

Notore

Notore Chemical Industries Plc Unaudited Results for the 3rd Quarter Ended June 30, 2021

Lagos, 31st July 2021 – Notore announce post-TAM group revenue of N9.43 billion for third quarter ended 30th June 2021.

Group Financial Highlights

During the third quarter ended 30th June 2021 (Q3 2021 FY), Notore recorded group revenues of **N9.43 billion** (~~N17.42 billion~~ for Q3 2020 FY) due largely to the Turnaround Maintenance Programme (TAM) on the fertilizer plant, the closure of which extended into the quarter. This was worsened by the delays experienced in the post-TAM operations recommencement activities. Consequently, resulting in an operating loss of **N3.30 billion** in Q3 2021 FY (Q3 2020 FY operating profit was ~~N3.87 billion~~), which was further depressed by finance cost of ~~N12.54 billion~~, resulting in a Net Loss of **N15.84 billion** for the period (Q3 2020 FY was a Net Loss of ~~N8.09 billion~~).

Market & Operational Developments

For the period under review, the Company's focus was on post-TAM plant stabilisation and optimisation. However, due to gas supply disruptions beyond the Company's control, it has taken longer than expected to complete the post-TAM plant stabilisation phase. The gas supply challenge has now been resolved and we expect a major upturn in the Plant's reliability and production output to meet and sustain its 500,000MT per annum urea nameplate design capacity. Achieving this level of production output will not only lead to significant increases in the Company's cash flows from operations, but also substantial increases in revenues annually. It is worth noting that a sizeable portion of the additional post-TAM revenue will contribute straight to the Company's bottom line, a major key to returning the Company to profitability.

The production and sale of Notore NPK fertilizer into the domestic market is also expected to contribute to our revenue growth going forward. It is important to note that Notore's NPK Fertilizer brand has been widely accepted by the market and as we ramp up our Urea fertilizer production, we expect substantial increases in NPK fertilizer production and sales going forward. Sale of Notore seeds to Nigerian farmers has also continued in furtherance of our corporate vision to be a major contributor to the development of Africa.

As part of our efforts to further diversify the Company's revenue stream, boost profitability and consolidate customers' loyalty, Notore intends to expand its product offering by going into rice production. With the successful completion of the Company's phase one rice pilot program (which resulted in the production of 5,000 50kg bags of high-quality Notore rice), we commenced phase two during the period under review. We expect phase two to yield even better results and position us for the commercial launch of our rice brand next year.

Outlook for the Year

The Nigerian fertilizer demand remains robust and is expected to continue to grow, considering the Federal Government's strong and decisive policy focus on agriculture as one of the keys to unlock the diversification of the Nigerian economy and the company is well positioned to take full advantage of this.

Upon completion of the post-TAM stabilization of the plant, we expect a major upturn in the Plant's reliability and production output to meet and sustain its 500,000MT per annum urea nameplate design capacity.



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About Notore Chemical Industries Plc

Notore is a vertically integrated agro-allied and chemicals business situated in Onne (near Port Harcourt), Rivers State in South-South Nigeria and is engaged primarily in the production and sale of fertilizer products. Notore's vision is to be the number one company by market share and profitability in our chosen businesses and a significant contributor to the development of Africa and our mission is to enhance the quality of life.

The Group's current business comprises fertilizer production, supply and trading of fertilizer, and power. The Group's primary fertilizer products are granular Urea, bulk blended NPK varieties and Ammonia. The Group

operates from its Onne Complex in the heart of the Niger Delta, Africa's most prolific oil and gas producing region.

The Onne Complex is located within the Notore Chemical Industries Free Zone, which provides significant tax benefits and advanced logistics solutions for international distribution of products. The Onne Complex comprises of approximately 560 hectares of land owned by the Group with a 2km of waterfront including the Notore Port and a dedicated jetty (with a capacity to accommodate vessels with a maximum volume of between 25,000 MT and 35,000 MT) owned by the Group. The Notore Port gives the Group easy access to the Atlantic Ocean for easy import of raw materials and export of the Group's products.

The Group produces Urea, NPK and Ammonia and owns a Urea producing plant in Onne, Rivers State with a current annual design production capacity of approximately 500,000 MTPA of Urea and 330,000 MTPA of Ammonia, while the NPK Blending Plant has a production capacity of 2,000 metric tons per day. The Group currently supplies and sells its fertilizer products in all thirty-six (36) States and Abuja, the Federal Capital Territory. The Group trades and exports its manufactured fertilizer products to West Africa, South Africa, South America, and Europe.

For more information visit www.notore.com

Disclaimer

This announcement contains or will contain forward-looking statements which reflect management's expectations regarding the Company's future growth, results of operations, performance, business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expects", "intend", "estimate", "project", "target", "risks", "goals" and similar terms and phrases have been used to identify the forward- looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking statements. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally. Notore Chemical Industries Plc cautions readers that several factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully, and undue reliance should not be placed on the forward-looking statements. For additional information with respect to certain of these risks or factors, reference should be made to the Company's disclosure materials filed from time to time with Securities & Exchange Commission in Nigeria. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise.