



PRESS RELEASE

- **Flame Tree Group net profit up by 36.4% (102,5 million).**
- **Sales increased by +16.2% up to 3,383 million.**
- **Gross margin growth was minimal due to increased price of raw material & international shipping costs.**
- **Working capital management showed positive performance vs LY.**

March 30th 2022, Nairobi - FTG Holdings (FTGH: NSE) the diversified manufacturer and distributor of plastic tanks, cosmetics, snacks, spices and playground equipment, has announced a 36.4% increase in net profit up to KES102.5 million for the FY 2021 from KES75.1 million posted the previous year.

The Nairobi Securities Exchange (NSE) Listed firm confirmed that all core financial ratios showed good improvements and resilience despite international challenging factors affecting the cost of sales; revenue increased by 16.2% in 2021, adding to the sales increase of 20% posted in 2020. However gross margin dropped from 39% to 34% following sharp increase in international oil prices and exorbitant increase in international shipping costs, which affected the cost of our raw materials.

Overheads increased by +5.4% (44.7 million), as we reactivated our sales & marketing activities after lockdowns in 2020 and due to increased logistics linked to higher sales & hike in fuel prices and higher depreciation costs following new investments in machinery and equipment. The company was able to cut down costs and achieve savings in other areas, including debt impairment and relative finance costs.

All this enabled the company to achieve a remarkable improvement of 36.4% in net profit, after the 67% increase reported LY. Net assets grew by 10% up to 1,190 million.

According to Mr. Heril Bangera, CEO Flame Tree Group, "After a very challenging 2nd year of the Covid pandemic and unprecedented increases of oil prices and international shipping costs, which have impacted negatively our cost of sales, we are very satisfied with the results achieved this year, and continue to show a remarkable growth for the fourth year in a row as well as a strong and healthy financial position, with a low Net Debt/EBITDA ratio, x2.4".

"Our receivables have been kept under tight control and the DSO ratio improved by another 3 days," said Mr. Bangera.

Net assets of the company showed an accumulated growth in the last 4 years of 46.4%.

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. We have invested in new machinery that will allow us to start manufacturing new product ranges with high growth potential. The company shows healthy financial ratios, and we believe the performance in the last 4 years will give confidence to our stakeholders and investors.

However, as the war between Russia and Ukraine escalates, global commodity markets are going through the most upheaval since the 1973 oil embargo on the U.S.

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. **In FTG we have diversified our suppliers** of raw materials, especially polymers, from different regions in the world, to be able to mitigate the impact of the price increase, however this is the main uncertainty we are facing in 2022: how long will the prices remain so high, and to what extent the war in Ukraine will affect other commodities and inflation in general.

Dividend

The board of directors do not recommend the payment of a dividend for the year ended 31 Dec 2021.

Annual General Meeting

The 8th Annual General Meeting of the members will be held on 7th July 2022 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 1,200 people, who are focused on delivering quality, value and innovation to improve customer's lives.

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FTG Holdings Ltd
Consolidated and separate financial statements
For the year ended 31 December 2021

Statement of profit or loss and other comprehensive income

	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Revenue	3,383,108,288	2,910,676,573	-	-
Cost of sales	(2,238,383,462)	(1,769,160,997)	-	-
Gross profit	1,144,724,826	1,141,515,576	-	-
Other operating income	-	1,634,879	30,288,284	59,308,880
Other operating gains	-	831,226	-	-
Selling and distribution expenses	(318,257,055)	(272,077,918)	(337,280)	-
Administrative expenses	(481,092,145)	(496,077,842)	(29,929,071)	(45,127,649)
Other operating expenses	(82,592,293)	(68,991,741)	(1,395,833)	(1,674,283)
Operating profit/(loss)	262,783,333	306,834,180	(1,373,900)	12,506,948
Finance cost	(150,489,329)	(158,420,765)	(2,952,832)	(14,057,045)
Profit/(loss) before taxation	112,294,004	148,413,415	(4,326,732)	(1,550,097)
Current tax	(27,170,843)	(46,203,702)	-	-
Deferred tax	17,420,563	(27,029,280)	-	-
Profit/(loss) for the year	102,543,724	75,180,433	(4,326,732)	(1,550,097)
Other comprehensive income:				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	2,585,982	(42,020,911)	-	-
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Gains on property revaluation	-	-	-	-
Income tax relating to items that will not be reclassified	-	-	-	-
Other comprehensive income for the year net of tax	2,585,982	(42,020,911)	-	-
Total comprehensive income/(loss) for the year	105,129,706	33,159,522	(4,326,732)	(1,550,097)
Basic earnings per share				
Earnings per share — On profit/(loss)	0.58	0.42	(0.02)	(0.01)
Earnings per share — On total comprehensive income	0.59	0.19	(0.02)	(0.01)

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Statement of Financial Position as at 31 December 2021

	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Assets				
Non-current assets				
Property, plant and equipment	1,189,346,720	1,060,685,487	35,259	19,189
Right-of-use assets	77,712,162	107,002,950	-	-
Goodwill	71,851,809	71,851,809	-	-
Intangible assets	122,751,662	92,638,637	19,142,656	7,814,541
Investments in subsidiaries	-	-	545,531,392	545,531,392
	1,461,662,353	1,332,178,883	564,709,307	553,365,122
Current assets				
Inventories	685,659,674	500,574,015	-	-
Trade and other receivables	655,906,796	582,902,974	358,042,021	68,971,276
Current tax receivable	17,255,338	13,476,353	-	-
Cash and cash equivalents	54,325,566	59,917,048	2,539,348	16,188,645
	1,413,147,374	1,156,870,390	360,581,369	85,159,921
Total Assets	2,874,809,727	2,489,049,273	925,290,676	638,525,043
Equity and Liabilities				
Equity				
Share capital	146,894,092	146,894,092	146,894,092	146,894,092
Share premium	152,450,453	152,450,453	152,450,453	152,450,453
Revaluation reserves	347,121,399	347,121,399	-	-
Legal reserve	3,665,461	3,665,461	-	-
Translation reserve	(49,598,335)	(52,184,317)	-	-
Retained earnings/(accumulated losses)	589,519,430	486,975,706	(93,555,056)	(89,228,324)
	1,190,052,500	1,084,922,794	205,789,489	210,116,221
Liabilities				
Non-Current Liabilities				
Borrowings	215,428,562	211,417,865	586,538,856	306,341,669
Lease liabilities	82,609,195	88,098,285	-	-
Deferred tax liabilities	38,249,287	62,317,757	-	-
	336,287,044	361,833,907	586,538,856	306,341,669
Current Liabilities				
Trade and other payables	632,159,240	495,759,465	8,782,286	22,605,405
Borrowings	412,807,789	242,109,428	30,262,174	3,291,354
Lease liabilities	4,053,773	26,159,717	-	-
Bank overdrafts	299,449,382	278,263,962	93,917,871	96,170,394
Current tax payable	-	-	-	-
	1,348,470,184	1,042,292,572	132,962,331	122,067,153
Total Liabilities	1,684,757,228	1,404,126,479	719,501,187	428,408,822
Total Equity and Liabilities	2,874,809,728	2,489,049,273	925,290,676	638,525,043

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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 2020	146,894,092	152,450,453	3,665,461	(10,163,406)	347,121,399	417,174,377	1,057,142,376
Translation reserve	-	-	-	(42,020,911)	-	-	(42,020,911)
Prior year adjustments						(5,379,104)	(5,379,104)
Profit for the year	-	-	-	-	-	75,180,433	75,180,433
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
As at 01 January 2021	146,894,092	152,450,453	3,665,461	(52,184,317)	347,121,399	486,975,706	1,084,922,794
Translation reserve	-	-	-	2,585,982	-	-	2,585,982
Profit for the year	-	-	-	-	-	102,543,724	102,543,724
As at 31 December 2021	146,894,092	152,450,453	3,665,461	(49,598,335)	347,121,399	589,519,430	1,190,052,500

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Statement of cashflows

	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Cash flows from operating activities				
Cash generated from/(used in) operations	242,870,273	248,479,626	(304,000,761)	(262,604,100)
Finance costs	(150,489,329)	(158,420,765)	(2,952,832)	(14,057,045)
Interest paid on lease liabilities	-	(12,444,662)	-	-
Tax paid	(75,085,090)	(65,169,585)	-	-
Net cash from/(used in) operating activities	17,295,854	12,444,614	(306,953,593)	(276,661,145)
Cash flows from investing activities				
Purchase of property, plant and equipment	(200,722,329)	(82,729,419)	(21,552)	(21,930)
Payments for right-of-use assets	-	(28,638,842)	-	-
Proceeds from sale of property, plant and equipment	2,758,400	1,110,000	-	-
Purchase of other intangible assets	(31,860,649)	(5,149,188)	(11,589,636)	(6,953,200)
Net cash used in investing activities	(229,824,578)	(115,407,449)	(11,611,188)	(6,975,130)
Cash flows from financing activities				
Proceeds from/(Repayment of) borrowings	174,709,058	(145,666,621)	307,168,007	203,035,824
Payments of principal portion of the lease liability	(14,916,471)	(16,194,180)	-	-
Net cash from/(used in) financing activities	159,792,587	(161,860,801)	307,168,007	203,035,824
Net movements in cash and cash equivalents	(52,736,137)	(264,823,636)	(11,396,774)	(80,600,451)
Cash and cash equivalents at the beginning of the year	(218,346,914)	66,419,269	(79,981,749)	618,702
Effects of foreign currency translations	25,959,235	(19,942,547)	-	-
Cash and cash equivalents at end of the year	(245,123,816)	(218,346,914)	(91,378,523)	(79,981,749)