

Notore

Notore Chemical Industries Plc Unaudited Results for the 2nd Quarter Ended March 31, 2021

Lagos, 30th April 2021 – Successful completion of Turnaround Maintenance Programme (TAM). Expected significant improvement in Plant reliability and sustained increase in production output up to nameplate design capacity of 500,000MT per annum.

Group Financial Highlights

During the second quarter ended 31st March 2021 (Q2 2021 FY), the Plant was shut down to allow for the performance of the TAM activities. As a result, there was sparse production of Urea during the last quarter.

Notore recorded revenues of ₦5.25 billion (₦13.12 billion for Q2 2020 FY). As expected, there was a sharp decline in revenue due to the TAM and Plant shutdown during the period. Consequently, this resulted in an operating loss of ₦0.82 billion in Q2 2021 FY (Q2 2020 FY: operating profit was ₦2.66 billion), which was further depressed by finance cost of ₦8.45 billion, resulting in a Net Loss of ₦9.27 billion for the period (Q2 2020 FY was a Net Loss of ₦5.80 billion).

Market & Operational Developments

We are pleased to announce the successful completion of the TAM programme. This was a massive undertaking that involved vendors, parts suppliers, VSMs, OEMs from across the globe, and best-in-class engineering companies. Despite experiencing further interruptions to our supply chain and logistics occasioned by the global COVID-19 pandemic emergency, which directly impacted the original anticipated completion date for the TAM, the Company remained resilient and overcame the challenges to deliver a successful TAM. This signifies a key milestone to repositioning the Company and turning around its fortunes.

The completion of the TAM ushers in a new phase in the Company's growth with a focus on optimization and profitability. Notore is committed to continuous improvement. We expect a major upturn in the Plant's reliability and production output to meet and sustain its 500,000MT per annum 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.

Production and sale of Notore NPK fertilizer into the domestic market also contributed to the revenue. As we ramp up our NPK production, we expect substantial NPK production and sales during the 2021 financial year. 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. Additionally, while leveraging the Company's seeds business, robust supply chain and distribution network, Notore intends to expand further into other products such as rice production. During the

period under review, we successfully completed phase one of the Notore rice pilot program, which resulted in the production of 5,000 50kg bags of high-quality Notore rice. We have commenced the second phase of the Notore rice pilot program, which is expected to result in the production of 715MT of rice paddy. These additional initiatives will further diversify the Company's revenue stream, boost profitability, and consolidate customers' loyalty.

Notore believes that the domestic fertilizer market is yet to reach its full potential, as the consumption of fertilizer per hectare of arable land in Nigeria is still far below the 200kg per hectare recommended by Food and Agriculture Organization. Furthermore, the demand for Urea and compound fertilizers, such as NPK, from the West African markets and neighbouring countries bordering the northern part of the Country is also substantial.

The Company will continue to aggressively explore and work on various financial initiatives to further reduce finance cost, such as the restructuring of its capital structure to achieve an optimal mix of debt and equity. The projected cost savings from the restructuring is expected to boost the Company's profitability.

Outlook for the Year

Following the successful completion of the TAM programme, Notore expects to greatly exceed its 2020 FY production volumes, revenue, and operating cash flows.

With respect to the fertilizer market dynamics, 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.

Our business has been faced with many challenges over the past years. However, Notore is now re-positioned for a great future with the completion of TAM. As we look to the future post-TAM, the next phase of Notore's growth will be focused on diversification, optimization, and profitability.



Mr. Ohis Ohiwerei
Group Managing Director / CEO

Investor Relations Contact

Seyi Odeinde

+234 805 339 1212

investor.relations@notore.com

Media Contact

Ngozi Mba

+234 805 339 1215

media@notore.com

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

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