



PRESS RELEASE

- **Flame Tree Group pre-tax profit up by 64% (148,4 million) and EBITDA up by 101%.**
- **Profit after tax for FY2020 increased by +67% up to 75.2 million.**
- **Gross margin growth 39% (+318.8 million vs. LY) from 34% to 39%.**
- **Sales up by +20%**

April 15th 2021, Nairobi - FTG Holdings (FTGH: NSE) the diversified manufacturer and distributor of plastic tanks, cosmetics, snacks, spices and playground equipment, is pleased to announce a 64% increase in pre-tax profit up to KES148.4 million for the FY 2020 from KES90.5 million posted the previous year.

The Nairobi Securities Exchange (NSE) Listed firm confirmed that all profit ratios showed major improvements; sales increased by 20% and gross margin grew by 39% from 34 p.p. to 39 p.p.

The company was able to cut down costs and achieve savings in all areas, following the implementation of a cost saving plan; however, there was an increase in depreciation costs (due to new equipment and asset revaluation from previous year), debt impairment and finance costs (impacted by the devaluation of the Kenyan Shilling) in FY2020.

All this enabled the company to achieve an outstanding improvement of +101% in EBITDA vs LY, up to 393.4 million.

| KEY FINANCIAL RATIOS | 2019 | 2020 | %VAR. |
|--|-------------|-------------|-------|
| Net Profit | 44,936,245 | 75,180,433 | 67% |
| EBITDA | 196,130,414 | 393,421,662 | 101% |
| Net Debt/EBIDTA | 2.7 | 1.7 | |
| Return on Equity (Ebitda) | 19% | 36% | |
| Revenue Growth | -2.6% | 20.0% | |
| Gross Margin | 34% | 39% | |
| EBITDA/Interest Expense | 3.1 | 3.2 | |
| DSO (Days sales outstanding) | 55 | 50 | |
| Interest Coverage (Ebitda) | 3.10 | 3.16 | |
| Gearing Ratio (net debt/net assets) | 0.50 | 0.62 | |

According to Mr. Heril Bangera, CEO Flame Tree Group, “We are very satisfied with the results achieved this year, despite all challenges in the most difficult year amid the global pandemic, the company has reacted fast to preserve its cash, protect employment, seize every commercial opportunity, even launching new products designed to fight the Covid 19 and continue to show a remarkable growth for the third year in a row”.

The company is also showing a strong and healthy financial position, with improvement in Net Debt/EBITDA ratio, now down to x1.7 (LY was x2.7).

“Our receivables have been kept under tight control, and despite the impairment of some receivables - mainly related to Tusky's Supermarket - the DSO ratio improved by 4 days,” said Mr. Bangera.

Net assets of the company showed an accumulated growth in the last 3 years of 33.4%.

Business Outlook

In FTGH we remain committed to our vision of Creating World Class African Brands for our customers in the countries where we currently operate and beyond. We shall continue to grow our business lines and strive to be market leaders in the plastics segment. The company has already done significant investments in plastic packaging machinery and equipment, as we gear up to grow our production capacity. The company shows healthy financial ratios, and we believe the performance in the last 3 years will give confidence to our stakeholders and investors.

Unfortunately, the pandemic is still with us and continues to create big challenges: partial or total lockdowns, delays in logistics, increase in raw material costs, and the devaluation of the KES (our base currency). We continue to strategize towards compensating all negative impacts as we keep working to achieve higher levels of efficiency in all areas and to gain new customers and diversify our product portfolio.

Dividend

The board of directors do not recommend the payment of a dividend for the year ended 31 Dec 2020.

Annual General Meeting

The 7th Annual General Meeting of the members will be held on 30th June 2021 at 11 am in Nairobi via Virtual Media as mandated by the CMA. Formal notice of the AGM will follow.

For a copy of Flame Tree Group's financial statements, please visit www.flametreegroup.com

About Flame Tree Group

Flame Tree Group is listed under the Growth and Enterprise Market Segment (GEMS) on the Nairobi Securities Exchange (NSE) as NSE: FTGH. Flame Tree Group is a world-class corporation in the heart of Africa that manufactures and distributes quality and affordable brands. Its strategy is to build a diversified portfolio of African-manufactured brands for African consumers, covering plastics, cosmetics and food in multiple markets and verticals.

The Group has operations in Kenya, Rwanda, Ethiopia, Mauritius, Mozambique and UAE. The company was founded in 1989 and now employs over 1,000 people, who are focused on delivering quality, value and innovation to improve customer's lives.

For media enquiries, please contact:

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Rina Hicks – Authorized Representative, Email: rina.hicks@fib.co.ke

For and behalf of the Board

George Theobald
Chairman

Heril Bangera
CEO

FTG Holdings Ltd
Consolidated and separate financial statements
For the year ended 31 December 2020
Statement of profit or loss and other comprehensive income

| | Group | |
|--|------------------------|------------------------|
| | 2020 | 2019 |
| | Shs | Shs |
| Revenue | 2,910,676,573 | 2,424,753,503 |
| Cost of sales | <u>(1,769,160,997)</u> | <u>(1,602,069,716)</u> |
| Gross profit | 1,141,515,576 | 822,683,787 |
| Other operating income | 1,634,879 | 6,682,401 |
| Other operating gains | 831,226 | 1,615,351 |
| Selling and distribution expenses | (290,500,234) | (305,048,681) |
| Administrative expenses | (477,655,526) | (302,703,249) |
| Other operating expenses | <u>(68,991,742)</u> | <u>(57,485,492)</u> |
| Operating profit/(loss) | 306,834,179 | 165,744,117 |
| Finance cost | <u>(158,420,765)</u> | <u>(75,213,959)</u> |
| Profit/(loss) before taxation | 148,413,414 | 90,530,158 |
| Current tax | (46,203,702) | (30,415,764) |
| Deferred tax | <u>(27,029,280)</u> | <u>(15,178,149)</u> |
| Profit/(loss) for the year | 75,180,432 | 44,936,245 |
| Other comprehensive income: | | |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on translation of foreign operations | (42,020,911) | (6,020,710) |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods: | | |
| Gains on property revaluation | - | 229,670,444 |
| Income tax relating to items that will not be reclassified | <u>-</u> | <u>(45,145,397)</u> |
| Other comprehensive income for the year net of tax | (42,020,911) | 178,504,337 |
| Total comprehensive income/(loss) for the year | 33,159,521 | 223,440,582 |
| Basic earnings per share | | |
| Earnings per share — On profit/(loss) | 0.42 | 0.25 |
| Earnings per share — On total comprehensive income | 0.19 | 1.25 |

FTG Holdings Ltd
Consolidated and separate financial statements
For the year ended 31 December 2020
Statement of Financial Position as at 31 December 2020

| | Group | |
|-------------------------------------|-----------------------------|-----------------------------|
| | 2020 | 2019 |
| Assets | Shs | Shs |
| Non-current assets | | |
| Property, plant and equipment | 1,060,685,487 | 1,043,842,107 |
| Right-of-use assets | 107,002,950 | - |
| Goodwill | 71,851,809 | 71,851,809 |
| Intangible assets | 92,638,637 | 86,145,049 |
| Investments in subsidiaries | - | - |
| Deferred tax asset | - | - |
| | <u>1,332,178,883</u> | <u>1,201,838,965</u> |
| Current assets | | |
| Inventories | 500,574,015 | 341,685,344 |
| Trade and other receivables | 582,902,974 | 641,869,089 |
| Current tax receivable | 13,476,353 | 7,033,454 |
| Cash and cash equivalents | 59,917,048 | 88,741,088 |
| | <u>1,156,870,390</u> | <u>1,079,328,975</u> |
| Total Assets | <u><u>2,489,049,273</u></u> | <u><u>2,281,167,940</u></u> |
| Equity and Liabilities | | |
| Equity | | |
| Share capital | 146,894,092 | 146,894,092 |
| Share premium | 152,450,453 | 152,450,453 |
| Revaluation reserves | 347,121,399 | 347,121,399 |
| Legal reserve | 3,665,461 | 3,665,461 |
| Translation reserve | (52,184,317) | (10,163,406) |
| Retained income | 486,975,706 | 417,174,378 |
| | <u>1,084,922,794</u> | <u>1,057,142,377</u> |
| Liabilities | | |
| Non-Current Liabilities | | |
| Borrowings | 211,417,865 | 284,947,082 |
| Lease liabilities | 88,098,285 | - |
| Deferred tax liabilities | 62,317,757 | 48,905,214 |
| | <u>361,833,907</u> | <u>333,852,296</u> |
| Current Liabilities | | |
| Trade and other payables | 495,759,465 | 540,822,020 |
| Borrowings | 242,109,428 | 314,246,832 |
| Lease liabilities | 26,159,717 | - |
| Bank overdrafts | 278,263,962 | 22,321,819 |
| Current tax payable | - | 12,782,597 |
| | <u>1,042,292,572</u> | <u>890,173,268</u> |
| Total Liabilities | <u>1,404,126,479</u> | <u>1,224,025,564</u> |
| Total Equity and Liabilities | <u><u>2,489,049,273</u></u> | <u><u>2,281,167,941</u></u> |

FTG Holdings Ltd
Consolidated and separate financial statements
For the year ended 31 December 2020
Statement of cashflows

| | Group | |
|--|----------------------|----------------------|
| | 2020 | 2019 |
| | Shs | Shs |
| Cash flows from operating activities | | |
| Cash generated from operations | 248,479,626 | 240,887,732 |
| Finance costs | (158,420,765) | (75,213,959) |
| Interest paid on lease liabilities | (12,444,662) | - |
| Tax paid | (65,169,585) | (32,442,236) |
| Net cash (used in)/from operating activities | 12,444,614 | 133,231,537 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (82,729,419) | (253,163,591) |
| Payments for right-of-use assets | (28,638,842) | - |
| Proceeds from sale of property, plant and equipment | 1,110,000 | 2,758,621 |
| Purchase of other intangible assets | (5,149,188) | (2,707,420) |
| Net cash used in investing activities | (115,407,449) | (253,112,390) |
| Cash flows from financing activities | | |
| (Repayment of)/proceeds from borrowings | (145,666,621) | 287,848,789 |
| Payments of principal portion of the lease liability | (16,194,180) | - |
| Net cash (used in)/from financing activities | (161,860,801) | 287,848,789 |
| Net movements in cash and cash equivalents | | |
| Cash and cash equivalents at the beginning of the year | 66,419,269 | (101,548,667) |
| Effects of foreign currency translations | (19,942,547) | - |
| Cash and cash equivalents at end of the year | (218,346,914) | 66,419,269 |

FTG Holdings Ltd

Consolidated and separate financial statements

For the year ended 31 December 2020

Statement of changes in equity

| Group | Share Capital Shs | Share premium Shs | Legal reserve Shs | Translation reserve Shs | Revaluation reserve Shs | Retained income Shs | Total Shs |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------------|-------------------------------|---------------------------|----------------------|
| As at 01 January 2019 | 146,894,092 | 152,450,453 | 3,665,461 | (4,142,696) | 141,929,031 | 372,238,133 | 813,034,474 |
| Translation reserve | - | - | - | (6,020,710) | - | - | (6,020,710) |
| Revaluation for the year | - | - | - | - | 205,192,368 | - | 205,192,368 |
| Profit for the year | - | - | - | - | - | 44,936,245 | 44,936,245 |
| As at 31 December 2019 | 146,894,092 | 152,450,453 | 3,665,461 | (10,163,406) | 347,121,399 | 417,174,378 | 1,057,142,377 |
| As at 01 January 2020 | 146,894,092 | 152,450,453 | 3,665,461 | (10,163,406) | 347,121,399 | 417,174,378 | 1,057,142,377 |
| Translation reserve | - | - | - | (42,020,911) | - | - | (42,020,911) |
| Adjustment previous years | - | - | - | - | - | - 5,379,104 | - 5,379,104 |
| Profit for the year | - | - | - | - | - | 75,180,432 | 75,180,432 |
| As at 31 December 2020 | 146,894,092 | 152,450,453 | 3,665,461 | (52,184,317) | 347,121,399 | 486,975,706 | 1,084,922,794 |