)	(623)	(665)
Other current liabilities		(866)	(739)	(1,041)
Provisions		(337)	(168)	(162)
<b>Total current liabilities</b>		<b>(10,983)</b>	<b>(8,462)</b>	<b>(10,246)</b>
<b>Non-current liabilities:</b>				
Financial debt and other non-current liabilities	10, 11	(8,054)	(8,469)	(8,654)
Deferred tax liabilities		(1,011)	(756)	(989)
Provisions		(672)	(970)	(904)
<b>Total non-current liabilities</b>		<b>(9,737)</b>	<b>(10,195)</b>	<b>(10,547)</b>
<b>Total liabilities</b>		<b>(20,720)</b>	<b>(18,657)</b>	<b>(20,793)</b>
<b>Shareholder's equity:</b>				
Total shareholder's equity		(5,634)	(4,353)	(4,434)
Non-controlling interests		(59)	(75)	(56)
<b>Total equity</b>		<b>(5,693)</b>	<b>(4,428)</b>	<b>(4,490)</b>
<b>Total liabilities and equity</b>		<b>(26,413)</b>	<b>(23,085)</b>	<b>(25,283)</b>

<sup>1</sup> In the June 30, 2020 condensed consolidated balance sheet, both Derivative and other financial assets and Current financial debt and other financial liabilities have been decreased by \$275 million to correctly net the presentation of intercompany current derivative assets and liabilities, which had previously been shown on a gross basis.

## Condensed Consolidated Cash Flow Statement

For the six months ended June 30,

(\$m)	Notes	2021	2020
<b>Income before taxes</b>		<b>1,107</b>	<b>1,013</b>
Reversal of non-cash and other reconciling items	8	816	629
<b>Cash (paid)/received in respect of:</b>			
Interest and other financial receipts		41	86
Interest and other financial payments		(321)	(421)
Income taxes		(190)	(103)
Restructuring costs		(18)	(15)
Contributions to pension plans, excluding restructuring costs		(67)	(62)
Other provisions		(14)	(14)
<b>Operating cash flow before change in net working capital</b>		<b>1,354</b>	<b>1,113</b>
<b>Change in net working capital:</b>			
Change in inventories		46	(219)
Change in trade and other working capital assets		(1,848)	(1,209)
Change in trade and other working capital liabilities		641	370
<b>Cash flow from operating activities</b>		<b>193</b>	<b>55</b>
Additions to property, plant and equipment		(214)	(177)
Purchases of intangible assets, investments in associates and other financial assets		(273)	(205)
Proceeds from disposals of non-current assets	4	209	41
Acquisitions and divestments, net	4	(322)	(3)
<b>Cash flow used for investing activities</b>		<b>(600)</b>	<b>(344)</b>
Proceeds from increase in third party interest-bearing debt		990	1,659
Repayments of third party interest-bearing debt		(1,339)	(1,650)
<b>Cash flow (used for)/from financing activities</b>		<b>(349)</b>	<b>9</b>
Net effect of currency translation on cash and cash equivalents		(8)	(47)
<b>Net change in cash and cash equivalents</b>		<b>(764)</b>	<b>(327)</b>
Cash and cash equivalents at the beginning of the period		2,517	1,933
<b>Cash and cash equivalents at the end of the period</b>		<b>1,753</b>	<b>1,606</b>

## Condensed Consolidated Statement of Changes in Equity

### Attributable to Syngenta AG shareholder

(\$m)	Par value of ordinary shares	Additional paid-in capital	Fair value reserves	Cumulative translation adjustment	Retained earnings	Total shareholder's equity	Non-controlling interests	Total equity
<b>January 1, 2020</b>	<b>6</b>	<b>3,416</b>	<b>(11)</b>	<b>(1,796)</b>	<b>2,782</b>	<b>4,397</b>	<b>74</b>	<b>4,471</b>
Net income	-	-	-	-	855	855	3	858
OCI	-	-	(123)	(602)	(166)	(891)	(2)	(893)
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>(123)</b>	<b>(602)</b>	<b>689</b>	<b>(36)</b>	<b>1</b>	<b>(35)</b>
Other	-	-	(8)	-	-	(8)	-	(8)
<b>June 30, 2020</b>	<b>6</b>	<b>3,416</b>	<b>(142)</b>	<b>(2,398)</b>	<b>3,471</b>	<b>4,353</b>	<b>75</b>	<b>4,428</b>
<b>January 1, 2021</b>	<b>6</b>	<b>3,416</b>	<b>(89)</b>	<b>(2,326)</b>	<b>3,427</b>	<b>4,434</b>	<b>56</b>	<b>4,490</b>
Net income	-	-	-	-	934	934	2	936
OCI	-	-	(76)	53	282	259	1	260
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(76)</b>	<b>53</b>	<b>1,216</b>	<b>1,193</b>	<b>3</b>	<b>1,196</b>
Other	-	-	9	-	(2)	7	-	7
<b>June 30, 2021</b>	<b>6</b>	<b>3,416</b>	<b>(156)</b>	<b>(2,273)</b>	<b>4,641</b>	<b>5,634</b>	<b>59</b>	<b>5,693</b>

## **Note 1: Basis of preparation**

**Nature of operations:** The Syngenta AG group (“Syngenta”) is a world leading agribusiness operating in the crop protection, seeds, professional solutions and flowers markets. Crop protection chemicals include herbicides, insecticides, fungicides and seed treatments to control weeds, insects and diseases in crops, and are essential inputs enabling growers around the world to improve agricultural productivity and food quality. In Seeds, Syngenta operates in the high value commercial sectors of field crops (including corn, oilseeds and cereals) and vegetables. The Professional Solutions business provides turf and landscape and professional pest management products, and the Flowers business provides flower seeds, cuttings and young plants, to professional growers and consumers.

**Basis of presentation and accounting policies:** The condensed consolidated financial statements for the six months ended June 30, 2021 and 2020 incorporate the financial statements of Syngenta AG and of all of its subsidiaries. They have been prepared in accordance with IAS 34, “Interim Financial Reporting” and with the accounting policies described in Notes 2 and 26 to Syngenta’s 2020 annual consolidated financial statements. Syngenta prepared its annual consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The condensed consolidated financial statements were authorized for issue by the Board of Directors on August 23, 2021.

The condensed consolidated financial statements are presented in United States dollars (\$) as this is the major currency in which revenues are denominated. Financial figures are presented in millions of dollars (\$m) except where otherwise stated.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

**Significant changes in the current reporting period:** The coronavirus disease (“COVID-19”) has continued to impact the global economy with measures implemented by governments around the world to restrict the spread of the pandemic still in place in many countries. Syngenta is managing the impacts of COVID-19 through management teams at global, regional, country and site levels. To date, there have not been significant disruptions to supply and mitigation plans are in place to manage potential risks to supply chains. During March 2020, remote working was implemented where possible and non-critical business travel restricted. These measures largely remain in place and have not significantly affected Syngenta’s ability to maintain business operations.

Syngenta regularly monitors the economic uncertainty impacting global markets, including currency values and commodity prices and has not identified any risks that could materially impact its financial position as at June 30, 2021. COVID-19 has not resulted in significant adjustments to carrying amounts of assets and liabilities or revisions to critical accounting estimates.

## **Note 2: Seasonality of operations**

The timing of Syngenta's sales, profit and cash flows throughout the year is influenced by seasonal factors. Operating in the agriculture sector, sales of Syngenta's products principally occur before and during the growing season. The northern hemisphere has a spring growing season and more sales occur and profit is earned during the first half of the year than in the second half. Collections of trade receivables from customers in these northern hemisphere markets largely occur during the second half of the year. In the southern hemisphere more sales occur and profit is earned during the first and last quarters of the year and because these southern hemisphere markets tend to have longer collection terms, collections also largely occur during the second half of the year. As a result of these seasonal factors, consolidated net income typically is higher, and operating cash flow typically is significantly lower, during the first half of the year than during the second half.

## **Note 3: Accounting and reporting changes**

Syngenta has adopted the following revised IFRSs from January 1, 2021. These IFRSs have not been early adopted and their adoption had no material impact on these condensed consolidated financial statements:

- "Interest Rate Benchmark Reform – Phase 2", Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, was issued in August 2020 and provides guidance on how IFRS Standards should be applied when transitioning from benchmark interest rates, such as interbank offer rates (IBORs) to alternative rates. The amendments provide practical relief for changes in the basis for determining contractual cash flows of financial assets, financial liabilities, and lease liabilities because of benchmark interest rate reform, permit changes to be made to hedge designations and documentation without discontinuing hedging relationships and provide temporary relief related to meeting the separately identifiable requirements when an alternative rate instrument is designated as a hedge of a risk component.

In 2020, Syngenta created an IBOR transition project team who have reviewed the extent of Syngenta's exposure to IBOR reference rates and are managing the transition to alternative rates. As at June 30, 2021, Syngenta was in the process of amending its Credit Support Annex (CSA) agreements with financial institutions to transition to the USD Secured Overnight Financing Rate (SOFR) discounting rate. In addition, Syngenta has identified a small number of revolving credit and other facilities which currently reference IBOR rates. Syngenta plans to finish the process of amending contractual terms or implementing appropriate fallback provisions in response to IBOR reform by the end of 2021.

Syngenta has examined the extent to which its hedge accounting relationships are subject to uncertainty driven by the IBOR reform as at June 30, 2021. Syngenta reviews critical terms to determine the economic relationship between the hedged items and the hedging instruments and to assess hedge effectiveness. Syngenta has a limited volume of hedging relationships where both the hedged items and hedging instruments settlement amounts are impacted by the transition to alternative rates. Syngenta assumes that the alternative rates will be materially the same for the hedged items and the hedging instruments and thus does not expect material ineffectiveness on these hedging relationships.

As at June 30, 2021, Syngenta's exposure to IBOR rates that are designated in hedging relationships includes interest rate swaps with a total nominal amount of \$1,500 million hedging \$500 million of 3.125% \$ Notes 2022 and the \$1,000 million floating interest rate loan, as well as the \$1,000 million principal amount of this floating rate loan itself.

These amendments had no material impact and no derivative instruments have been modified as at June 30, 2021 because of these amendments.

- "Covid-19-Related Rent Concessions", Amendment to IFRS 16, was issued in May 2020 and provides an exception that allows rent concessions occurring as a direct consequence of the COVID-19 pandemic not to be accounted for as a lease modification. Syngenta has not received rent concessions that meet this requirement and is therefore not applying this exception.

## **Note 4: Business combinations, divestments and other significant transactions**

### **Six months ended June 30, 2021**

#### **Acquisitions and divestments**

No acquisitions or material divestments were completed in the six months ended June 30, 2021.

On October 1, 2020, Syngenta acquired 100 percent of the issued shares of Valagro S.p.A. ("Valagro"), a joint stock company incorporated in Italy, a producer of innovative Biologicals with a global presence and a strong position in biostimulants and specialty nutrients. The final purchase price adjustment was completed during the period ended June 30, 2021 and resulted in a \$4 million reduction in the purchase price and to goodwill. During the period ended June 30, 2021, deferred consideration payments of \$327 million were made related to this acquisition.

On December 3, 2020, Syngenta acquired a 100 percent equity interest of Progeny Advance Genetics, Inc., a California-based lettuce breeding corporation. The acquisition provides an opportunity for Syngenta to increase its market share in the US lettuce segment. On December 16, 2020, Syngenta acquired a 100 percent equity interest of Hollar & Co., Inc., a Colorado-based vegetable seed corporation that specializes in breeding and development of cucurbits. With this acquisition, Syngenta will enter the mid-tier vegetable seed segment. The acquisition-date fair values of assets, liabilities and consideration for the aforementioned acquisitions were not individually and in aggregate material, and therefore were presented in 'Others' in Note 3 to the 2020 consolidated financial statements.



During the first six months of 2021, the assets and liabilities recognized, which were provisional as at December 31, 2020, have been finalized as follows.

<b>(\$m)</b>	<b>Total</b>
Cash and cash equivalents	5
Inventories	27
Trade receivables and other current assets	4
Property, plant and equipment	14
Intangible assets	41
Trade and other liabilities	(2)
Deferred tax liabilities	(17)
<b>Net assets acquired</b>	<b>72</b>
Purchase price	89
<b>Goodwill</b>	<b>17</b>

The changes in fair values of the net assets acquired and goodwill recognized are not considered material to the 2020 consolidated financial statements and therefore the consolidated balance sheet as at December 31, 2020 has not been restated. Other payments of deferred consideration related to acquisitions completed in prior periods were not material.

#### **Sale and leaseback transaction**

During March 2021, Syngenta completed a sale-and-leaseback transaction for a seeds research and development site. The sale of the site resulted in \$15 million of gains on disposal and \$100 million of cash inflows, reported as Proceeds from disposal of property, plant and equipment, together with the recognition of \$83 million of lease liabilities repayable over 20 years, and \$8 million of right-of-use assets, which will be depreciated over 20 years.

#### **Six months ended June 30, 2020**

No acquisitions, divestments or other significant transactions were completed in the six months ended June 30, 2020.

## Note 5: Segmental information and analysis of revenue

In 2021, Syngenta amended its segment reporting to reflect the Valagro acquisition (see Note 4), which added a significant new Biologicals product line to the Crop Protection business that meets the criteria of an operating segment. Syngenta is now organized on a worldwide basis into six operating segments, where previously there had been five operating segments, consisting of the Crop Core, Professional Solutions, Biologicals, Field Crops, Vegetables and Flowers businesses. These have been aggregated into the global Crop Protection segment, consisting of Crop Core, Professional Solutions and Biologicals, and the global Seeds segment, consisting of Field Crops, Vegetables and Flowers. Aggregation is based on internal management structures and underlying economic similarity. Segment performance is managed based on segment operating income before restructuring costs and divestments, which is the measure of segment profit or loss presented, and is based on the same accounting policies as consolidated operating income.

<b>For the six months ended June 30, 2021 (\$m)</b>	<b>Crop Protection</b>	<b>Seeds</b>	<b>Total segments</b>	<b>Restructuring</b>	<b>Group</b>
Product sales	6,585	1,726	8,311	-	8,311
Royalty and license income	1	86	87	-	87
<b>Total segment sales</b>	<b>6,586</b>	<b>1,812</b>	<b>8,398</b>	<b>-</b>	<b>8,398</b>
Cost of goods sold	(3,757)	(976)	(4,733)	(10)	(4,743)
<b>Gross profit</b>	<b>2,829</b>	<b>836</b>	<b>3,665</b>	<b>(10)</b>	<b>3,655</b>
Marketing and distribution	(792)	(339)	(1,131)	-	(1,131)
Research and development	(316)	(223)	(539)	-	(539)
General and administrative:					
Restructuring	-	-	-	(69)	(69)
Other general and administrative	(464)	(123)	(587)	-	(587)
<b>Operating income</b>	<b>1,257</b>	<b>151</b>	<b>1,408</b>	<b>(79)</b>	<b>1,329</b>
Loss from associates and joint ventures					(3)
Financial expense, net					(219)
<b>Income before taxes</b>					<b>1,107</b>

<b>For the six months ended June 30, 2020 (\$m)</b>	<b>Crop Protection</b>	<b>Seeds</b>	<b>Total segments</b>	<b>Restructuring</b>	<b>Group</b>
Product sales	5,454	1,517	6,971	-	6,971
Royalty and license income	23	103	126	-	126
<b>Total segment sales</b>	<b>5,477</b>	<b>1,620</b>	<b>7,097</b>	<b>-</b>	<b>7,097</b>
Cost of goods sold	(3,041)	(868)	(3,909)	-	(3,909)
<b>Gross profit</b>	<b>2,436</b>	<b>752</b>	<b>3,188</b>	<b>-</b>	<b>3,188</b>
Marketing and distribution	(721)	(347)	(1,068)	-	(1,068)
Research and development	(276)	(177)	(453)	-	(453)
General and administrative:					
Restructuring	-	-	-	(78)	(78)
Other general and administrative	(226)	(107)	(333)	-	(333)
<b>Operating income</b>	<b>1,213</b>	<b>121</b>	<b>1,334</b>	<b>(78)</b>	<b>1,256</b>
Income from associates and joint ventures					1
Financial expense, net					(244)
<b>Income before taxes</b>					<b>1,013</b>

All activities were in respect of continuing operations.

The analysis of revenue by major product line is as follows:

**For the six months ended June 30,**

<b>(\$m)</b>	<b>2021</b>	<b>2020</b>
Selective herbicides	1,857	1,604
Non-selective herbicides	551	411
Fungicides	2,090	1,748
Insecticides	1,078	897
Seedcare	594	498
Professional solutions	263	215
Biologicals	156	35
Other crop protection	53	108
<b>Total Crop Protection</b>	<b>6,642</b>	<b>5,516</b>
Corn and soybean	870	806
Diverse field crops	417	369
Vegetables	383	333
Flowers	142	112
<b>Total Seeds</b>	<b>1,812</b>	<b>1,620</b>
Elimination of Crop Protection sales to Seeds	(56)	(39)
<b>Group sales</b>	<b>8,398</b>	<b>7,097</b>

The analysis of revenue by primary geographical market is as follows:

**For the six months ended June 30,**

<b>(\$m)</b>	<b>2021</b>	<b>2020</b>
Europe, Africa and Middle East	3,009	2,636
North America	2,238	1,974
Latin America	1,763	1,378
Asia Pacific	1,388	1,109
<b>Group sales</b>	<b>8,398</b>	<b>7,097</b>

## **Note 6: Restructuring**

**For the six months ended June 30,**

<b>(\$m)</b>	<b>2021</b>	<b>2020</b>
Accelerating operational leverage and other productivity programs:		
Cash costs	8	34
Acquisition, divestment and related costs:		
Cash costs	24	14
Non-cash items	10	-
Divestment gains, net	(5)	-
Other restructuring:		
Cash costs	19	28
Other non-current asset impairments	23	2
<b>Total</b>	<b>79</b>	<b>78</b>

For the six months ended June 30, 2021, \$10 million for the reversal of inventory step ups reported on acquisitions was presented within Cost of goods sold in the condensed consolidated income statement. The other costs for the six months ended June 30, 2021 were presented within Restructuring in the condensed consolidated income statement.

Restructuring represents the effect on reported performance of initiating and enabling business changes that are considered major and that, in the opinion of management, will have a material effect on the nature and focus of Syngenta's operations, and therefore require separate disclosure to provide a more thorough understanding of business performance. Restructuring includes the incremental costs of closing, restructuring or relocating existing operations, and gains or losses from related asset disposals. Restructuring also includes the costs of analyzing and preparing for potential industry consolidation transactions, as well as the effects of completing and integrating significant business combinations and divestments, including related transaction costs, gains and losses. Recurring costs of normal business operations and routine asset disposal gains and losses are excluded.

Impairment includes impairment losses associated with major restructuring as well as impairment losses and reversals of impairment losses resulting from major changes in the markets in which a reported segment operates.

The incidence of these business changes may be periodic and the effect on reported performance of initiating them will vary from period to period. Because each such business change is different in nature and scope, there will be little continuity in the detailed composition and size of the reported amounts which affect performance in successive periods. Separate disclosure of these amounts facilitates the understanding of performance including and excluding items affecting comparability. Syngenta's definition of restructuring and impairment may not be comparable to similarly titled line items in financial statements of other companies.

## **2021**

### **Accelerating operational leverage and other productivity programs**

Cash costs of \$8 million were incurred for productivity initiatives consisting of \$2 million incurred to better align the organization in EAME with the business strategies, \$3 million for system projects, including digital tools and automation initiatives and an upgraded financial reporting and analytics platform, and \$3 million across a number of individually small initiatives driving operational efficiencies.

### **Acquisition, divestment and related costs**

Cash costs includes \$7 million incurred for merger and acquisition projects and other transaction costs, \$3 million incurred for integration projects and \$14 million of costs related to the formation of the Syngenta Group (see Note 13), consisting of communications, consultancy, and promotional advertising and market research. Divestment gains includes \$5 million relating to disposal of property, plant and equipment, largely relating to sites disposals under integration and site rationalization plans. Non-cash costs are the reversal of inventory step-up reported on acquisitions.

### **Other restructuring**

Other cash costs consist of \$6 million related to the closure of a manufacturing site in the USA announced in June 2019, \$10 million related to transitioning the manufacturing facility acquired in 2020 to optimal capacity and \$3 million for other strategic alignment projects, mainly in the Seeds business. Other non-current asset impairments consist of \$16 million for previously capitalized development costs, \$6 million to write off the value of an exclusive license agreement where the future value is expected to be lower than previous projections, and \$1 million of other small impairments.

## **2020**

### **Accelerating operational leverage and other productivity programs**

Cash costs of \$34 million, including \$21 million of severance charges, were incurred for productivity initiatives consisting of \$26 million incurred to better align the organization in EAME with the business strategies and \$8 million for system projects, include digital tools and automation initiatives and an upgraded financial reporting and analytics platform.

### **Acquisition, integration and related costs**

Cash costs includes \$4 million incurred for merger and acquisition projects and other transaction costs, \$5 million incurred for integration projects and \$5 million of costs related to the formation of the Syngenta Group.

## Other restructuring

Other cash costs consist of \$15 million related to the closure of a manufacturing site in the USA announced in June 2019 and \$13 million to provide for a Seeds development contract where forecasted demand is less than minimum future commitments. Other non-current asset impairments consist of \$2 million for property, plant and equipment.

## Note 7: Income taxes

### The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”)

The CARES Act, a law intended to address the economic fallout of the COVID-19 pandemic in the United States, came into effect on March 27, 2020.

Among many other provisions, the CARES Act increases the tax deduction for net operating losses from 80 percent to 100 percent, for 2018, 2019, and 2020 and allows net operating losses from 2018, 2019, and 2020 to be carried back to up to five years, resulting in retroactive tax refunds. As a result, Syngenta recorded an estimated \$27 million favourable one-time impact (tax credit) within income tax expense for the six months ended June 30, 2020.

## Note 8: Non-cash and other reconciling items included in income before taxes

For the six months ended June 30,

(\$m)	2021	2020
Depreciation, amortization and impairment of:		
Property, plant and equipment and right-of-use assets	242	213
Intangible assets	144	129
Deferred revenue, divestment and other gains and losses	(36)	1
(Credits)/charges in respect of pension provisions	(16)	50
Charges in respect of other provisions	199	29
Financial expense, net	219	244
Losses/(gains) on hedges reported in operating income	61	(36)
Losses/(income) from associates and joint ventures	3	(1)
<b>Total</b>	<b>816</b>	<b>629</b>

## Note 9: Principal currency translation rates

As an international business selling in over 100 countries and having major manufacturing and research and development facilities in Switzerland, the UK, the USA, France, China and Brazil, movements in currencies impact Syngenta's business performance. The principal currencies and exchange rates against the US dollar used in preparing the condensed consolidated financial statements were as follows:

Per \$		Average		June 30, 2021	June 30, 2020	December 31, 2020
		six months ending June 30, 2021	2020			
Brazilian real	BRL	5.38	4.93	5.00	5.48	5.20
Swiss franc	CHF	0.91	0.97	0.92	0.95	0.88
Euro	EUR	0.83	0.91	0.84	0.89	0.81
British pound sterling	GBP	0.72	0.79	0.72	0.82	0.73
Russian ruble	RUB	74.90	69.13	73.16	70.98	74.72
Ukrainian hryvnia	UAH	27.91	25.85	27.18	26.69	28.26

The average rates presented above are an average of the monthly rates used to prepare the condensed consolidated income and cash flow statements. The period end rates were used for the preparation of the condensed consolidated balance sheet.

## Note 10: Issuances, repurchases and repayments of debt and equity securities

### 2021

In February 2021, Syngenta repaid \$278 million, following a cash tender offer for any and all of its outstanding 4.375% USD Notes 2042 and 5.676% USD bond 2048.

In April 2021, Syngenta repaid a \$750 million bond at maturity and raised a \$250 million loan with a floating interest rate based on LIBOR and a term of 4 years.

During the first six months of 2021, Syngenta entered into a \$1 billion revolving credit facility for a period of two years, with an option to extend by another year. At June 30, 2021, drawings under the credit facility were nil.

### 2020

In March 2020, Syngenta issued a CHF 200 million 0.125% bond with a maturity date of December 2022 and a CHF 140 million 0.700% bond with a maturity date of December 2026. In April 2020, Syngenta issued a EUR 600 million 3.375% bond with a maturity date of April 2026, and in October and November 2020 raised further EUR 300 million as an additional amount to this bond. In October 2020, Syngenta issued a CHF 265 million 1.250% bond with a maturity date of October 2023.

In March 2020, Syngenta raised an additional \$500 million on a floating rate loan maturing in 2024.

In April 2020, Syngenta repaid a \$750 million bond at maturity.

## Note 11: Financial instruments

The following table shows the carrying amounts and fair values of financial assets and liabilities by category of financial instrument and a reconciliation to where they are presented on the balance sheet at June 30, 2021 and December 31, 2020. The fair value hierarchy is shown for those financial assets and liabilities that are carried at fair value in the condensed consolidated balance sheet.

At June 30, 2021 (\$m)	Carrying amount (based on measurement basis)			Total	Comparison fair value
	Fair value level 1	Fair value level 2	Fair value level 3		
Cash and cash equivalents, at amortized cost				1,753	1,753
Trade receivables, net, at amortized cost				6,059	6,059
Derivative and other financial assets:					
Derivative financial assets	24	139	-	163	163
Marketable securities	49	-	-	49	49
At amortized cost				207	207
<b>Total</b>				<b>419</b>	<b>419</b>
Financial and other non-current assets:					
Equity investments at fair value through OCI	-	-	95	95	95
Derivative financial assets	-	202	-	202	202
Loans, receivables and pooled investments:					
at fair value through profit and loss	18	-	-	18	18
at amortized cost				211	211
Other, not carried at fair value				335	
<b>Total</b>				<b>861</b>	
Trade accounts payable, at amortized cost				5,593	5,593
Current financial debt and other financial liabilities:					
Derivative financial liabilities	-	329	-	329	329
Lease liabilities at amortized cost				109	
Other non-derivative financial liabilities at amortized cost				2,414	2,414
<b>Total</b>				<b>2,852</b>	
Financial debt and other non-current liabilities:					
Derivative financial liabilities	-	75	-	75	75
Lease liabilities at amortized cost				534	
Other non-derivative financial liabilities at amortized cost				7,335	7,879
Non-financial liabilities				110	
<b>Total</b>				<b>8,054</b>	



At December 31, 2020 (\$m)	Carrying amount (based on measurement basis)			Total	Comparison fair value
	Fair value level 1	Fair value level 2	Fair value Level 3		
Cash and cash equivalents, at amortized cost				2,517	2,517
Trade receivables, net, at amortized cost				4,314	4,314
Derivative and other financial assets:					
Derivative financial assets	16	148	-	164	164
Marketable securities	54	-	-	54	54
At amortized cost				163	163
<b>Total</b>				<b>381</b>	<b>381</b>
Financial and other non-current assets:					
Equity investments at fair value through OCI	-	-	151	151	151
Derivative financial assets	-	236	-	236	236
Loans, receivables and pooled investments:					
at fair value through profit and loss	18	-	-	18	18
at amortized cost				200	200
Other, not carried at fair value				189	
<b>Total</b>				<b>794</b>	
Trade accounts payable, at amortized cost				4,654	4,654
Current financial debt and other financial liabilities:					
Derivative financial liabilities	4	333	-	337	337
Lease liabilities at amortized cost				103	
Other non-derivative financial liabilities at amortized cost				2,494	2,494
<b>Total</b>				<b>2,934</b>	
Financial debt and other non-current liabilities:					
Derivative financial liabilities	-	68	-	68	68
Lease liabilities at amortized cost				460	
Other non-derivative financial liabilities at amortized cost				7,998	8,281
Non-financial liabilities				128	
<b>Total</b>				<b>8,654</b>	

The levels of fair value hierarchy used above are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The valuation techniques and inputs used by Syngenta to derive level 2 and level 3 fair value measurements of the above financial assets and liabilities are as described in Note 25 to Syngenta's 2020 annual consolidated financial statements. During the six month period ended June 30, 2021, \$64 million of equity investments at fair value through OCI were classified as held-for-sale as they are no longer considered strategic priorities. There were no other material movements in those equity securities or their fair values; no transfers between the fair value and amortized cost categories; no material transfers between level 1 and level 2 of the fair value hierarchy; nor into or out of level 3 of the fair value hierarchy.

## **Note 12: Commitments and contingencies**

### **Paraquat litigation**

On June 1, 2021, Syngenta reached a master settlement agreement with certain paraquat claimants. In exchange for (and contingent upon) dismissal of all pending cases by the counsel of the claimants and a broad release from certain covered claimants, Syngenta will pay \$187.5 million into a settlement fund. Provision for the settlement is reported within Other general and administrative in the condensed consolidated income statement and within Current provisions in the condensed consolidated balance sheet. The payment was made on July 21, 2021. Syngenta believes that all of these claims are without merit and the settlement agreement is solely for the purpose of bringing to an end these claims.

## **Note 13: Related party transactions**

### **2021**

In March 2021, Syngenta entered into a revolving credit facility of up to \$1.5 billion with a fellow subsidiary of the Syngenta Group. As at June 30, 2021, Syngenta's drawings under the facility were \$300 million.

### **2020**

On January 5, 2020, ChemChina announced a planned reorganization to bring together its Crop Protection and Seeds businesses, consisting of ChemChina's holdings in the Syngenta AG group and in Adama Ltd., as well as major agricultural assets to be acquired from Sinochem Group. On June 18, 2020, Syngenta Group Co. Ltd. announced the official launch of the Syngenta Group, a new global leader in agricultural science and innovation. The entity, which is domiciled in China, but operationally headquartered in Switzerland, encompasses four business units: Syngenta Crop Protection, based in Basel, Switzerland; Syngenta Seeds, based in Chicago, USA; Adama, based in Airport City, Israel; and Syngenta Group China,

based in Shanghai, China. The formation of the Syngenta Group resulted in a significant increase in the number of entities related to the Syngenta AG consolidated group.

Syngenta provided collateral in the form of a \$20 million short-term bank deposit to guarantee a credit line for Syngenta Group Co. Ltd.'s initial expenses.

**Note 14: Subsequent events**

No events occurred between the balance sheet date and the date on which these condensed consolidated financial statements were approved by the Board of Directors that would require adjustment to or disclosure in the condensed consolidated financial statements.

## Financial summary

For the six months ended June 30, (\$m)	Excluding restructuring and impairment <sup>1</sup>		Restructuring and impairment		As reported under IFRS	
	2021	2020	2021	2020	2021	2020
<b>Sales</b>	<b>8,398</b>	<b>7,097</b>	-	-	<b>8,398</b>	<b>7,097</b>
<b>Gross profit</b>	<b>3,665</b>	<b>3,188</b>	<b>(10)</b>	-	<b>3,655</b>	<b>3,188</b>
Marketing and distribution	(1,131)	(1,068)	-	-	(1,131)	(1,068)
Research and development	(539)	(453)	-	-	(539)	(453)
General and administrative:						
Restructuring	-	-	(69)	(78)	(69)	(78)
Other general and administrative	(587)	(333)	-	-	(587)	(333)
<b>Operating income</b>	<b>1,408</b>	<b>1,334</b>	<b>(79)</b>	<b>(78)</b>	<b>1,329</b>	<b>1,256</b>
<b>Income before taxes</b>	<b>1,186</b>	<b>1,091</b>	<b>(79)</b>	<b>(78)</b>	<b>1,107</b>	<b>1,013</b>
Income tax expense	(186)	(169)	15	14	(171)	(155)
<b>Net income</b>	<b>1,000</b>	<b>922</b>	<b>(64)</b>	<b>(64)</b>	<b>936</b>	<b>858</b>
Attributable to non-controlling interests	(2)	(3)	-	-	(2)	(3)
<b>Attributable to Syngenta AG shareholder</b>	<b>998</b>	<b>919</b>	<b>(64)</b>	<b>(64)</b>	<b>934</b>	<b>855</b>
			<b>2021</b>	<b>2020</b>	<b>2021 CER <sup>2</sup></b>	
<b>EBITDA <sup>3</sup></b>			<b>1,768</b>	<b>1,675</b>		
<b>EBITDA margin</b>			<b>21.1%</b>	<b>23.6%</b>		<b>23.1%</b>
<b>EBITDA adjusted for Paraquat litigation</b>			<b>1,956</b>			
<b>Tax rate on results excluding restructuring and impairment</b>			<b>16%</b>	<b>15%</b>		
<b>Free cash flow <sup>4</sup></b>			<b>(423)</b>	<b>(258)</b>		
<b>Debt/equity gearing <sup>5</sup></b>			<b>148%</b>	<b>185%</b>		
<b>Net debt <sup>5</sup></b>			<b>8,331</b>	<b>8,035</b>		

1 For further analysis of restructuring and impairment charges, see Note 6 on page 12. Net income excluding restructuring and impairment are provided as additional information and not as an alternative to net income determined in accordance with IFRS.

2 For a description of CER see Appendix A on page 21.

3 EBITDA is defined in Appendix B on page 21.

4 For a description of free cash flow, see Appendix C on page 22.

5 For a description of net debt and the calculation of debt/equity gearing, see Appendix D on page 23.

## Appendix A: Constant exchange rates (CER)

Results in this report from one period to another period are, where appropriate, compared using constant exchange rates (CER). To present that information, current period results for entities reporting in currencies other than US dollars are converted into US dollars at the prior period's exchange rates, rather than at the exchange rates for the current year. CER margin percentages for gross profit and EBITDA are calculated by the ratio of these measures to sales after restating the measures and sales at prior period exchange rates. The CER presentation indicates the underlying business performance before taking into account currency exchange fluctuations.

## Appendix B: Reconciliation of EBITDA to net income

EBITDA is defined as earnings before interest, tax, non-controlling interests, depreciation, amortization, restructuring and impairment. Information concerning EBITDA has been included as it is used by management and by investors as a supplementary measure of operating performance. Management excludes restructuring and impairment from EBITDA in order to focus on results excluding items affecting comparability from one period to the next. EBITDA is not a measure of cash liquidity or financial performance under generally accepted accounting principles and the EBITDA measures used by Syngenta may not be comparable to other similarly titled measures of other companies. EBITDA should not be construed as an alternative to operating income or cash flow as determined in accordance with generally accepted accounting principles.

For the six months ended June 30,

(\$m)	2021	2020
<b>Net income attributable to Syngenta AG shareholder</b>	<b>934</b>	<b>855</b>
Non-controlling interests	2	3
Income tax expense	171	155
Financial expense, net	219	244
Restructuring and impairment	79	78
Depreciation, amortization and other impairment	363	340
<b>EBITDA</b>	<b>1,768</b>	<b>1,675</b>

## Appendix C: Free cash flow

Free cash flow comprises cash flow from operating and investing activities:

- excluding investments in and proceeds from marketable securities, which are included in investing activities;
- excluding cash flows from and used for foreign exchange movements and settlement of related hedges on inter-company loans, which are included in operating activities; and
- including cash flows from acquisitions of non-controlling interests, which are included in financing activities.

Free cash flow is not a measure of financial performance under generally accepted accounting principles and the free cash flow measure used by Syngenta may not be identical to similarly titled measures in other companies. Free cash flow has been included as many investors consider it to be a useful supplementary measure of cash generation.

**For the six months ended June 30,**

<b>(\$m)</b>	<b>2021</b>	<b>2020</b>
Cash flow from operating activities	193	55
Cash flow used for investing activities	(600)	(344)
Cash flow used for/(from) marketable securities	2	(17)
Cash flow (from)/used for foreign exchange movements and settlement of hedges of inter-company loans	(18)	48
<b>Free cash flow</b>	<b>(423)</b>	<b>(258)</b>

## Appendix D: Net debt reconciliation

Net debt comprises total debt net of cash and cash equivalents and marketable securities. Net debt is not a measure of financial position under generally accepted accounting principles and the net debt measure used by Syngenta may not be comparable to the similarly titled measure of other companies. Net debt has been included as many investors consider it to be a useful measure of financial position and risk. The following table provides a reconciliation of movements in net debt during the period:

For the six months ended June 30,

(\$m)	2021	2020
<b>Opening balance at January 1</b>	<b>7,897</b>	<b>7,572</b>
Other non-cash items	160	54
Cash paid under Credit Support Annex agreements, net	29	92
Foreign exchange effect on net debt	(178)	59
Free cash flow	423	258
<b>Closing balance at June 30</b>	<b>8,331</b>	<b>8,035</b>
<b>Components of closing balance:</b>		
Cash and cash equivalents	(1,753)	(1,606)
Marketable securities <sup>1</sup>	(68)	(24)
Current financial debt <sup>2</sup>	2,316	1,567
Non-current financial debt <sup>3</sup>	7,836	8,098
<b>Closing balance at June 30</b>	<b>8,331</b>	<b>8,035</b>

<sup>1</sup> Long-term marketable securities are included in Financial and other non-current assets. Short-term marketable securities are included in Derivative and other financial assets.

<sup>2</sup> Included in Current financial debt and other financial liabilities.

<sup>3</sup> Included in Financial debt and other non-current liabilities.

The following table presents the derivation of the debt/equity gearing ratio at June 30, 2021 and 2020:

(\$m)	2021	2020
Net debt	8,331	8,035
Shareholder's equity	5,634	4,353
<b>Debt/Equity gearing ratio (%)</b>	<b>148</b>	<b>185</b>