

Notore

Notore Chemical Industries Plc
Unaudited Results for the Half Year Ended 30th June 2022

SIGNIFICANT STRIDES TOWARDS RETURN TO PROFITABILITY. REPORTS 2022 HALF YEAR GROUP NET PROFIT OF ₦2.60 BILLION.

Lagos, July 30th, 2022 – Notore Chemical Industries Plc announced its unaudited 2022 Half Year Financial Results, showing gross revenue of ₦26.28 billion, operating income of ₦10.85 billion and net profit of ₦2.60 billion for the six months period ended 30th June 2022.

Highlights of the Result:

Income Statement

- Gross Revenue: ₦26.28 billion, compared to ₦9.43 billion in 2021H1 (178.7% YoY growth).
- EBITDA: 56%, a significant increase from 17% in 2021H1 an indication of profitable operations during the period.
- Operating Income: ₦10.85 billion, compared to Loss of (₦3.30 billion) in 2021H1 (an increase of 328.7% YoY) attributable to the significantly growth in revenue and profitable operations during the period.
- Net Profit Before Tax: ₦2.60 billion, compared to Net Loss of (₦15.84 billion) for 2021H1 (an improvement of 116.4% YoY).

Balance Sheet

- Total Assets: ₦241.22 billion, compared to ₦238.61 billion as at 2021FY (1.09% YTD growth).
- Bank Loans: ₦130.08 billion, increased slightly by 0.81% from 2021FY majorly from the impact of Naira devaluation on USD denominated loans and the proportion of long-term loans to total loans increased to 85% from 62% in 2021FY, resulting from the restructure of short-term loans to long term as part of the financial initiatives taken by the company.
- Shareholders' Funds: ₦55.63 billion, an increase of 4.9% from ₦53.02 billion as at 2021FY.

Group Financial Highlights

Notore recorded group revenue of ₦26.28 billion for the six-month period ended 30th June 2022, a 178.7% growth compared to ₦9.43 billion for the corresponding period in 2021H1. The modest growth in revenue is attributable to improvements in Plant reliability and increased production output, a positive outcome of the Turn Around Maintenance (TAM) programme implemented in most part of year 2021. Operating expenses increased by 19.21% to ₦18.18 billion during the period from ₦15.25 billion for the corresponding period of 2021H1 due mainly to a combination of increases in production activities, Plant repair and maintenance expenses and the impact of Naira devaluation. Notwithstanding, operating income for the period was ₦10.85 billion, a significant increase of 328.7% as compared to a loss (₦3.30 billion) in 2021H1. This was as a result of increased profitable operations during the period. The Group reported a net profit before tax of ₦2.60 billion during the period as compared to a loss of (₦15.84 billion) for 2021H1 (an improvement of 116.4% YoY), a significant milestone towards its drive to a return to profitable business operations.

Market & Operational Developments

Notore showed remarkable progress and achieved important milestones during the period as it strives towards return to profitability and repositioning for a great future. The period witnessed an increase in Plant reliability and relatively stable operations, resulting in significant increases in production output and sales.

The production of Notore NPK fertilizers has continued to ramp up, with significant increases in NPK production output and sales anticipated in the second half of the on-going year. Additionally, the sale of Notore seeds to Nigerian farmers to enhance the yields of farm produce continued in furtherance of our corporate vision to be a significant contributor to the development of Africa. Notore intends to continue to expand into other products to further diversify the company's revenue streams and boost profitability.

As part of measures to return the Group and the Company to profitability and improve working capital, Notore had during the period, successfully restructured a substantial part of its short-term loans into fixed long-term loans, thus boosting its debt service management. The company will continue to aggressively work on other financial initiatives to further reduce finance cost, and the restructure of its capital structure to achieve an optimal mix of debt and equity. The projected cost savings from the restructuring is expected to further boost the company's profitability going forward.

Outlook for the Year

Whilst the Russian-Ukraine war has had some disruptive impact on the dynamics of global fertilizer markets during the period, the domestic fertilizer market demand is quite 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. While leveraging the company's robust supply chain and distribution network, Notore is well positioned to continue to serve our customers in all our markets.

With the achieved improvement in Plant reliability and increased production output and sales, the Company intends to sustain its current trend of profitable operations all through the remaining period of the ongoing financial year.



Mr. Ohis Ohiwerei
Group Managing Director / CEO

Investor Relations Contact

Onianwa Chekwubechukwu

+234 807 328 6641

investor.relations@notore.com

Media Contact

Olatoye-Sosan Olufela

+234 908 876 4526

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

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.