

Notore

Notore Chemical Industries Plc
Unaudited Results for Second Quarter ended 30th June 2023

Lagos, 30th July 2023 – Notore Chemical Industries Plc records group revenue of ₦7.92 billion for the Second Quarter ended 30th June 2023.

Highlights of the Result:

- Production impacted by unexpected gas-supply limitations.
- Finance cost impacted by an increase in the exchange rate and the increasing cost of funds (driven by MPC rate changes).
- Cost optimization strategies diligently implemented to navigate the current economic landscape effectively.

Group Financial Highlights

Notore Chemical Industries Limited (Notore) recorded group YTD revenue of **₦7.92 billion** for the period ended 30th June 2023, compared to **₦26.29 billion** for the same period in 2022, representing a **70%** decrease Y-o-Y. The Group recorded an operating loss of **(₦38.01) billion** for its second quarter ended 30th June 2023, impacted by exchange difference and cost of funds, compared to **₦2.61 billion** profit in the same period during the prior year.

Notore strives for excellence in providing high-quality fertilizers to Nigerian farmers and beyond. However, the company faced strong headwinds during the second quarter, dampening financial results.

The second quarter ended 30th June 2023, was a challenging period primarily due to the unexpected cessation of gas supply from a critical gas source earlier this year. The timeline for resolution extended beyond the initial estimations, affecting the Company's production quantities and financial performance during this period.

Group Managing Director Mr Ohis Ohiwerei stated, "To resolve this issue, Notore has explored all possible alternatives to restore gas supply and has now agreed with two complimentary gas sources to ensure consistent gas supply going forward. A new Gas Supply Agreement is estimated to be completed by mid-third quarter 2023." Additionally, Notore has implemented strategic action plans to enhance its resilience and mitigate the potential risks associated with production disruptions in the future to meet production demands adequately. During this period, the company

has also taken proactive measures to bolster the Plants' production capabilities and fortify its reliability for optimal performance.

Despite some temporary setbacks, Notore remains unwavering in its mission to enhance the lives of its stakeholders. A shining example of this commitment is the recent tree-planting initiative in collaboration with the Emir of Gombe, Alhaji Abubakar Shehu Abubakar III. This remarkable endeavor aims to combat the detrimental impact of deforestation and desertification in Nigeria.

In addition to its environmental efforts, Notore continues to make a significant impact through its extension services and educational initiatives. The Company tirelessly advocates for agricultural best practices and promotes sustainable farming techniques. By encouraging farmers to maximize their fertilizer usage and enhance their yields per hectare, Notore plays a pivotal role in meeting the food demands of a rapidly growing population. In this way, Notore reaffirms its dedication to nourishing the nation and contributing to the overall well-being of Nigeria and its people.

Outlook

Amidst Nigeria's surging demand for food and the Federal Government's unwavering commitment to boost agriculture, this sector has emerged as a linchpin for the country's prosperity. The significance of the fertilizer market cannot be overstated, as it plays a pivotal role in ensuring food availability, making it a matter of national security. The issue has taken on even greater urgency since many Nigerians are involved in agriculture.

In this critical context, Notore stands as a strategically positioned player. The company is poised to seize the opportunities presented by the soaring domestic and West African market demand for fertilizers and agricultural products. With the right approach and dedication, the company will continue to play a vital role in meeting the food demands of the nation and the region.

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About Notore Chemical Industries Plc

Notore is a vertically integrated agro-allied and chemicals business in Onne (near Port Harcourt), Rivers State, South-South Nigeria. It 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. 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 the international distribution of products. The Onne Complex comprises approximately 560 hectares of land owned by the Group with a 2km 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. At the same time, 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

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