



- **Flame Tree Group comes back to profit in H1 2023 after the adverse results from 2022 caused by increased costs of raw materials.**
- **Sales have kept growing (+18% vs H1 2022) and margin has increased 7 basic points up to 34%**
- **EBITDA reported is 201.3 M, showing an improvement of 71% vs. the previous year.**

August 30th 2023, Nairobi - FTG Holdings (FTGH: NSE) the diversified manufacturer and distributor of plastic tanks, cosmetics, snacks, spices and playground equipment, has announced a 18% increase in sales vs. H1 2022, up to 2.125M with a gross margin of 34% vs. 27% on previous year. This has enabled the Group to achieve a positive EBITDA of 201.3M (+71%). However, finance costs linked to increased working capital funding from last year plus higher interest rates and depreciation of the local currencies vs. the USD are having a negative impact on the net profit - even if confirming much better performance vs 2022: 6.8M profit vs loss of 44.7M in H1 2022.

Overheads increased by +17% (88.6 million), including increased depreciation costs, Factory expenses (+26%), Logistic costs (+19%) and Sales & Marketing expenses (+19%) linked to the launching of new products and higher sales and logistic costs.

Finance costs went up by 24% vs H1202 up to 122.4M, because of additional funds required to purchase raw materials last year and the devaluation of the Kenyan Schilling vs. USD.

All Financial ratios show positive improvement and Net Debt Ebitda has reduced to x6.5 from x15.9 FY2022, which shows the commitment of the company to reduce debt and increase sales & Ebitda.

There is a remarkable improvement of 35 days in working capital management, which includes well-managed collections (47 days) and an important increase in payment terms to suppliers after the challenges faced by international context last year.

Net assets grew by 6.2% vs. December 2022, and short-term borrowings reduced by 45%.

New products launched include the Roto Mega Bins (Roto Moulders), Street Bins and Toto Balls from Polyplay, Zoe new range of products and Alana Vitamine C Lotions from Flame Tree, new Honeycomb Chevdras from Chirag and Rino planters (Mozambique).

Business Outlook

We began our journey to 2023, a bumpy road involving a combination of continuous challenges and opportunities energized, excited and determined to deliver for shareholders, showing resilient performance amidst a tough macroeconomic environment. We believe our strategy positions us well to meet our financial targets through the cycle and 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 are grateful for the support and trust of our customers, allowing us to keep growing our sales year on year, specially FMCG reporting growth over 34% vs. previous year, despite political protests in Kenya and high inflation affecting domestic demand.

The depreciation of the Kenyan shilling continues to be one of the main factors affecting negatively our performance, as well as the higher finance costs we are incurring this year, as we manage to bring down borrowings from banks - this will take some time, but it is a priority for the Group, so we can avail more free cash flow to other projects.

The prospect for our business remains bright as we continue to innovate new ways to deliver quality products to our customers across East Africa.

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 1,200 people, who are focused on delivering quality, value and innovation to improve customer's lives.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	6 months to 30 June 2023 Shs	12 months to 31 December 2022 Shs	6 months to 30 June 2022 Shs
Revenue	2,125,943,750	4,026,016,240	1,803,576,535
Cost of sales	(1,407,687,844)	(3,049,836,629)	(1,312,302,733)
Gross profit	718,255,906	976,179,611	491,273,802
Other operating income	-	-	45,000,000
Other operating gains	-	-	-
Selling and distribution expenses	(316,889,505)	(375,969,782)	(260,439,287)
Administrative expenses	(177,973,936)	(550,107,991)	(142,776,617)
Other operating expenses	(94,095,152)	(89,452,471)	(79,154,266)
Operating profit/(loss)	129,297,313	(39,350,633)	53,903,632
Finance costs	(122,499,570)	(226,378,397)	(98,645,398)
Profit before tax	6,797,743	(265,729,030)	(44,741,766)
Current tax		(4,892,818)	-
Deferred tax		55,649,952	-
Profit for the period/year	6,797,743	(214,971,896)	(44,741,766)
Other comprehensive income:			
- Exchange differences on translation of foreign operations	72,980,433	(57,670,361)	(20,276,905)
- Gains on property revaluation		368,268,769	183,796,484
- Deferred tax on revaluation gain			(55,138,945)
	72,980,433	310,598,408	108,380,634
Total comprehensive income for	79,778,176	95,626,512	63,638,868
Earnings per share - profit for the period/year			
Earnings per share - total comprehensive income for the period/year			

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2023 Shs	31 December 2022 Shs	30 June 2022 Shs
Assets			
Non-current assets			
Property, plant and equipment	1,631,994,406	1,549,238,828	1,370,589,512
Right-of-use assets	34,900,415	45,718,029	62,147,839
Goodwill on consolidation	71,851,809	71,851,809	71,851,809
Intangible assets	168,115,781	165,366,931	143,400,112
	1,906,862,411	1,832,175,597	1,647,989,272
Current assets			
Inventories	763,751,722	793,933,541	766,779,522
Trade and other receivables	876,473,373	814,999,894	687,161,555
Cash and cash equivalents	76,797,878	73,330,717	46,413,657
Tax recoverable	20,368,391	21,864,568	19,910,629
	1,737,391,364	1,704,128,720	1,520,265,363
Total assets	3,644,253,775	3,536,304,317	3,168,254,635
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	3,665,461
Revaluation reserve	715,390,168	715,390,168	530,917,883
Retained earnings	381,345,277	374,547,534	544,777,664
Translation reserve	(34,288,263)	(107,268,696)	(69,875,240)
	1,365,457,188	1,285,679,012	1,308,830,313
Liabilities			
Non-current liabilities			
Borrowings	474,710,119	196,258,994	206,778,727
Lease liabilities	39,091,933.00	51,019,168	67,886,184
Deferred tax	55,250,025	53,867,120	35,314,643
	569,052,077	301,145,282	309,979,554
Current liabilities			
Trade and other payables	799,869,042	762,018,782	411,264,404
Borrowings	470,585,354	843,060,887	791,326,668
Bank overdraft	435,236,340	340,346,581	342,799,923
Lease liabilities	4,053,773	4,053,773	4,053,773
	1,709,744,509	1,949,480,023	1,549,444,768
Total liabilities	2,278,796,586	2,250,625,305	1,859,424,322
Total equity and liabilities	3,644,253,774	3,536,304,317	3,168,254,635

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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 2022							
At start of year	146,894,092	152,450,453	3,665,461	589,519,430	(49,598,335)	347,121,399	1,190,052,500
Translation reserve movement	-	-	-	-	(57,670,361)	-	(57,670,361)
Gain on revaluation	-	-	-	-	-	368,268,769	368,268,769
Profit for the year	-	-	-	(214,971,896)	-	-	(214,971,896)
At end of year	146,894,092	152,450,453	3,665,461	374,547,534	(107,268,696)	715,390,168	1,285,679,012
Period ended 30 June 2023							
At start of period	146,894,092	152,450,453	3,665,461	374,547,534	(107,268,696)	715,390,168	1,285,679,012
Revaluation reserve movement	-	-	-	-	-	-	-
Translation reserve movement	-	-	-	-	72,980,433	-	72,980,433
Profit for the year	-	-	-	6,797,743	-	-	6,797,743
At end of period	146,894,092	152,450,453	3,665,461	381,345,277	(34,288,263)	715,390,168	1,365,457,188

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CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months to 30 June 2023 Shs	12 months to 31 December 2022 Shs	6 months to 30 June 2022 Shs
Operating activities			
Cash from/(used in) operations	207,882,216	(54,798,871)	(215,608,219)
Finance cost	(122,499,570)	(226,378,397)	(98,645,398)
Interest paid on lease liabilities	-	-	-
Tax paid	1,496,177	(9,502,048)	(2,655,291)
Net cash from/(used in) operating activities	86,878,823	(290,679,316)	(316,908,908)
Investing activities			
Purchase of property, plant and equipment	(45,273,152)	(69,831,030)	(45,318,571)
Purchase of intangible assets	(2,116,563)	(42,825,982)	(20,245,001)
Proceeds from disposal of property, plant and equipment	775,000	3,749,743	-
Net cash (used in) investing activities	(46,614,715)	(108,907,269)	(65,563,572)
Financing activities			
(Repayment of)/proceeds from borrowings	(94,024,408)	411,083,530	413,219,585
Payments of principal portion of the lease liability	(11,927,235)	(21,850,039)	(14,723,011)
Net cash from/(used in) financing activities	(105,951,643)	389,233,491	398,496,574
Increase/(decrease) in cash and cash equivalents	(65,687,535)	(10,353,094)	16,024,094
Movement in cash and cash equivalents			
At start of period/year	(267,015,864)	(245,123,816)	(245,123,816)
Increase/(decrease)	(65,687,535)	(10,353,094)	16,024,094
Effect of exchange rate changes	(25,735,063)	(11,538,954)	(67,286,544)
At end of period/year	(358,438,462)	(267,015,864)	(296,386,266)