



PRESS RELEASE

- **H1 2021 reported revenue Kes 1,630.7M (+39% vs. LY)**
- **Gross Profit reached 546.6M, achieving a growth of +15% vs. LY**
- **EBT was 66.9M, marking an improvement of +21% vs. LY**

27th August 2021, Nairobi – FTG Holdings (FTGH: NSE) the diversified manufacturer and distributor of plastic tanks, cosmetics, snacks, spices and playground equipment is pleased to announce its financial performance for H1 2021.

The group reported revenue in H1 2021 of Kes 1,630.7M and gross profit reached 546.6M, with gross margin at 34%, Operating expenses were in up by 16% vs. LY which led to an increase in Profit Before Tax of 21% vs. LY, from 55.3M up to 66.9M.

Comment H1

The Group's priority has been to keep increasing sales in every business line, and mitigate the sharp rise in international raw materials prices and logistic costs, which have impacted the margins severely (34% vs 41% H1 2020).

The new machines purchased last year have enabled an increase in production and lower unit costs. The group is still investing in strategic assets to be able to diversify our product portfolio and to cater for a higher demand of our products. We have continued to innovate and launch new products and packaging formats to the market, in all 3 business lines: plastics, cosmetics and snacks & spices.

Net debt increased 7% vs. Dec.2020, however Net Debt/Net Assets ratio has remained at 0.6, and Return on Equity ratios have shown improvement. Working Capital improved by **18 days** as a result of faster collections, lower stock and longer payment terms to creditors.

Impact of COVID19

The effects of the pandemic still remain, and we have gone through restricted access to markets, sharp increase in the prices of raw materials, fuel and logistic costs. Availability of USD in Rwanda and Ethiopia has been very scarce, hence affecting the purchase of raw materials for our factories. However we have gained new clients, and managed to increase sales across the business lines: **Plastics: +33%; Cosmetics: +16%; Snacks: +4%** (despite the loss of Tuskys) and **Trade: +93%**

We have continued to look at ways to innovate and save costs.

According to Mr. Heril Bangera, CEO Flame Tree Group, "The last 18 months have been incredibly challenging, but our tireless commitment to our clients has been a key differentiator.

We continue to make meaningful progress toward achieving the objectives of our strategic plan: First, to grow and strengthen our existing business in each product line and capture higher sales across a wider range of clients; Second, to diversify our products; Third, to operate more efficiently so that we can drive higher margins and returns across the organization.

Like I said last year, progress is never a straight line, but when your strategy is clear — even in a crisis — you’ve got to stay the course, stay calm, remain hard at work, show resilience and weather the storm”.

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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FTG Holdings Ltd
Report and consolidated financial statements
For the period ended 30 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	6 months to 30 June 2021 Shs	12 months to 31 December 2020 Shs	6 months to 30 June 2020 Shs
Revenue	1,630,738,167	2,910,676,573	1,175,761,769
Cost of sales	(1,084,043,738)	(1,769,160,997)	(699,386,039)
Gross profit	546,694,429	1,141,515,576	476,375,730
Other operating income	2,944,945	1,634,879	2,266,202
Other operating gains	-	831,226	-
Selling and distribution expenses	(211,693,148)	(272,077,918)	(131,612,083)
Administrative expenses	(144,523,872)	(496,077,842)	(80,049,743)
Other operating expenses	(66,898,673)	(68,991,741)	(152,500,396)
Operating profit/(loss)	126,523,681	306,834,180	114,479,710
Finance costs	(59,536,435)	(158,420,765)	(59,095,947)
Profit before tax	66,987,246	148,413,415	55,383,763
Current tax	-	(46,203,702)	-
Deferred tax	-	(27,029,280)	-
Profit for the period/year	66,987,246	75,180,433	55,383,763
Other comprehensive income:			
- Exchange differences on translation of foreign operations	42,743,903	(42,020,911)	(1,566,837)
- Gain on revaluation	-	-	-
- Deferred tax on revaluation gain	-	-	-
	<u>42,743,903</u>	<u>(42,020,911)</u>	<u>(1,566,837)</u>
Total comprehensive income for the year	109,731,149	33,159,522	53,816,926
Earnings per share - profit for the period/year	<u>0.38</u>	<u>0.42</u>	<u>0.31</u>
Earnings per share - total comprehensive income for the period/year	<u>0.62</u>	<u>0.19</u>	<u>0.30</u>

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2021 Shs	31 December 2020 Shs	30 June 2020 Shs
Assets			
Non-current assets			
Property, plant and equipment	1,154,300,987	1,060,685,487	1,078,501,051
Right-of-use assets	96,619,474	107,002,950	-
Goodwill on consolidation	71,851,809	71,851,809	71,851,809
Intangible assets	99,127,371	92,638,637	86,764,193
	1,421,899,641	1,332,178,883	1,237,117,053
Current assets			
Inventories	456,216,353	500,574,015	367,011,162
Trade and other receivables	700,346,887	582,902,975	846,511,151
Cash and cash equivalents	57,148,794	59,917,048	55,871,604
Tax recoverable	14,112,241	13,476,353	-
	1,227,824,275	1,156,870,391	1,269,393,917
Total assets	2,649,723,916	2,489,049,274	2,506,510,970
Equity and liabilities			
Equity			
Share capital	146,894,092	146,894,092	146,894,092
Share premium	152,450,453	152,450,453	152,450,453
Legal reserves	3,665,461	3,665,461	4,519,942
Revaluation reserve	347,121,399	347,121,399	347,121,399
Retained earnings	553,962,953	486,975,707	490,535,445
Translation reserve	(9,440,414)	(52,184,317)	(10,163,406)
	1,194,653,944	1,084,922,795	1,131,357,925
Liabilities			
Non-current liabilities			
Borrowings	240,325,163	211,417,865	137,608,799
Lease liabilities	101,898,893	88,098,285	-
Deferred tax	62,492,553	62,317,757	48,905,216
	404,716,609	361,833,907	186,514,015
Current liabilities			
Trade and other payables	511,259,774	495,759,465	602,041,802
Borrowings	235,653,701	242,109,428	267,508,680
Bank overdraft	299,386,115	278,263,962	297,044,036
Lease liabilities	4,053,773	26,159,717	-
Current tax payable	-	-	22,044,512
	1,050,353,363	1,042,292,572	1,188,639,030
Total liabilities	1,455,069,972	1,404,126,479	1,375,153,045
Total Equity and Liabilities	2,649,723,916	2,489,049,274	2,506,510,970

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FTG Holdings Ltd
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For the period ended 30 June 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital Shs	Share premium Shs	Legal reserves Shs	Retained income Shs	Translation reserve Shs	Revaluation reserve Shs	Total equity Shs
Year ended 31 December 2020							
At start of year	146,894,092	152,450,453	3,665,461	417,174,378	(10,163,406)	347,121,399	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	-	-	-	75,180,433	-	-	75,180,433
At end of year	<u>146,894,092</u>	<u>152,450,453</u>	<u>3,665,461</u>	<u>486,975,707</u>	<u>(52,184,317)</u>	<u>347,121,399</u>	<u>1,084,922,795</u>
Period ended 30 June 2021							
At start of period	146,894,092	152,450,453	3,665,461	486,975,707	(52,184,317)	347,121,399	1,084,922,795
Translation reserve movement	-	-	-	-	42,743,903	-	42,743,903
Profit for the year	-	-	-	66,987,246	-	-	66,987,246
At end of period	<u>146,894,092</u>	<u>152,450,453</u>	<u>3,665,461</u>	<u>553,962,953</u>	<u>(9,440,414)</u>	<u>347,121,399</u>	<u>1,194,653,944</u>

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CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months to 30 June 2021	12 months to 31 December 2020	6 months to 30 June 2020
	Shs	Shs	Shs
Operating activities			
Cash from operations	117,272,839	248,479,626	(25,118,869)
Finance cost	59,536,435	(158,420,765)	(59,095,947)
Interest paid on lease liabilities	2,112,317	(12,444,662)	-
Tax paid	(27,241,984)	(65,169,585)	(9,413,127)
Net cash from/(used in) operating activities	151,679,607	12,444,614	(93,627,943)
Investing activities			
Purchase of property, plant and equipment	(149,503,023)	(82,729,419)	(34,658,944)
Payments for right-of-use assets	-	(28,638,842)	-
Purchase of intangible assets	(6,438,734)	(5,149,188)	(3,247,564)
Proceeds from disposal of property, plant and equipment	-	1,110,000	-
Net cash (used in) investing activities	(155,941,757)	(115,407,449)	(37,906,508)
Financing activities			
Proceeds from/(repayment of) borrowings	22,451,571	(145,666,621)	(176,057,250)
Payments of principal portion of the lease liability	(6,219,013)	(16,194,180)	-
Net cash from/(used in) financing activities	16,232,558	(161,860,801)	(176,057,250)
Increase/(decrease) in cash and cash equivalents	11,970,408	(264,823,636)	(307,591,701)
Movement in cash and cash equivalents			
At start of period/year	(218,346,914)	66,419,269	66,419,269
Increase/(decrease)	11,970,408	(264,823,636)	(307,591,701)
Effect of exchange rate changes	(35,860,815)	(19,942,547)	-
At end of period/year	(242,237,321)	(218,346,914)	(241,172,432)