ANNUAL REPORT 2022

flame tree
GROUP

Contents

NATURE'S OWN

Add a Spoonful of Nature's Own Chia Seeds to Oatmeal or Smoothies

An excellent source of fiber, which can improve heart health, reduce cholesterol levels and promote intestinal health.

About this Report

Flame Tree Group as an organization, is committed to partnering with others and leveraging your expertise & experience to achieve our goal of building world class African brands. As we strive to become a more agile and higher-performing organisation we ensure that we embed our strong culture and values across all our operating companies within the framework of compliance which shall govern all that we do.

Our 2022 Annual Report and Financial Statements provides a transparent account of our organization's efforts to achieve our goals. It is important to note that this report covers our fiscal year from 01 January 2022 to 31 December 2022. It gives us a comprehensive overview of the value we add to our stakeholders and our impact on society.
It demonstrates our commitment to transparency, accountability and sustainability.
By disclosing our successes and setbacks, we provide stakeholders with the information they need to evaluate our performance and hold us accountable for our actions. We have provided material and comparable information in the form of graphs and tables.

This report gives us a comprehensive overview of the value we add to our stakeholders and our impact on society. It demonstrates our commitment to transparency, accountability and sustainability.

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George Theobald

Chairman, Flame Tree Group Holdings

Chairman's Message

Dear fellow shareholders and partners,

In retrospect, the pandemic marked the end of a period of relative stability: We had low interest rates, low inflation and relatively little conflict between great powers. Today, all of that is over. Proxy wars, globalization backlash and stagflation are complicated by rapid technological advances and extreme weather. 2022 was not an easy year. We escaped the pandemic, but none of us were untouched by global events. Prices have risen frighteningly, the cost of doing business has increased.

Global economies were caught in an ill-prepared supply chain disruption that stemmed from Russia's invasion of Ukraine. Consequently, inflation soared to multi-decade highs, prompting rapid monetary policy tightening and peculiar country risks, all contributing to a significant slowdown in global growth. According to IMF estimates, global growth slowed to 3.2% in 2022, down from the 6.0% recorded in 2021. Likewise, Sub-Saharan Africa's (SSA) growth slowed to 3.8% in 2022 from 4.7% in 2021. The conflict in Ukraine is now the main driver of global events, with no sign of slowing down and in the meantime, the impact of the war has spread far beyond the region to affect food and energy prices worldwide, driving up inflation and disrupting global trade alliances with no end in sight.

The IMF is predicting recessions in a third of the world this year. If there is a silver lining to the conflict in Ukraine, it is that it has accelerated the switch to renewables. With energy now becoming a security concern, European nations never again want to be dependent on Russian gas. This not only means a turn towards solar and wind, but also nuclear and hydrogen. This will contribute in the future to have stable gas and oil prices, which gives a relief to our concerns about raw material costs.

However, as China's economy experiences a strong rebound, its demand for commodities like iron and liquified natural gas will push up those prices even further on the global markets and increase the inflationary pressure elsewhere.
At present, around 40% of global trade is concentrated (meaning importers depend on three or fewer nations for an import). And 75% of that number is trade that is optionally concentrated. It's not that other suppliers don't exist; it's that we don't choose to work with them, which reduces our ability to weather supply shocks. This represents an opportunity for Africa.

Demographics are also going to change the way we interact. Populations are aging across the developed world, with the exception of the United States. Meanwhile, populations continue to grow in the Global South. Sub-Saharan Africa alone will account for half the world's population growth until 2050. A challenge will be developing these economies enough to support their populations and prevent the mass migration that is already underway and being exacerbated by climate change. Meanwhile, we are all trying to make the green transition at the same time, along with the digital transition, which means there will be competition for resources and talent.

Global economic growth is expected to be moderate over the coming decades due to a shrinking labor force. However, over the long-term horizons, more economic and also financial market growth is likely to be driven by emerging market economies over time. Despite the confluence of multiple shocks such as COVID-19 and Russia's invasion of Ukraine, growth across all five African regions was positive in 2022 and, sub-Saharan Africa's ultimate potential remains undimmed. WTI crude futures fell toward $78 per barrel recently, extending losses from the previous weeks, weighed down by concerns that higher interest rates could dampen global economic growth and future energy demand. The US Federal Reserve has delivered another 25 base point rate hike in May, and the European Central Bank is seen raising borrowing costs three times in the next few months. This will put pressure on our main cost of raw materials, polymers, to remain in 2023 below any cost seen in 2022, giving a good boost to our margins.

Flame Tree Group

Clearly the loss of margin has hit FTG very hard. Not only was it the main driver to report losses, but also the cause of the increase of debt and finance costs, making it very difficult to manage cashflow in an extremely volatile environment. The increase of net debt (445 million Ksh) was fully linked to LC lines to fund the increased cost of materials. Main financial ratios have worsened vs previous year, however still showing a positive EBITDA ROE (+8% with an accumulated ratio of 93% in the last four years). On the positive side, net assets grew by 8% (accumulated growth in the last 4 years is 58.1%) and all working capital ratios remain very healthy: 74 stock days (DIS), 48 debtors days (DSO) and 62 creditors days (DPO).

One of our main objectives in 2023 is to bring down debt levels, so with the improved EBITDA we will report a sound financial Balance Sheet and a much lower net debt/Ebitda ratio, so we can free up financial resources to grow our business instead of paying finance costs.

The Path Ahead

When you look at our strategy, our culture, our talent and our track record, I think we're well positioned to deliver better and better results every year. We're working hard to raise the floor on returns and achieve our through-the-cycle targets. Our leadership is focused on our key priorities to make the FTG stronger and more diversified. And I believe that best days for Flame Tree Group are yet to come. The International Monetary Fund (IMF) expects economic growth to pick up, with Sub-Saharan Africa's GDP projected at 3.8% in 2023. This growth cuts across all our countries of operations, supporting our product's demand. This demand is driven by the burgeoning population, booming real estate sector and increasing infrastructure development. At Flame Tree Group we are looking forward to contributing to make Africa a prosperous continent and play our fair share in achieving the highest performance possible, as we remain committed to the welfare of our staff and the communities around us.

Wishing you all prosperity, health and success and looking forward to seeing a better & more peaceful world next year,

SincerelyGeorge Theobald

Chairman FTG Holdings

Heril Bangera

Chief Executive Officer, Flame Tree Group Holdings

CEO's Message

Fellow Shareholders:

Back in January 2020, nobody would have imagined that just a few weeks later a pandemic would break out and there would be such disruption in the global economy. We couldn't have anticipated all the challenges we'd face over the past three years, and yet our teams met them with hard work, creativity and determination. Even today, we're operating in an uncertain environment; the geopolitical tensions arising from the Russian-Ukraine crisis and shifts in monetary policy have led to a volatile global environment and a dramatic pickup in global inflation at the end of 2022.

When you look at our 2022 results specifically, there's no question that the operating environment was challenging. The same business mix that did so well in 2021 faced headwinds as prices of coal, diesel and gas rose to sky-high levels, manufacturing companies battled with high operating cost, mainly driven by the haulage and freight cost on the back of the global supply disruptions and this coupled with foreign exchange fluctuation and exerted pressure on operating cost affected volume growth and margins. During the year, concerns about faster pace interest rate hikes strengthened the United States Dollar and weakened many African currencies. This resulted in higher interest rates as monetary policy authorities attempted to stabilize local currencies and wade off inflationary pressures. In Kenya, the KES devalued from 113 KES/USD in January to 125KES/USD by the end of 2022.

Despite all these challenges, our sales increased by +19%, showing YoY growth continuously for the last 5 years, reaching an accumulated growth of 62.2% for that period: all business lines continued to show good growth rates: plastics +11% (despite drop of sales in Ethiopia), and FMCG lines +32.6%. However the sharp increase of raw materials costs caused the company to lose over 9.6 p.p of gross margin, which virtually wiped out +386million of gross profits out of the P&L and also forced the company to increase LC and working capital lines exclusively to fund the purchase of raw materials. This has translated to exceptionally high levels of short-term debt and finance costs (172.7 million interest). Overheads increased by +10%, mainly driven by sales team expenses, promotion & marketing actions, that allowed the company to achieve higher market shares.

On the positive side net assets increased by +8%, including +30% in fixed assets that was offset partially by a devaluation reserve. This shows the positive impact of all investments in new machinery and equipment done: the accumulated growth in net assets in the last 4 years is 58.1%. This new machinery has given us additional manufacturing capacity and enables the company to produce new product ranges with high growth potential in our plastic division. The company is committed to reduce the exceptional debt levels required in 2022 and keep a financially sound balance, and we believe the performance in the last 4 years will give confidence to our stakeholders and investors. We have continued to put a lot of effort and attention in our working capital management, and after a very bumpy year on the side of stock and purchases, we managed to achieve 74 days of inventory (improvement of 4 days vs LY), 62 days of payables and 48 days of receivables thanks to tight control of customer credit.

Our People

In addition to serving our clients and delivering for shareholders, we're also focused on taking care of our people. Flame Tree Group is a welcoming and fun place to work. Throughout the year we organize many activities, social gatherings, celebrations, CSR actions with our staff. I believe this makes our company unique, that bond that is created among all staff and management is really awesome. At Flame Tree Group, we foster an "energetic spirit" at work that extends beyond passive observation. This energy translates into active and proactive engagement in our tasks and responsibilities. A leader with an energetic spirit understands that success and setbacks are inherent in any journey. We maintain an unwavering commitment to improvement, constantly seeking to enhance our performance, efficiency, and creativity. We celebrate our accomplishments and approach failures with a mindset of acceptance, leveraging them as catalysts for personal and organizational growth.

Looking ahead...

According to the 2023, Africa's Macroeconomic Outlook report by AFDB, Africa is set to outperform the rest of the world in economic growth over the next two years, with real gross domestic product (GDP) averaging around 4% in 2023 and 2024. Africa remains the fastest growing region with a huge deficit in infrastructures, creating great opportunities for our plastics and FMCG business. The path ahead is never certain, but 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; the recently announced production cuts by OPEC+ may cause tightness in the oil market in the second half of the year, pushing up oil prices. A stronger-than-expected recovery in China may put further pressure on oil prices, however Russia's efforts to sell their oil is also causing prices of the commodity to go down. In any case, inflation has moved past the peak and, following the sharp decline in wholesale energy prices and the outlook for 2023-2024 is projected to be resilient and stable.

They say that every cloud has a silver lining. In the wake of the global pandemic, we have discovered a greater clarity about what truly brings us meaning and have found new energy to work together on the global issues that impact us all. The prospect for our business remains bright as we continue to innovate new ways to deliver quality products to our customers across East Africa.

"We maintain an unwavering commitment to improvement, constantly seeking to enhance our performance, efficiency, and creativity. We celebrate our accomplishments and approach failures with a mindset of acceptance, leveraging them as catalysts for personal and organizational growth."

Our strategy is a reflection of our purpose: we aspire to create 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. At the heart of our strategy is a focus on clients. In FTG we continue to show our commitment to our communities and environment with many different initiatives (water tank donations, tree planting campaigns, solar energy project, the internationally awarded Lesso Lessons project…) all will be part of our newly created ESG report 2022.

Focused on the Forward

We believe our strategy positions us well to meet our financial targets through the cycle. And, while in tougher environments we may not hit our profit targets, our actions over the past several years have shown very positive returns, our average Ebitda ROE was 22%, and the accumulated ratio over the last 5 years reaches an outstanding 93%, including the negative impact of 2022. We are committed to building an inclusive and sustainable business for all stakeholders across the value chain.

I would like to thank our shareholders, clients, communities, employees & financiers for the support we have received over this challenging year. We are confident that our continued focus on operational efficiencies and innovation will enable us navigate the challenges of the African macro context and achieve sustained growth and profitability and we look forward to an exciting and productive 2023

Warm regards and best wishes to all,

Heril Bangera
Chief Executive Officer

Accolades 2022

Our Lesso Lessons CSI project won world acclaim in 2022. Roto Tanks' Lesso Lessons project has bagged many prestigious awards.

In Kenya, more than one in four children suffer from chronic malnutrition. Young mothers living in disconnected regions are unaware of the importance of breastmilk and complementary feeding practices. Traditionally, these women carry their babies on their backs in vividly patterned cloth wraps called 'lessos', which are passed down to convey wisdom through generations, the aim is to use traditional patterned cloth wraps known as lessos to educate young Kenyan mothers in rural areas on proper postnatal nutritional care.

Ogilvy Africa & Roto Tanks saw the opportunity to turn these lessos into three instructive and illustrative guides to post-natal nutrition, one for each of the three stages which are crucial in the first 24 months.

The initiative has bagged a Cannes Gold Lion, two golds and a silver medal in Loeries Africa and Middle East Grand Prix as well as a LIA (London International Awards) bronze. We also won the Yellow Pencil Award for Graphic Design and Applied Print Graphics / 2022 at D&AD Awards and a ward: Shortlist in the Product Design / Everyday Consumer Products Category. Each of these are a first for any CSI Project in East, Central and West Africa.

About Flame Tree Group

Flame Tree Group (FTG) is a world class corporation in the heart of Africa developing and providing quality and affordable brands. We are a customer centric, results driven and forward thinking company. We build long-term relationships with our customers, our people and our shareholders.

Our Vision

Creating world class African brands.

Our Mission

Spreading the Flame Tree Group spirit of building Africa through our brands.

Our Core Values

- Commitment
- Integrity
- Respect and humility
- Teamwork
- Continuous improvement

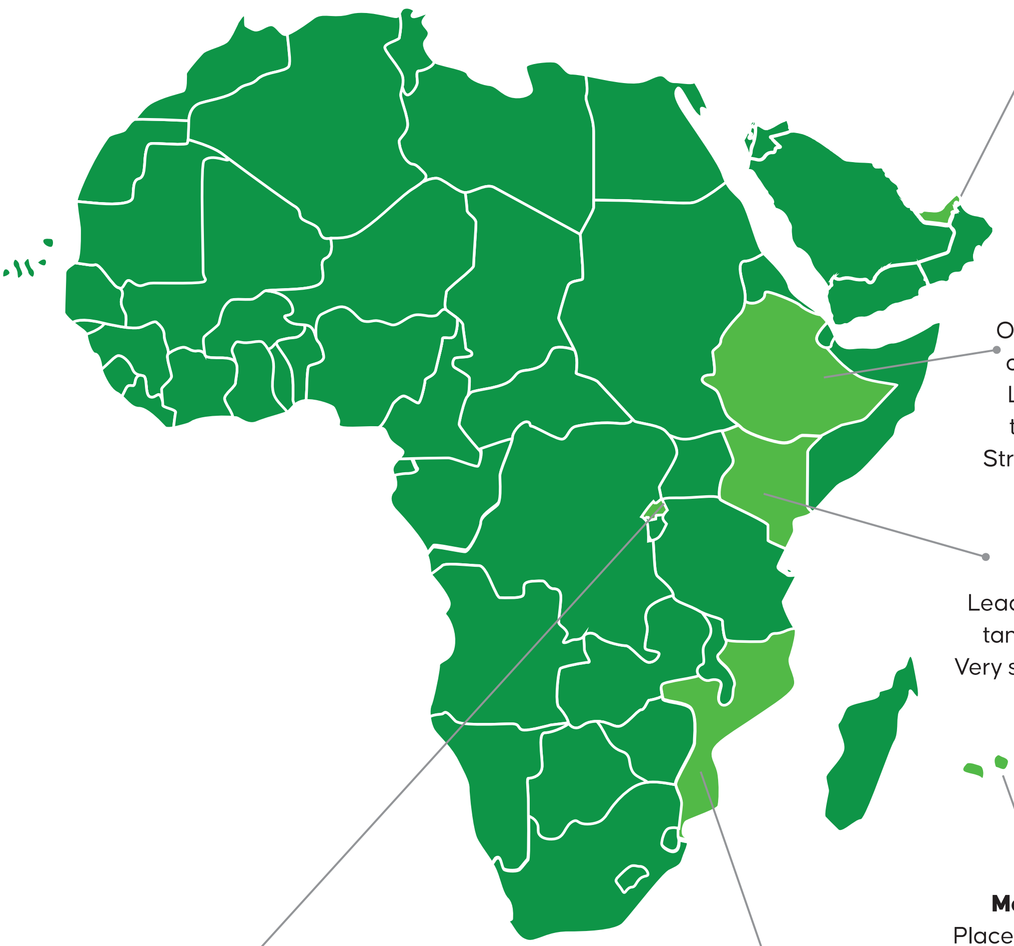
Our Company Strategy

- Maxime efficiency and productivity in our manufacturing processes.
- Continuous innovation to deliver new products to the market at competitive prices.
- Quality, professionalism and risk management.
- Deliver brand promise.
- Sustain growth & development.
- Maintain key personnel and train second level management to ensure a strong team aligned to company's values.
- Consider long term financial sustainability in the company's future.

Strategic Goals

- Grow business lines
- Diversify product portfolio
- Maintain higher levels of efficiency
- Secure new sources of funding

Pan-African Footprint



UAE:
Flame Tree Group procurement office

Ethiopia:
Operational for over 20 years
Leader in the tanks market
Strong household brand

Kenya:
Leader in water tanks market
Very strong FMCG brands

Mauritius:
Place of effective management

Rwanda:
Controls 80% of glycerine market.
Government approved supplier of HDPE water pipes.

Mozambique:
2 Operational factories

KEY:

Flame Tree Group pan-african footprint

Company Structure

Plastic conversion

- Roto Moulders Limited, Kenya
- Roto Limited, Rwanda
- Roto PLC, Ethiopia
- Rino Tanques Lda, Mozambique
- Polyplay Limited, Kenya
- Jojo Plastics Limited, Kenya
- REX Industries Limited, Kenya

Snacks

- Chirag Africa Limited, Kenya
- Happys Golden Foods Limited, Kenya

Retail and trading

- Cirrus International FZC, Dubai
- Buildmart Limited, Rwanda

Cosmetics

- Flame Tree Africa Limited, Kenya
- Flame Tree Brands Limited, Rwanda
- Flame Tree Mozambique Lda, Mozambique

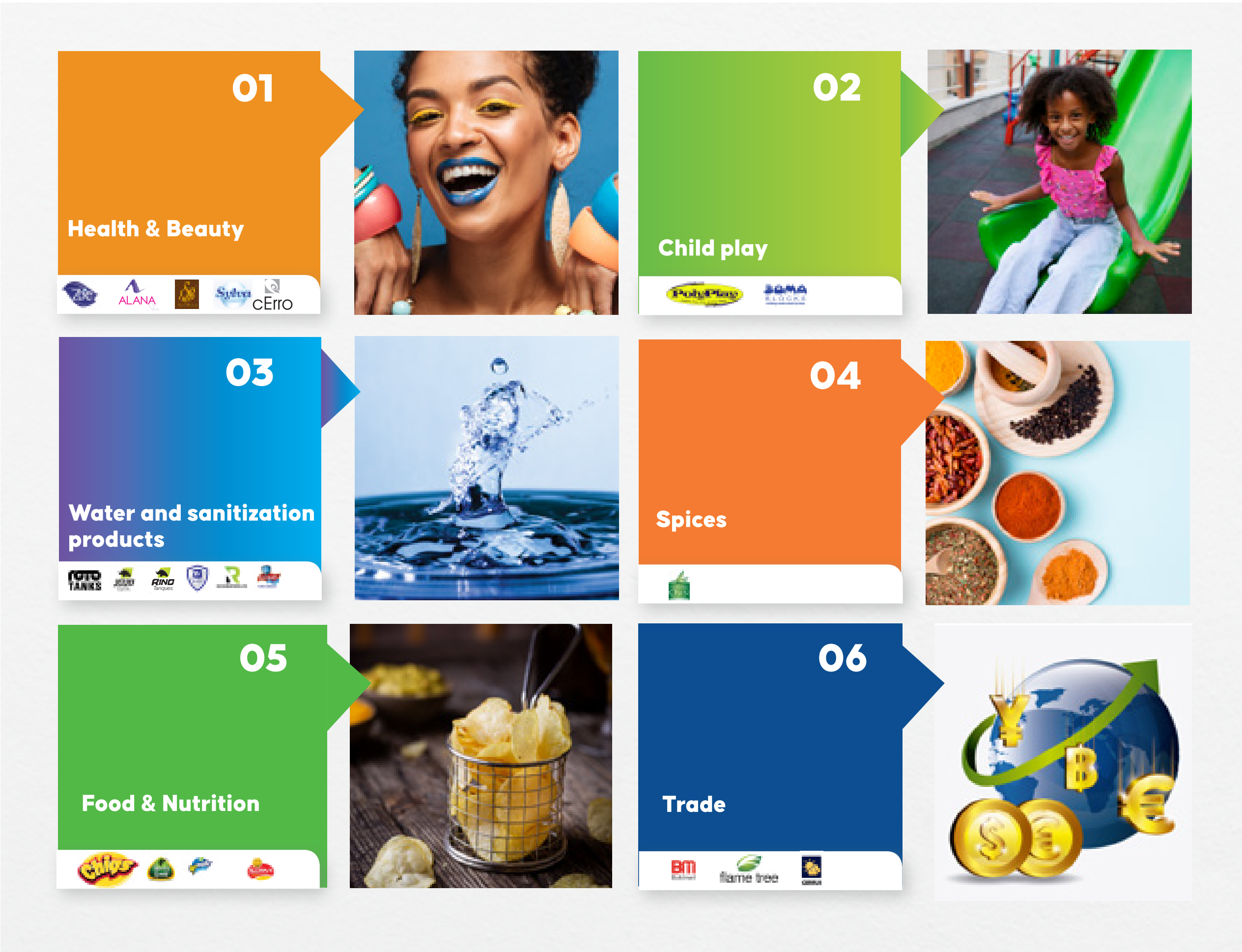
Support services

- FTG Holdings Limited, Mauritius
- FTG Holdings Limited, Kenya

Our Brands

Enriching lives through our brands

The name 'Flame Tree' was chosen for its inherent significance in Africa and the world itself. Flame Tree is a common type of tree found often in various parts of Africa and the rest of the world. It is probably the most spectacular of forest trees. When in bloom, the trees stand out like candles of red throughout the forest providing magnificent bursts of color. The Flame Tree is also known as the " Flame of Africa," and gives the image of stability and from nature. As Flame Tree Group, through our wide variety of products, we connect with the African people. We offer world class quality products made in Africa for Africa. Our brands enrich their lives everyday.




roto
MADE HEAVIER TO LAST LONGER
RINO Tanques
ALANA
Zoe
African Cocoa Butter
Satin Jasmine
Starlit Sky
Strawberry Kisses
Velvet Caramel
Turquoise Dreams
HAIR FOOD
OLIVE OIL
Antiseptic Disinfectant
ALANA Skin
Hand Wash


JOJO Tank
Honey Comb
gonuts
Roasted Peanuts
NATURES OWN
BEEF MASALA
Happy
Chigs
NAUGHTY MASALA TREAT
OREGANO

Company Information

BOARD OF DIRECTORS
Heril Bangera
Gilles Kichenin
Frank Ireri
Imalambaal Kichenin
George Theobald

REGISTERED OFFICE
C/o JurisTax Ltd
Level 3, Ebene house, Hotel Avenue,
Ebene Mauritius.

ADMINISTRATOR AND COMPANY SECRETARY
JurisTax Ltd
Level 3, Ebene house, Hotel Avenue,
Ebene Mauritius.

PRINCIPAL BANKERS
SBM Bank Mauritius
SBM Bank Kenya
Diamond Trust Bank Kenya
ABSA Bank Kenya

AUDITORS
Crowe ATA
2nd Floor Ebene Esplanade 24, Bank Street,
Cybercity, Ebene 72201, Republic of Mauritius

TAX ADVISORS
Rodl & Partner
P. O Box 2087 - 00606, Nairobi Kenya

NOMINATED ADVISOR
Faida Investment Ltd
P.O. Box 45236 - 00100, Nairobi, Kenya.

LEGAL GOVERNANCE AUDITOR
Munyaka Advocates LLP
P.O.Box 2087 – 00606, Nairobi, Kenya.

CORPORATE GOVERNANCE AUDITOR
Scribe Registars
P.O. Box 3085 – 00100 GPO
Nairobi, Kenya

COMPANY REGISTRARS
CDSC Registrars Ltd
P.O.Box 6341-00100, Nairobi, Kenya.

ESG CONSULTANT
Christine Gatakaa

Board of Directors

George Carmichael Theobald - Chairman

Bimb Theobald is the Chairman of Tatepa PLC. He is a citizen of Tanzania, where he has lived for over 25 years. He is a respected businessman and promoted the Tatepa project and successfully brought it to a listed status on the Dar es Salaam Stock Exchange. He also sits on the Board of Wakulima Tea Co LTD - Tanzania's largest smallholder tea producer and on the Board of Equity Bank Tz Ltd. Mr. Theobald is a director of Pamoja Holdings a Swiss Company and Marginpar a Dutch Company. Mr. Theobald is the Chairman of Nomad Tanzania Ltd. (an ecologically driven tourist company featuring European shareholders); and finally he is Chairman of Flame Tree Group, a company listed on the Nairobi Stock Exchange.

Heril Colbert Bangera - Founder and CEO

Heril Bangera began the first subsidiary of the Issuer, Roto Moulders Limited in 1989 and has since supported the growth of the Group by steering it to its current status. He is responsible for the overall running and strategic planning for the Group. Heril holds a Bachelor's Degree in Mechanical Engineering, a BMSCE from Bangalore University and has over 30 years of business experience. He has also pursued the Owners Management Program at Strathmore University.

Gilles Kichenin - Executive Director

Gilles Kichenin has over 20 year of professional experience in related aspects of financial and management consulting. He is the financial and administrative director at Turquoise Capital Management Ltd, a Wealth and Fund Manager, and also serves as the Director General at Akshar and Services Trading Ltd. He is the former Chief Finance Officer of Apavou Group and has held various management positions at leading regional businesses.

FRANK IRERI - Non-Executive Director

Frank Ireri has over 30 years working experience in auditing, consulting and banking spread across various countries. He has worked for prestigious organisations including Deloitte, Citibank NA, Commercial Bank of Africa Ltd, Barclays Africa and HF Group. He has served as Chairman of the Kenya Bankers' Association Operations Committee; Chairman of the Kenya Institute of Bankers and Chairman of AIESEC Board of Advisors. Mr. Ireri is currently the Chairperson for Habitat for Humanity Kenya, a Board member of Amref Flying Doctors, Amref Health Africa, Centum Real Estate Limited, Kenya Pipeline Company and Kentegra LLC. In 2011, he was awarded the Elder of the Burning Spear (EBS) by President Mwai Kibaki in recognition of his services to the nation in his various capacities.

Imalambaal Kichenin - Executive Director

Group Founder, Director And Ceo | Juristax Holdings Ltd

With over two decades of industry experience, Nishi has been the driving force behind JurisTax. Equipped with a strong background in Law from the University of London, she spent eight years teaching law and corporate administration before she decided to use her expertise to change people's lives. Her visionary streak and pursuit of innovation gave rise to JurisTax in 2008, a business that evolved from a company with restricted services to the full-fledged management company it is today. She now leads JurisTax Group as the Group's Chief Executive Officer. She not only guides the company's strategic vision across all business units, but also oversees the daily running of their operations. She is a firm believer in empowering leaders within the Group, which culminated in JurisTax's multi-boutique structure, with a CEO at the helm of each specialised branch. Nishi instills the same degree of passion into her favourite sport, kickboxing. She is devoted to a fit and healthy lifestyle through regular kickboxing workouts, where she enjoys being able to challenge her mental and physical strength. She also brings this grit and "mind over matter" resolve to the decision-making table—traits that have been instrumental in keeping JurisTax at the cutting edge of finance and technology.

Senior Management Biographies

Heril Bangera,
Group CEO

Heril Bangera began the first subsidiary of the Flame Tree Group, Roto Moulders Ltd in 1989 and has since supported its growth by steering the group to its current status. He is responsible for overall running and strategic planning of the Group. Heril holds a Bachelor's degree in Mechanical Engineering, at BMSCE from Bangalore University and has over 30 years of business experience. He has also pursued the Owners Management Program at Strathmore University.

Beatriz Meijide,
Group Financial Officer

Beatriz joined FTG in January 2019. She has a unique mix of commercial, financial, cultural and political acumen with an interest in aid development and agriculture. Beatriz is a highly skilled CFO. She holds a Master's in Business Administration (IESE Business School in Madrid, Spain) Master's in Business Law (University of Navarra in Pamplona, Spain) and a Bachelor's in Economics and Business Administration from University of San Pablo CEU, Madrid. Beatriz has been in the financial industry for over 20 years. She has worked as the Chief financial Officer for Africa and Indian Ocean for CAMUSAT International. Her previous roles also include Finance Director position in IBERDROLA Engineering (Kenya), Group CFO and Corporate Business Transformation Director in ADVEO Group International (Spain), a listed company, with a total turnover of Euro 1300 million and operations in six European countries. She has also contributed and project managed several initiatives in Kenya related to education, hospital management and agribusiness.

Dee-Vona Quadros,
Group Human Resource Manager

Dee-Vona Quadros joined FTG in 2016. She is a senior Human Resources Executive seeking to create a high-performance culture emphasizing diversity, goal attainment and superior workforce optimization. Dee-Vona holds a Master's degree in Human Resources and Project Management. She also holds a Bachelor's degree in Commerce-Banking and Finance. Dee-Vona has previously worked with Aggreko International Projects Ltd as a HR Specialist in East Africa and Eritrea and as a HR Manager in East Africa, Mozambique and Eritrea. She has also worked as an Assistant Finance Administrator / HR at Johnnic Communications.

Sonia Bangera,
Group Marketing Director

Sonia Bangera, a seasoned marketing professional with an illustrious career spanning over 25 years, currently serves as the Group Marketing Director of FTG. Her invaluable expertise lies in the realms of Business Development and Strategy Formulation. Sonia's passion for marketing and technology propelled her towards academic excellence. She earned a Master's degree in Business Administration-Marketing from Mt. Carmel Institute in Bangalore, where she honed her strategic thinking and leadership skills. Complementing her business acumen, Sonia also holds a Bachelor's degree in Computer Science from Bangalore University, which has equipped her with a deep understanding of the digital landscape. Her keen eye for market trends and her ability to connect with consumers on a deep level have been instrumental in driving the success of various FMCG brands under her purview. At FTG, Sonia's role as Group Marketing Director encompasses overseeing all digital and social media platforms for the company's extensive portfolio of brands across multiple countries. Through her visionary leadership and strategic guidance, she has spearheaded numerous ground breaking marketing campaigns that have propelled FTG to new heights of success.

Environmental Social Governance Report 2022

For our full ESG report, visit, www.flametreegroup.com

ESG Strategy

Our Journey Towards the Management of Sustainability

As a responsible corporate citizen, FTG is committed to improving our sustainability practices beyond the minimum regulatory requirements. This includes investing in and implementing management systems that safeguard our employees' health and safety. We want to become more competitive, more resilient to disruptions, more adaptable to change, more united in our core values, and more accountable for how we treat people and the environment through our sustainability agenda Corporate Social Initiatives (CSI). Our far-reaching objectives are built around the following global sustainability pillars that are aligned with the UNSDGs:

- Being a trusted corporate leader through the developing of trust as a corporate leader, providing ethical value chains, and improving accountability to the communities.
- Thriving communities 'and levels of employment.
- Healthy environment by tracking our carbon emissions, contributing to reforestation, and delivering on other positive biodiversity outcomes.

By following the NSE ESG Disclosures Guidance Manual, we have specified our direction as a Group that aims to take up the revolution up the revolution of Social Value Creation, and have been making progress with carrying out business activities that originate from social issues. On the other hand, there is now a trend of using non-financial information to evaluate corporate activities. It is on this note that we embed our ESG perspective in light of the needs of society including the SDGs, to connect our CSI initiatives more closely with our business strategies so that they can be translated into growth not only for FTG but for society.

We have gone ahead to establish a ESG team with ESG champions in each company and an ESG coordinator to streamline and support comprehensive ESG data collection and documentation efforts. We have also contracted an ESG consultant to guide us on the ESG compliance measures and enhance coherence between our ESG and other corporate information.

Our ESG Targets

Environmental, Social and Governance Targets

Environmental

- Development of an Environment and Social policy
- Carry out annual carbon reporting
- Reducing our carbon footprint by sourcing renewable energy
- Promoting circular solutions and minimizing waste to landfill
- The reduction rate of water usage through water harvesting and recycling efforts
- Reduction of paper use across all our offices
- Deploying a plan for a responsible procurement approach

- **5909.47 tCO2e**

  Deliberate measures towards environmental improvements by our continous Kaizen application;efficient use of water and energy;and exploring solar renewable energy.

Social

- 100% of our employees receive training to acquire technical skills essential to their performance
- Zero accidents: 100% adoption of continuous improvement approach to health and safety at work.
- Strive for a 50:50 gender balance in our workforce.
- Strong community engagement through our Corporate Social Investments
- Customer and consumer health and safety: 100% quality assessment of our products to uphold the safety of our brands
- Human resources development and alignment to company needs.
- **KES 1,169,730**

  We strive to strengthen our local community relationships by building strong partnerships;the economic development that flows from employment opportunities our business provides and measures we take to prevent potential negative impacts.

Governance

- Promote a sustainable development mind-set by making the ESG agenda a part of the Board of Directors and Management discussions.
- Adherence to the FTG Code of conduct, laws, and policies in place. Annually review and strengthen the Code of conduct to ensure compliance.
- Diversity in leadership

- The Group and the Board are unreservedly committed to applying the fundamental principles of good governance: transparency, integrity, accountability in all dealings by, in respect of, and on behalf of the Group.

- **>1200 employees**

Stakeholder Relationships

Engaging our Stakeholders

As a provider of consumer products, we have strong ties to the communities we serve and the environment in which we operate. Our activities, relationships, and contributions to our stakeholders (communities, governments/ regulators, employees, customers, business partners, industry peers, and suppliers) all play a role in our capacity to generate and safeguard value. We create and preserve value for Flame Tree Group and our various stakeholders by satisfying their needs and expectations while trying to minimize value erosion. As a result, we actively engage and interact with a variety of our stakeholder groups to gain a deeper comprehension of their shifting expectations and meet them. We hold meaningful discussions that shape the direction of our business strategy through both internal and external platforms. This enables us to deliver solutions that enhance the lives of stakeholders for a long time to come

Engaging our Stakeholders

Stakeholder group	Stakeholder interest	Value is created and preserved through...	Engagement platforms
Employees **Metrics and key objectives that we monitor** ■ A culture that is client-centered and innovative. ■ A diverse and inclusive employee profile. ■ Employee attrition. ■ Employee satisfaction metrics.	A working environment that encourages professional growth and high performance. Motivated and skilled employees, together with efficient, innovative, and value-creating solutions, services, and operations, offer value to our customers.	■ Employment opportunities in the countries in which we operate; ■ Rewarding employees for the value they add; ■ Embracing flexible working practices; ■ Encouraging our employees to embrace technological changes, further their careers, and improve our services and products; and ■ Contributing to the transformation towards a more inclusive society through employment equity and gender equality.	Learning & Development Programmes (through annual training); Senior Management visits to touchpoints Email engagements KPIs appraisal and performance Review and Development Cycle) Department Meetings, Senior Management Quarterly Engagements, Team Groups, Senior Management Offsite, and Department Offsite
Customers **Metrics and key objectives that we monitor** ■ Brand value. ■ Customer satisfaction. ■ Client complaints. ■ Impactful solutions that make a difference (e.g. aligned to UN SDGs).	Unique and quality products to meet their needs. Our customers remain key in driving up our sales, allowing us to fund our activi-ties. Revenue rises as a result of acquiring more customers and strengthening existing relationships, while responsible business practices and world-class risk management prevent value loss.	■ Developing innovative products that meet our customers' specific needs; ■ Understanding our customers' pain points; ■ Value-for- money products that arecompetitive and transparent in the pricing	Marketing campaigns in TV, newspapers, and social media; Customer satisfaction survey; In-shop promotions; Product workshops and events; Digital and online marketing platforms

Shareholders/ Investors ■ Metrics and key objectives that we monitor ■ Net Asset Value per share growth. ■ ROE and cost-to-income ratios. ■ Price-to-book ratios. Dividends paid ■ Relative share price performance. ■ AGM voting outcomes.	Business continuity and expansion, including strategic investments, are made possible by the financial capital we obtain from equity and debt investors and retained earnings. Enhanced corporate reporting to inform the assessment of risks and returns; and improved performance of the Group.	■ Boosting the Net asset value, dividends, returns, and share price; ■ Preserving a healthy balance sheet to guard against downside risk (such as the Covid-19 pandemic, and Ukraine-Russia War); ■ Sustainably investing in and expanding our operations; and ■ Adhering to good ESG practices that guarantee the long-term viability of the Group.	Annual General Meeting, Financial statements; Media releases; Investor Presentations. Rolled out Oracle Net suite for financial & analytical reporting
Regulators/ Government Metrics and key objectives that we monitor ■ Effective delivery of compliance with regulatory change (meeting minimum regulatory requirements) ■ Monitoring payment of corporate taxes.	Tax Compliance The economic and social development of the countries in which we operate depends on the tax we pay. Good governance and compliance. Reduction of systemic risks We have to fully comply with the laws of the countries in which we operate.	■ Embracing sustainable business practices and regulatory compliance; and ■ Working closely with regulators in times of crisis. ■ Contributing to government accounts through our corporate taxes and employees' taxes.	Annual audits, Timely reports Corporate policies
Society **Metrics and key objectives that we monitor** ■ We continuously work on building strong partnerships and relationships with our community through engaging in sustainable business activities and various CSR projects.	A business that serves the community better. We embrace our role in society as active builders of a thriving society.	■ Achieving positive economic, environmental, and social change through our SDG-aligned business activities; ■ Being a valuable member of society as a consumer and supplier of goods and services; ■ Making a difference through our CSR activities and partnerships.	CSI investment programs; Volunteering programs

Material Matters

As part of our strategy and continuous improvement our executive and senior management teams hold meetings to contextualize specific business issues that are material to FTG. The material matters outlined below have been taken into account and a careful assessment was carried out and approach to each identified.

Flow chart representation for the material matters identification process

Material Matters	Business context	Risks	Opportunities	Our Approach
Governance and compliance	To safeguard the financial ecosystem, guarantee financial stability, and promote customer protection, regulatory reforms, and developments have to take place. As a result, we must quickly and effectively respond to regulatory changes to remain resilient	The Group may be exposed to financial and non-financial losses as a result of regulatory non-compliance.	The Group can withstand the ever-changing regulatory landscape by keeping a close eye on the industry and regulatory developments.	Through Group and individual KPIs that improve compliance with policies and procedures; integrating compliance into the business's strategic focus.
Environmental, Social, & Governance factors	There is an increasing expectation for listed companies to integrate ESG considerations into their business to drive long-term value and performance.	The negative environmental and social impact that arises from unsustainable practices may lead to regulatory non-compliance.	The implementation of sustainability strategies and practices improves our brand equity and investor perspective.	Established an ESG framework that outlines our pathway to becoming a sustainable organization by incorporating Environmental, Social, and Governance (ESG) considerations into our business strategy.
Market uncertainties & Supply chain disruptions	Geopolitical conflicts, market uncertainties, and fluctuating currency forced businesses yet again to adjust operations.	Key materials shortages, material cost increases, and demand volatility.	Diversifying sources and logistics routes where possible, and preparing risk response plans for the most fragile supply chains.	Inventory cushions-having extra stock on hand as a contingency plan should the supply source face disruption; Debt financing.

Corporate Governance

Governance is the means by which the affairs of an institution are directed and managed thereby promoting corporate accountability and business aptness to achieve an optimal shareholder value, whilst simultaneously taking into consideration the interests of other stakeholders. It is premised on the principles of integrity, accountability, prudence and openness.

The Board of directors of FTG Holdings Limited is at the core of the Group's system of corporate governance and is ultimately accountable and responsible for the performance and affairs of the Group.

We also conducted our Corporate Governance Audit as mandated by the CMA, where we successfully scored 87.83/100, improving on our previous' mark.

Good corporate governance is regarded as critical to the success of the business of the Group and the board is unreservedly committed to applying the fundamental principles of good governance - transparency, integrity, accountability and responsibility - in all dealings by, in respect of and on behalf of the Group. The Board accordingly embraces the principles of good governance as set out in a number of governance frameworks including the Principles for Corporate Governance in Kenya.

The board develops and maintains reporting and meeting procedures for itself and its committees.

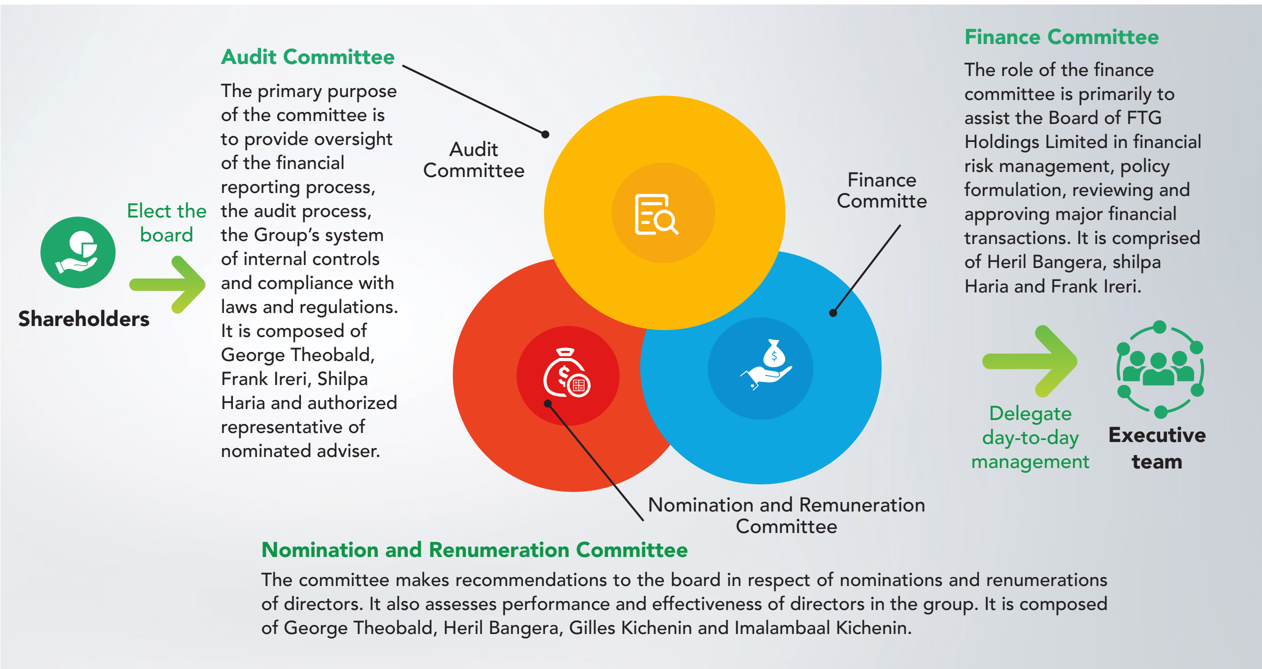
Regular board meetings are held once per quarter. Board meetings take place at the Group's offices unless otherwise decided by the board.

The Board may form committees of its members and may delegate any of its powers to any such committee. The frequency of the committee meetings are determined by the individualcommittee, as stated in the terms of reference for each committee.The quorum necessary for the transaction of the business of the board is at least three executive directors present either personally or by alternate. The Annual General Meeting of members elects directors on the basis of their professional competencies, personal qualities and the contribution they can make to the governance of the organization.

In accordance with the principles of good corporate governance, each director undertakes:

- To act first, foremost and always in the best interest of the Company;
- To exercise his/her power in the executive duties in good faith; and
- To act with the care a prudent person would take when acting on their own behalf.

The Corporate Governance Framework



Each director undertakes that, in arriving at a decision on any issue, he or she shall strive to ensure that the decision is in the best interest of the Company and is not driven by any other interests. Each director is fully aware of the importance of regular attendance and effective participation at meetings.

Each director undertakes to do everything with their power to attend all meetings. Board deliberations give rise to consensus or formal votes covering matters of importance to the organization. Each director shall be attentive to and respectful of the delineation and exercise of powers and responsibilities attributed to the Company's respective decision-making organs.

Directors shall however ensure that no single person can exercise uncontrolled discretionary powers.They shall support the proper functioning of Board Committees and pay particular attention to ensure that the Company's internal controls are effective and that its auditors perform their mission in a satisfactory manner. All the directors of FTG Holdings Limited have completed the Directors Induction Programme as at the date of the Listing.

Composition of the Board of Directors

The Board includes a fair balance between Executive and Non-Executive Directors so that no individual or company of individuals' interests will dominate the Board's decision making process.

The following issues are considered in determining the Board's composition:

- Attaining a desirable ratio of and balance between the number of executive and non-executive directors.
- Ensuring that the board collectively contains the skills, experience and mix of personalities appropriate to the strategic direction of the Group and necessary to secure its sound performance.
- Experience, knowledge, skills and personal attributes of current and prospective Directors in relation to the needs of the Board as a whole.
- Irrespective of a Director's special expertise or knowledge and regardless of whether a Director is an Executive or Non-Executive Director, all members of the Board recognize that they are collectively responsible to Shareholders for the performance of the Group.

Board Effectiveness and Evaluation

Each director further undertakes to prepare sufficiently for meetings by carefully considering board papers and attachments thereto, and where necessary seeking clarifications. Where a director is unable to attend a meeting, each director undertakes to communicate through the Chairman or the Chief Executive Officer any concerns or issues they would wish considered. At regular intervals, not exceeding twelve months, the Board of Directors shall undertake an evaluation of its functioning as a collective agency and as individual directors.

Where necessary, the Board may obtain the services of an external facilitator to guide the evaluation. There are also no arrangements or understandings with the majority shareholder, customers, suppliers or others, pursuant to which any person was selected as a Director or member of senior management.

Remuneration of the Directors

The Nomination and Human Resource Committee is responsible for reviewing Non-Executive Directors' remuneration and recommending the necessary changes from time to time. In making these recommendations, due consideration must be given to the Board's expectations from Directors in terms of time commitments, degree of responsibility and financial condition of the Group.

The Committee may request management or external consultants to provide necessary information upon which the Board may make its determination. Directors' remuneration is presented for approval at the Annual General Meeting.

In determining the compensation for Non-Executive Directors, the Nomination and Human Resource Committee shall consider the following:

- The level of fees currently earned by Directors in their professional capacity.
- The number of hours spent by Directors in preparing for and attending meetings, as well as travel to meeting venues.
- Current market rates applicable to organizations of similar size and in the same industry.
- The complexity of the Group's operations and the extent to which directors have to incur additional cost in research on industry developments and other Group related matters.
- The number of meetings in a year.

The remuneration recommended by the Nomination and Human Resource Committee shall apply to all Directors and no Director should be involved in fixing their own individual remuneration.

Responsibilities of the Board

The Board should specifically exercise leadership, enterprise, integrity and judgment in directing the affairs of the Group in order to achieve continuing prosperity for the Group and its Shareholders, and shall at all times act in the best interests of the Group in a manner based on transparency, integrity, accountability and responsibility.

The Board must specifically:

- Define and chart out the Group's vision, mission and values and has ultimate responsibility for the attainment of the Group's values.
- Determine the business strategies and plans that underpin the corporate strategy.
- Discuss and approve strategic plans and annual budgets.
- Retain full and effective control over the Group, and monitor Management's implementation of the strategic plans and financial objectives as defined by the Board.
- Define levels of materiality, reserving specific powers to itself and delegating other matters with the necessary written authority to management.
- Continually monitor the exercise of delegated power by Management.
- Ensure that a comprehensive system of policies and procedures is in place, and that appropriate governance structures exist to ensure the smooth, efficient and prudent stewardship of the Group.
- Ensure that the business of the Group is managed with a view to ensuring that the Group is ethical in all its dealings and exercises corporate social responsibility.
- Ensure compliance by the Group with all relevant laws and regulations, audit and accounting principles and such other principles as may be established by the Board from time to time.
- Identify key risks, opportunities and strengthsrelating to the Group.
- Ensure that the Group's organizational structure and capability are appropriate forimplementing the chosen strategies.
- Determine monitoring criteria to be used by the Board. Set policies on internal control and obtain regular assurance that the system is functioning effectively and is effective in managing risks.
- Nominate board members who will add value to the board processes and arrange for their induction. Appoint the Managing Director, senior staff, external auditors and other consultants.
- Discuss, agree and approve annual accounts and reports Communicate key policies and strategy issues to senior management.
- Identify all stakeholders and ensure effective communication with Shareholders and stakeholders.

Board Committee

The Board has established the following three (3) committees, whose mandates and terms of reference are spelt out as follows:

- **Audit Committee**

  The Audit Committee is a standing Committee of the Board and its purpose is to assist the Board in assessing the integrity of financial statements and the effectiveness of financial reporting, and to conduct risk management assessment.

The composition of the committee is as follows:

- George Theobald
- Frank Ireri
- Shilpa Haria
- Authorized Representative of the Nominated Adviser

- **Finance Committee**

  The Finance and Audit Committee is a standing Committee of the Board and its purpose is to assist the Board of FTG Holdings Limited in financial risk management, policy formulation, reviewing and approving major financial transactions.

- **The composition of the committee is as follows:**
  - Heril Bangera
  - Shilpa Haria
  - Frank Ireri

- **Nomination and Remuneration Committee**

  The Nomination and Remuneration Committee is a standing Committee of the Board. Its purpose is to assist the Board of FTG Holdings Limited to propose new nominees for the board when required and to assess the performance and effectiveness of Directors in the Group.

  The Nomination and Remuneration Committee is responsible for reviewing Non-Executive Directors' remuneration and recommending the necessary changes from time to time.

- **The composition of the committee is as follows:**
  - George Theobald
  - Heril Bangera
  - Gilles Kichenin
  - Imalambaal Kichenin

Shareholding Profiles

The Company through it's registrar files returns in line with the Capital Markets Authority and the Nairobi Securities Exchange under the listings regulations on transactions related to stakeholders.

Top 20 Shareholders

No.	Holder Names	Shares	% Holding
1	Bangera, Heril Colbert	149,577,242	84.01
2	Mukumbu, Japheth Mulinge	3,081,900	1.73
3	Stanbic Nominees Ltd A/C Nr1030823	2,498,734	1.40
4	Dawid,Dominikus Johannes	1,971,600	1.11
5	Kestrel Capital Nominees Limited A/C 009	1,551,060	0.87
6	Shah, Ramesh Chandra G.	1,368,933	0.77
7	Mwaniki, Njuki	1,173,800	0.66
8	Gichuki, Simon Gachira	1,011,030	0.57
9	SBM Bank Nominees Ltd A/C 0042	958,210	0.54
10	Mjeru, Constatine Rutere	957,200	0.54
11	Stanbic Nominees Limited A/C R88601	939,410	0.53
12	Burbidge, Edward Lyndon Lovell	414,130	0.23
13	Gacheru, Charles Kiai	332,523	0.19
14	Juma, Al-Noor Akbarali	275,200	0.15
15	Standard Chartered Nomiwnees A/C 9675C	236,411	0.13
16	Tole, Mwakio Peter	233,000	0.13
17	Gadani, Rakesh Prakash	231,100	0.13
18	Standard Chartered Kenya Nominees Ltd A/C KE004504	225,893	0.13
19	Khan, Imtiaz	205,810	0.12
20	Njoroge Engineering Works Limited	200,000	0.11

Distribution of Shares as at 31-Dec-2022

No.	Range	Shares	Shares %	Shareholders	Shareholders %
1	1 - 500	179,740	0.10	1,139	55.02
2	501 - 5000	1,043,676	0.59	593	28.65
3	5001 - 10000	773,108	0.44	105	5.07
4	10001 - 100000	5,451,825	3.08	189	9.13
5	100001 - 1000000	8,338,207	4.67	36	1.74
6	>1000000	162,252,399	91.12	8	0.39
Totals		**178,053,486**	**100.00**	**2,009**	**100.00**

Shareholder Analysis by Domicile as at 31-Dec-2022

No.	Industry	Shares	Shares %	Shareholders	Shareholders %
1.	East African Community Partner States Individuals	167,603,260	94.13	1,988	96.04
2.	East African Community Partner States Institutions	5,276,842	2.96	64	3.09
3.	Foreign Individual	2,674,650	1.50	17	0.82
4.	Foreign Institutions	2,498,734	1.40	1	0.05
	Totals	**178,053,486**	**100.00**	**2,070**	**100.00**

The Director's Remuneration Report

FTGH is pleased to present the Director's remuneration report for the year ended 31 December 2022. The Board is committed to full compliance of all the relevant laws including, The code of Corporate Governance Practices for issuers of securities to the public in Kenya issued by the Capital Markets Authority in December 2015 under Cap. 485A of the Capital Markets Authority Act, and reflects the disclosure requirements under IFRS. The group's remuneration principles is aligned to shareholders'long-term sustainable interests. The remuneration structure is designed to recognize the skills and experience of the directors in a competitive market.

Directors' Remuneration as Key Management for the Year Ended 31 December 2022

The following table shows a summary of remuneration for the Non-Executive and Executive Directors.
This is in respect of qualifying services for the year ended 31 December 2022, together with comparative figures:

Executive Directors	Gross Salary (Kshs. in 000's)		
	2022	**2021**	**2020**
Heril Colbert Bangera	23,876	23, 058	20, 105
Imalambaal Kichenin	72	72	72
Giles Kichenin	72	72	72

Non -Executive Directors	Fixed Retainer			Sitting Allowance		
	2022	**2021**	**2020**	**2022**	**2021**	**2020**
George Theobald	1,294	1,101	1,064	183	277	109
Frank Ireri	607	714	500	314	286	500

FY2022 Overview

Key Statistics 2022

Sales
4,026,016,240
01

Margin
24.20%
02

ROE (EBITDA)
6%
03

Revenue Growth vs LY
19%
04

Revenue growth last 3 years
66%
05

Net assets growth vs LY
8%
06

Net assets growth last 3 years
22%
07

Recycled material
8622 Tonnes
08

Employees Trained
511
09

Total Staff
>1200,
71% Men,
29% Women
10

CSR Projects
>10
11

Our Business Today

When you look at our 2022 results specifically, there's no question that the operating environment was challenging, prices of coal, diesel and gas rose to sky-high levels, manufacturing companies battled with high operating cost, mainly driven by the haulage and freight cost on the back of the global supply disruptions and this coupled with foreign exchange fluctuation exerted pressure on operating cost affected volume growth and margins.

Inflation has moved past the peak, following the sharp decline in wholesale energy prices. Despite the confluence of multiple shocks such as COVID-19 and Russia's invasion of Ukraine, growth across all five African regions was positive in 2022 – and the outlook for 2023–2024 is projected to be resilient and stable. The prospect for our business remains bright as we continue to innovate new ways to deliver quality products to our customers across East Africa. 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. The new machinery we have acquired in the past 2 years has given us additional manufacturing capacity and enables the company to produce new product ranges with high growth potential in our plastic division.

The company is committed to reduce the exceptional debt levels acquired in 2022 and keep a financially sound balance, and we believe the performance in the last 4 years will give confidence to our stakeholders and investors. 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 continue to show our commitment to our communities and environment with many different initiatives (water tank donations, tree planting campaigns, solar energy project, the much internationally awarded Lesso Lessons project) Flame Tree Group has introduced initiatives to incorporate environmental, social, and governance criteria into our operating framework reflect our commitment to our customers, partners, shareholders, and employees and the communities in which we operate. Our view on ESG is that it is a continuous process of aligning our operations and controls with our values as a company. Our ESG commitments are structured around four key areas relevant to our business: Our Production Process, Our People and Communities, Our Environment, and Our Corporate Governance.

Milestones 2022

We have kept busy through 2022 thinking up and launching various new products and installing new machines to increase our production.

01

January

Happys foil packs in five different flavors, four of which were new to Kenya. This product quickly became a major player on supermarket shelves - Chirag Africa Ltd.

02

February

Flame Tree Africa introduced Loosafe toilet cleaner in various fragrances.

03

June

Flame Tree Africa Ltd. launched perfumed glycerine.

04

July

Jojo Plastics Ltd. launched 320lits water tank.

05

July/August

Flame Tree Africa Ltd. introduced Zoe Desert Aloe Vera and Zoe Turquoise Dreams body lotions.

06

August

Chirag Africa Limited introduced three new spices to the market: Biryani masala, Mchuzi mix and Onion powder.

07

September

Polyplay introduced Trampolines, Artifical Grass, Checkers, Circle Swing, Unichair & Prefect Chair.

08

October

Rex Industries Ltd. introduced 2 and 4 Litres Jerricans

09

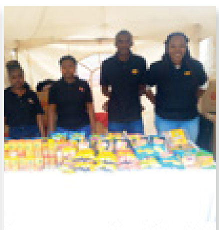
November

Roto Moulders Ltd. introduced Road markers

10

December

Chirag Africa Ltd. added new machines to meet demand during peak season months and participated in three public events to increase brand awareness.



Our Switch to Solar Power

Solar Energy Installation at Roto Moulders Ltd.

Plastic Sector 2022

In 2022, the global plastic industry continued to face a range of challenges and opportunities. The industry has been under increasing scrutiny in recent years due to the environmental impact of plastic waste, with governments and consumers alike pushing for greater sustainability and reduced plastic use.

A growing trend in the industry is the push towards circularity and recycling. Many countries including Kenya, Rwanda which are countries we operate in have introduced legislations to promote plastic recycling and reduce waste. Flame Tree Group is also taking action to reduce our plastic use and increase the amount of recycled plastic we use in our products.

The cost of virgin plastic has been rising due to higher oil prices, making it increasingly expensive for companies to produce plastic products. There is also a shortage of raw materials, with many manufacturers struggling to secure the supplies of the polymers they need. As we continue to adapt to and innovate we will be best placed to succeed in this dynamic environment.

Roto Moulders Ltd

Roto Moulders, Kenya is a leading manufacturer of plastic products and water storage solutions in East Africa. The company has a strong reputation for producing high-quality products and has been able to maintain its market share despite increased competition in the industry. In Kenya, the availability of safe water is more crucial than ever, as families rely on it to protect themselves from COVID-19 and other illnesses. However, while sales of our handwash stations declined due to a decrease in demand for COVID-related products. Our foreign exchange purchases were also affected by the elections in Kenya, fuel purchase and the global Ukraine crisis, all had a negative impact on the company's bottom line, but it is important to note that the company was able to weather the storm and maintain its revenue. impacting our overall financial performance.

Despite these challenges, we persevered through the slow economic recovery following the COVID-19 pandemic, resulting in a remarkable increase in units sold. Our growth in sales was driven by both direct sales to our customers and our below-the-line (BTL) marketing efforts, culminating in a 16% increase compared to the previous fiscal year. In 2022, we sold over 325 million liters of water storage, a testament to our commitment to providing safe and reliable water storage solutions.

Despite the challenges faced by Roto Moulders Ltd in 2022, the fact that the company was able to maintain its turnover is a testament to its resilience and adaptability. By continuing to innovate, diversify, and optimize our operations, we will continue to grow our market share and maintain our position as a leading manufacturer of quality plastic products and water storage and sanitation solutions in East Africa.

Roto Limited – Rwanda

Roto Limited, Rwanda manufactures various plastic products including water tanks and HDPE water pipes. The water sector in Rwanda is a critical area for development, as the country continues to face water scarcity and struggles to provide adequate access to safe drinking water for its citizens. Roto Ltd plays a crucial role in addressing this challenge, providing reliable and durable water storage solutions that help to increase access to safe water. It's impressive to see that despite the challenging market conditions faced by Roto Ltd, the company has managed to achieve a significant increase in sales. Though faced with an increase in the number of competitors, drop in prices in the Rwandan market, disruptions to our operations and supply chains, affecting our ability to meet customer demand and fulfil orders the company has managed to overcome these challenges and achieve growth in sales.

Roto PLC – Ethiopia

In 2022, the Ethiopian economy faced a number of challenges that impacted its growth and development. One of the most significant challenges is the conflict in the Tigray region, which has a negative impact on the country's overall stability and security. The conflict has led to disruption of economic activities and forex shortages. Inflation is also a major concern with high food and fuel prices contributing to an increase in overall inflation rates.

The water tank sector in Ethiopia has been growing steadily in recent years, driven by increasing demand for water storage solutions in both urban and rural areas. Ethiopia, like many other countries in Africa, faces significant challenges in accessing clean and safe water due to a lack of infrastructure and poor water management. The Ethiopian government has been investing in water infrastructure and promoting the use of water tanks as part of its efforts to improve access to water, it has implemented various policies and programs aimed at promoting rainwater harvesting and the use of water tanks, particularly in rural areas this is expected to provide a strong foundation for growth for Roto PLC in the coming years.

Rino Tanques Lda – Mozambique

Rino Tanques Lda, specializes in the manufacture, supply, and installation of high-quality storage tanks and related products. The company is based in Maputo and has been in operation for several years with sites in Tete and Beira as well, serving a wide range of clients in various industries, including agriculture, mining, oil and gas, and construction. The company uses state-of-the-art technology and high-quality materials to ensure that its products are durable, reliable, and able to withstand harsh environmental conditions.

In 2022, the Government of Mozambique approved a package of economic acceleration measures to boost the private sector. The report calls for accelerating these efforts and outlines reforms aimed at reducing the cost of doing business and strengthening the role of the services sector as a backbone of the economy. With economic growth reaching 4.1% in 2022, Mozambique's economy is gaining momentum.

Jojo Plastics Ltd & Rex Industries Ltd

Jojo Plastics Ltd and Rex Industries Ltd, produce packaging materials such as bottles and containers for a wide range of products, including food and beverages, cosmetics, pharmaceuticals, and industrial goods. Demand for consumer plastic products has been growing at a significant rate in Kenya, driven by economic reforms and an overall development in various sectors. The rise in disposable incomes among the middle-class has also contributed to the increasing demand for plastic materials.

Jojo Plastics Ltd is part of an essential sector of the economy, providing employment opportunities and contributing to the country's GDP. We understand there is a need to adopt sustainable practices to reduce our negative impact on the environment and we do this by investing in recycling technology & processes that build on sustainability and are environmentally friendly.

Polyplay Ltd – Kenya

The market for playground equipment in Kenya is mainly driven by increasing urbanization and growing awareness of the importance of physical activity for children's health and well-being. As a result, there has been a growing demand for modern and safe playground equipment, which is expected to continue in the coming years.

In 2022, there was a gradual transition out of the Covid era that had enforced social distancing and forced closures of schools and restaurants. As children and families returned to the playground and resumed in-person interactions, there was a palpable sense of relief from the confinement of their homes. Schools and other play locations recognized the importance of outdoor play and upgraded their facilities to offer a more comprehensive development of children's social, emotional, and cognitive skills. Our play structures are designed to cater to different age groups and abilities, ensuring that all children can play and have fun. Consequently, Polyplay experienced a significant growth from the previous fiscal year.

To further enhance our offerings, we expanded our product range and achieved a considerable impact on our total business through these new additions. We have invested in research and development and created innovative new designs in the market. Our Giant checkers board, Artificial grass, Trampolines and Circle swing sets are some examples. Polyplay playgrounds are becoming increasingly popular, we offer a wide range of options, from basic swings and slides to more elaborate and creative play structures as well as school furniture options.

Health & Beauty Sector 2022

The Health and Beauty sector in East Africa has seen significant growth and development. One of the main drivers of growth in the Health and Beauty sector in East Africa is the increasing disposable income of the region's growing middle class. As a result, consumers are more willing to spend on personal care products and services, creating a demand for high-quality products and services. In Kenya both local and international brands compete for a share of the market. The industry is diverse and includes a range of products and services, including cosmetics, personal care products, wellness, and medical services.

Flame Tree Africa Ltd – Kenya

The year 2022 yielded mixed results for Flame Tree Africa. While overall sales increased our margins were under considerable stress due to sharp increases in raw material and tax costs. The excise tax for the entire cosmetic category was raised from 10% to 15%, which had a negative impact on margins. To counteract the same though we increased our prices, we opted for a more modest hike, which led to slower sales growth.

Despite the challenges, we successfully launched two new products, the "Zoe perfumed Glycerines" and "Loosafe" toilet cleaner, both of which have been well-received and have promising sales figures.

Our new body lotion variants, "Turquoise Dreams" and "Desert Aloe," have also been successful. We have made strong gains in modern trade, leading in shampoo and conditioner volumes in most accounts and surpassing our nearest competitor in selected major chains.

In line with our commitment to quality and brand image, we have made changes to our production processes, focusing on new product development and improving the quality of our current products, which has contributed to our business growth. As part of our marketing efforts, we continue to partner with numerous colleges and universities during sports and college events to promote talent by offering gift hampers containing our products to the winners. Throughout 2022, Flame Tree Africa persevered in its dedication to providing high-quality products and services to our customers, while also prioritizing continuous improvement and innovation to keep pace with shifting market demands.

Food Sector 2022

Kenya's snack and spice market is a vibrant and diverse industry that offers a wide variety of products to consumers. Snacks and spices are an essential part of Kenyan cuisine and are enjoyed by people of all ages and backgrounds. The spice market in Kenya is diverse and offers a range of spices that are essential to Kenyan cuisine. Spices such as cumin, coriander, turmeric, and cardamom are commonly used in Kenyan dishes to enhance their flavor and aroma. In 2022, the growing middle class in Kenya is also driving the demand for premium snack and spice products. Consumers are willing to pay more for high-quality, unique and healthy snack options, as well as for premium spice blends and seasonings. Although the snack and spice market in Kenya is highly competitive, with both local and international players vying for market share.

Chirag Africa Ltd - Kenya

Although the year 2022 brought hope as we emerged from the COVID-19 pandemic, it proved to be a challenging year. The combination of drought, the Ukraine-Russia conflict, and high fertilizer prices resulted in a shortage of potatoes, causing the prices of potatoes and edible oil to skyrocket and affecting our business. As a result, we had to increase prices twice in the second half of the year, which had a temporary impact on sales. Despite these challenges, Team Chirag achieved a topline growth, but our profitability dropped to one-third of what it was in 2021.

Throughout 2022, Chirag Africa established itself as a serious and aggressive business entity in the market by launching new and innovative products. We conducted over 4 sensory tests and successfully launched our Happys foil packs in five different flavors, four of which were new to Kenya.

This product quickly became a major player on supermarket shelves. Additionally, we introduced three new spices to the market: Biryani Masala, Mchuzi Mix, and Onion powder. We added new machines to meet demand during peak season months and participated in three public events to increase brand awareness.

We conducted more than ten training sessions for our employees, including both skills and soft skills, and developed a second rung of leaders to handle higher responsibilities. Our monthly birthday celebrations and recognition of top performers kept our employees motivated and engaged. Despite the challenges of 2022, Chirag Africa remained committed to delivering quality products and services to our customers while continuously improving and innovating to meet market demands.

NEW SPICES BY NATURES OWN: Biryani Masala Spice Mix, Onion Powder and Mchuzi Mix


Happy's
golden
Happiness in
a pack!
Happy's golden
Fruit Chutney
Lemon Zing
Happiness
gets bigger when
you share it!
70g
Potato
Salted
Sour Cream & Onion
Spicy Twist

Trading Sector 2022

Flame Tree Brands Ltd – Rwanda

Flame Tree Brands Ltd., Rwanda, trades in various brands manufactured under Flame Tree Group. In skincare & haircare sector we deal with Zoe Lotions, Petroleum Jellies, Shampoos etc. We also deal with Wills Disinfectant, Zoe Liquid Handwash & Loosafe Cleaner in the Hygiene sector. As of 2022, the cosmetics industry in Rwanda has experienced significant growth and development. The country's beauty industry has undergone a major transformation, with new players entering the market and existing businesses expanding their operations. Local companies have also emerged to meet the demand for beauty products. Rwandan consumers have shown a growing interest in products that are made with natural ingredients and free of harmful chemicals.

Just 5 per cent of households in Rwanda have a place for family members to wash their hands with soap. Handwashing with soap at critical moments is essential for good health, especially in children. Our products promote a healthy lifestyle. In 2022, Flame Tree Brands experienced growth that exceeded its budget by 7%, which indicates strong performance and effective management of resources. The loyalty to our products in the Rwandan market is strong. Zoe Skincare was able to achieve a growth over the previous year, demonstrating the effectiveness of its business strategy. Our new Loosafe Toilet cleaner has been very well-received by consumers and has become increasingly popular. We continue focusing on product quality, innovation, and customer service to maintain and even grow your market position setting us apart from competitors and reinforce customer loyalty.

Buildmart Ltd – Rwanda

Buildmart is a hardware trading depot with three locations throughout Rwanda. Our product range includes various hardware products, including Beta tanks, Roto Tanks & HDPE pipes. We have various sizes, such as PN8, PN10, PN12.5, PN16, PN20, and PN25. Recently, we launched all ranges of HDPE pipes, from 25 dia to 110 dia, as additional range in the local market. This has positively impacted our turnover. We are committed to ensuring easy availability of materials, better prices, and a 100% customer response. With these goals in mind, we are confident that we will continue to make significant progress in the coming years.

Cirrus International FZC – UAE

Our general trading company, Cirrus International FZC, operates in the Middle East and specializes in plastic raw materials and other related materials tailored to our customers' needs. Our company has over 30 years of experience in the industry, making us a trusted and reliable source for our clients and suppliers. We take pride in creating value for our customers by strategically sourcing high-quality products at competitive rates. As a leader in our field, we have earned an international reputation for reliability and excellence.

Employee Development

At Flame Tree Group, we conduct trainings throughout the year to inculcate new skills in our employees. In 2022, we successfully facilitated 71 trainings with Chirag Africa topping the list with 13 trainings. Our best trainer in the year was Hegde Balakrishna, General manager Flame Tree Africa Limited preceding Shukla Balachadra, General Manager, Chirag Africa Limited with 15 and 10 training sessions respectively.


Who moved my cheese training conducted by Hegde Balakrishna on 8th October 2022.

Dresscode and communication training conducted by Hegde Balakrishna (General manager FTA) held at Roto Moulders Ltd.

Dresscode and communication training conducted by Hegde Balakrishna held at Jojo Plastics Ltd.

All House keepers Dresscode and communication training conducted by Hegde Balakrishna(General manager FTA) held at Flame Tree Group.

Dresscode and communication training conducted by Hegde Balakrishna held at Flame Tree Africa.

Dresscode and communication training conducted by Hegde Balakrishna held at Chirag Africa Ltd.

Winner for the Appraisal Process in the year 2021: Chirag Africa Limited

Pictured: Shukla wins a gift for his efforts and time taken to ensure the appraisals are excellently done.

Kaizen Part 2: Housekeeping Department.

House keepers training conducted by an expert from Villa Rosa Kempinski Hotel, Nairobi held at Flame Tree Africa.

Make Your Bed Book Training conducted by Hegde Balakrishna(General manager, FTA)

Roto Moulders Fire fighting Training conducted on 24th May 2022.

Community Engagements

By actively helping our local community, Flame Tree Group is demonstrating our commitment to social responsibility and making a positive impact beyond your core business activities. Community engagement is an ongoing process. By prioritizing community involvement, at Flame Tree Group we hope to make a meaningful difference and contribute to the well-being of the society in which we operate. Here are some ways in which you can continue to contribute to your community:

- Roto Ltd, Rwanda donated a 5000ltr tank to Gasharu cell on 15th August 2022 to assist to the development of the area.

- Eye screening for staff at Flame Tree Africa Ltd.

- On 5th March 2022, we gave 1 tank of 1,000 liters to the International Youth Fellowship (Workshop for Mint Education), Mozambique.

- We donted sanitizers to nearby primary school and hospital, Mozambique.

- Jojo Plastics Ltd. donated a tank to Litein Day Secondary School, Kenya.

- Flame Tree Africa sponsored sports day at the University of Nairobi, Kenya.

Roto Moulders Ltd., at the Wezesha Charity for the Blind Walk in Nyayo Stadium on 15th October 2022

Roto Moulders Ltd., tree planting at the Mau forest, Kenya.

Lesso Lessons by roto TANKS

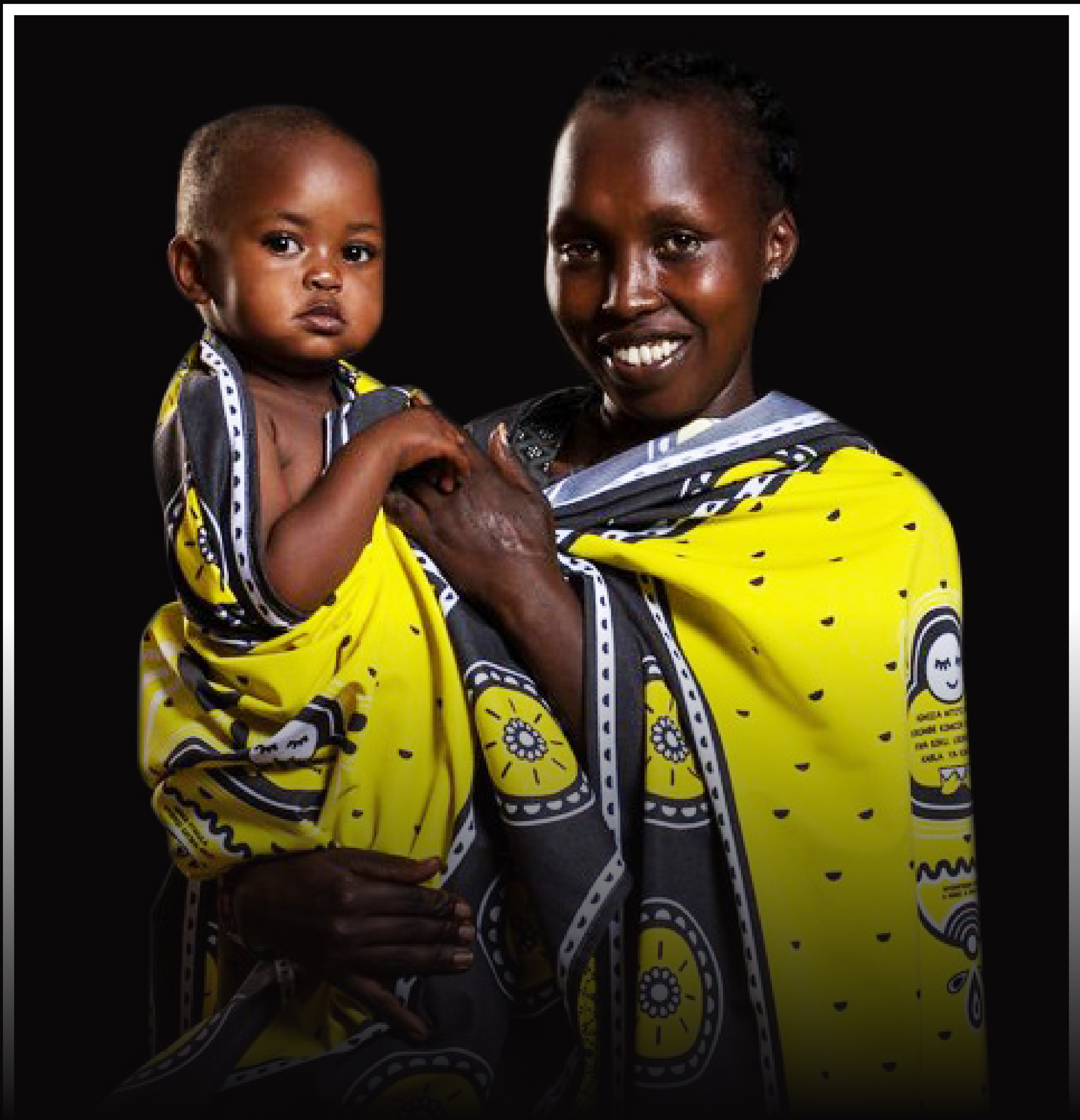
We are thrilled to announce our latest Corporate Social Responsibility (CSR) project, Lesso Lessons, created in collaboration with Ogilvy, Roto Tanks, The Ministry of Health Kenya, and produced by Fluid Films. The aim of this project is to blend modern post-natal nutritional guidance with traditional everyday garments to assist new and expecting mothers in raising healthier children.

Chronic malnutrition affects more than 1 in 4 children in Kenya, and young mothers residing in media-dark regions are unaware of the significance of breastmilk and complementary feeding practices. These women traditionally carry their babies on their backs in vibrantly patterned cloth wraps called "lessos," which have been passed down through generations to convey wisdom.

We identified an opportunity to transform these lessos into 3 informative and illustrative guides on postnatal nutrition, one for each of the 3 essential stages in the first 24 months of a child's life. These guides serve as daily reminders for mothers on how to raise a healthy child.

Doing Good while doing Good Business
#LessoLessons #RotoTanks #JisortNaRoto

Lesso is an African term for a fabric used by women to tie children on their backs while working. The Lesso Lessons initiative handcrafts educational content onto lessos, providing nutritional guidance for young mothers. The content is crafted by hand and adheres to traditional values. The lessons educate mothers on optimal feeding, the introduction of supplementary foods, and a balanced diet to reduce malnutrition. By doing good while doing good business, we hope to make a positive impact in our community. Join us in our efforts to do good while doing good business with #LessoLessons, #RotoTanks, and #JisortNaRoto.



Financials FY 2022

FTG Holdings Ltd
Consolidated and Separate Financial Statements
For the Year Ended 31 December 2022

CONTENTS

Company Information

COUNTRY OF INCORPORATION AND DOMICILE	Mauritius
DIRECTORS	Heril Bangera Gilles Kichenin Frank Ireri Imalambaal Kichenin George Theobald
REGISTERED OFFICE	C/o JurisTax Ltd, Level 3, Ebene House, Hotel Avenue, 33 Cybercity, Ebene 72201, Republic of Mauritius.
PRINCIPAL BANKERS	The Mauritius Commercial Bank, Sir William Newton Street, Port Louis, Republic of Mauritius. SBM Bank Mauritius Limited, Port Louis. SBM Bank Kenya Limited, Nairobi. Diamond Trust Bank Kenya Limited, Nairobi. Mayfair CIB Bank Limited, Nairobi ABSA Bank Kenya, Absa Head Quarters, Waiyaki Way, PO Box 30120, 00100 GPO, Nairobi, Kenya.
INDEPENDENT AUDITORS	CROWE ATA, 2nd Floor Ebene Esplanade, 24, Bank Street, Cybercity, Ebene 72201, Republic of Mauritius.
COMPANY SECRETARY	JURISTAX LTD, Level 3, Ebene House, Hotel Avenue, 33 Cybercity, Ebene 72201, Republic of Mauritius.
ESG CONSULTANT	Christine Gatakaa

Report of the Directors

The Directors are pleased to present their report on the business of FTG Holdings Ltd (the "Company") along with the consolidated and separate financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2022.

Principal Activities and Operations

The Company is an investment holding company. The principal activities of the Group are the manufacturing, selling and distribution of plastics and allied products like water tanks, mobile toilets, dustbins, septic tanks, PVC pipes, packaging products, school furniture, playgrounds, cosmetic products, snacks, spices, sanitation solutions, as well as general trading and construction-related activities.

Business Review

During the year ended 31 December 2022, the Group's revenue increased from Shs. 3,383,108,288 to Shs. 4,026,016,240. This represents a 19% increase, despite the loss of sales in Ethiopia due to the unavaillability of raw materials. This increase is attributable to the Group's investment in new machinery and equipment which increased production capacity and market share in the fast-moving consumer goods (FMCG) sector. Additionally, the Group successfully launched several new products and added new management to the team, both of which contributed to the increase in sales.

The Group's margin dropped from 34% in 2021 to 24% in 2022. This decline was caused by several factors, including an unprecedented increase in the cost of raw materials, specifically plastics and glycerine, as well as high international shipping costs and the depreciation of the Kenyan Shilling. These factors severely impacted the Group's cost of sales, resulting in the decrease in margin. The sharp decline in margin, coupled with the increase in finance costs associated with funding working capital, led the Group to report net losses of Shs. 214,971,896 in 2022, compared to a net profit of Shs. 102,543,724 in 2021.

Key Perfomance Indicators

		Group		Company	
		2022	2021	2022	2021
1	Revenue (KShs)	4,026,016,240	3,383,108,288	-	-
2	Gross profit (KShs)	976,179,611	1,144,724,826	-	-
3	Gross profit margin (%)	24%	34%	0%	0%
4	Profit/(loss) before tax (KShs)	(265,729,030)	112,294,004	(13,022,700)	(4,326,732)
5	Tax (KShs)	50,757,134)	(9,750,280)	-	-
6	Profit/(loss) for the year (KShs)	(214,971,896)	102,543,724	(13,022,700)	(4,326,732)
7	Net assets (KShs)	1,285,679,012	1,190,052,500	192,766,789	205,789,489

Directors' report (continued)

Principal Risks and Uncertainties

Despite a positive progression of market share and sales growth across various sectors, including FMCG lines (+32.6%), plastics (+11%) and general trade (+43%), the ongoing war in Ukraine and the impact of COVID-19 have created significant macroeconomic pressures, leading to exorbitant inflation rates that have severely affected the Group's financial performance. Specifically, there has been a sharp increase in the price of raw materials, especially plastics, which are the main driver of our cost of sales, with prices increasing by 70% compared to the 2021 average. Additionally, shipping costs have tripled over the past 12 months, and there were high prevailing inflation and interest rates, along with the depreciation of the local currencies against the United States Dollar (USD). For example, the Kenyan Shilling (Shs) depreciated from 106 Shs/USD in June 2021 to 124 Shs/USD at the end December 2022. These factors combined have severely impacted the Group's margins and cash flows, leading to higher short-term debt, mainly LC lines to finance the purchase of raw materials, and higher finance costs. Despite the rising costs, most manufacturers have not been able to adjust their prices accordingly.

The Group has diversified its suppliers of raw materials, particularly polymers, from different regions around the world, to mitigate the impact of any future increase in the cost of raw materials, despite already experiencing significant reductions in the costs of our main raw materials. However, for 2023, the main risk and uncertainty lies in the devaluation of local currencies against the United States Dollar and its subsequent impact on finance costs. These factors are likely to primarily affect the cost of sales and cash flows of the Company and the Group.

Sales have been in line with the Group's Strategic Business Plan and financial projections. However, as previously mentioned, the Group's margin has declined due to reasons beyond the control of the company. In terms of expenses, company reported a 15% increase in overheads, which includes Shs 114 million in depreciation costs and a 18% increase in sales and marketing expenses, primarily in FMCG promos, advertising, travel expenses. Other expenses such as administrative, logistics, and factory expenses have remained stable and increased proportionally with sales. Finance costs, on the other hand, have increased by 50% amounting to Shs 226 million, due to the higher need for working capital funding as a result of the increased cost of raw materials.

Dividend

The Directors do not recommend the declaration of a dividend for the year (2021: Nil).

Legal Status of the Kenyan Branch

The Kenyan branch is not an incorporated company so it does not have its own share capital or directors, as the activity is consolidated within FTG Holdings Ltd. Only for tax purposes, the branch is registered in Kenya. Its activity is to support the Group in terms of management, technical and financial assistance. This is reflected as well in the Transfer Price Policy of the Group. It is considered to be a cost center and does not generate any revenue or sales on its own.

Directors' report (continued)

Subsidiaries

The Company's investment in its subsidiaries as at 31 December 2022 is summarized in the table below:

Entity	Country of incorporation	Holding	No.of shares	Value
Roto Moulders Ltd.	Kenya	100%	955,814	95,580,900
Flame Tree Africa Ltd.	Kenya	100%	138,749	158,502,683
Happy Golden Foods Ltd.	Kenya	100%	10,999,999	10,999,999
Rex Industries Ltd.	Kenya	100%	64,438	-
Jojo Plastics Ltd.	Kenya	100%	40,000	20,000,000
Chirag Africa Ltd.	Kenya	100%	97,299	48,650,000
Polyplay Ltd.	Kenya	100%	60,199	80,000,000
Roto Ltd.	Rwanda	100%	99	612,612
Flame Tree Brands Ltd.	Rwanda	100%	2,458	14,457,228
Build Mart Ltd.	Rwanda	100%	4,999	3,191,552
Roto Private Ltd.	Ethiopia	100%	417,717	130,019,804
Rino Tanques LDA	Mozambique	100%	1	10,296,555
Flame Tree LDA	Mozambique	100%	1	71,734
Cirrus International FZC	UAE	100%	199	4,710,887
Total				**577,093,954**

Roto Moulders Limited (Kenya), Roto Limited (Rwanda) and Roto Private Limited Company (Ethiopia)

Roto Moulders Limited (Kenya) was the first brand to be created by the Group. The Roto brand has expanded geographically and operates in Rwanda under Roto Limited and in Ethiopia under Roto Private Limited Company. It offers a wide range of best quality water tanks, HDPE pipes, sanitation solutions and plastic products (buckets, dustbins, traffic cones, pit slabs).

Directors' report (continued)

Flame Tree Africa Ltd.

Headquartered in Kenya, Flame Tree Africa is a manufacturer of cosmetics and beauty products in the East African region. The company manufactures a wide range of cosmetic products including skin care, hair care, nail care and colour cosmetics. It manufactures brands such as "Zoe", "Cerro" and "Alana". These products are sold in all major retail stores in both rural and urban areas. Zoe advertises in TV and social media, and it is a best-selling brand in several categories. Flame Tree Africa added Suzie Beauty to their portfolio to tap into the growing make-up market segment. Suzie Beauty has retail shops in some of the best malls in Kenya and is also distributing through various point of sales and beauty shops in Nairobi Mombasa, Nakuru and Kisumu, Carrefour, and online through Jumia and its own web page.

Happy Golden Foods Limited

Happy Golden Foods Limited was acquired in 2016. It is engaged in the sales of potato and peanut based snacks.

Rex Industries Limited

Originally constituted as Cherry Styles Limited in November 2011, the company was a manufacturer and trader of cosmetic products like wigs and other hair products. In 2021, the company resumed operations and started manufacturing plastic products, a new business line, under a new name, Rex Industries Limited.

JoJo Plastics Limited

JoJo Plastics Limited is based in Nairobi. It was incorporated in 2009 and manufactures plastics, water tanks and blow moulding bottles, caps & closures and packaging nets while targeting the lower cost water tank market.

Chirag Africa Limited

It was acquired by FTG Holdings Limited in 2015 and manufactures spices, snacks and savories under well-known brands which include "Nature's Own", "Chigs", "Honeycomb" and "Gonuts".

Polyplay Limited

Polyplay was acquired in 2017. It offers one of the most extensive collections of outdoor and indoor play lines and plastic furniture in East Africa, serving multiple market segments: schools, day-care facilities, restaurants, hotels, resorts and housing developments.

Flame Tree Brands Limited

Based in Rwanda, Flame Tree Brands Limited imports cosmetics products from Flame Tree Africa Limited (Kenya) and sells them in Rwanda.

Build Mart Limited

Build Mart Limited is an industrial trading company having its offices at Kigali, Rwanda. The company specializes in supplying of various hardware materials including pipes, water tanks, gate valves and various other plumbing and construction materials to the Rwandan market. The management of the company has over 20 years of previous experience in the specialized field of activities.

Directors' report (continued)

Rino Tanques, LDA

In 2016, the Flame Tree Group opened a manufacturing plant in Nampula, northern Mozambique, to cater for the growing demand in the region. Rino Tanques, LDA manufactures quality water and sanitation systems. With products in Nampula in the North and Maputo in the South, Rino has become the better option for tanks through out the region. Rino is commissioning a third production site in Tete to ensure country wide distribution servicing while reducing logistic costs.

Flame Tree Mozambique Limitada

Flame Tree Mozambique, LDA started operations in 2019, it is offering ZOE products branded in Portuguese for the local market.

Cirrus International FZC

Based in UAE, Cirrus International FZC is an importer, distributor and exporter of petroleum products, backed by over 20 years of valuable group experience. The company trades in commodities and polymers.
The Company and its subsidiaries have same accounting year end i.e. 31 December. Heril Colbert Bangera, the Group CEO and major shareholder of the Company, confirms that he does not have any beneficial indirect interests in the subsidiaries.

Overall performance

The tables below show the Group's overall performance for the year ended 31 December 2022:

Activity	% Turnover Total	%Gross Profit Total	% Operating Profit Total
Manufacturing	89%	84%	158%
Trade	11%	16%	-59%
Holding	0%	0%	1%
	Region		
Africa	89%	84%	159%
Middle East	11%	16%	-59%

Director Fee

There was no payment due to any director as at 31 December 2022.

Contracts with Subsidiaries

The Company did not have any contract of significance with its subsidiaries and shareholders at 31 December 2022.

Directors' report (continued)

Other Matters

Mr. Heril Colbert Bangera, the Group CEO and major shareholder of the Company, directly and indirectly holds 84.01% of the shares of the Company as at the year end.

None of the senior officers of the Company holds any rights to subscribe in the equity instruments of the Company.

The operating results shown in the accounts for the year under review are not materially different from those of the published forecast made by the Company.

There have not been any amounts of interest capitalised by the Company and its subsidiaries during the year.

There are no unexpired service contracts during the year. There have been no contracts of significance subsisting during or at the end of the accounting year in which a Director of the Company is or was materially interested, either directly or indirectly.

There have been no contracts of significance between the Company or one of its subsidiary companies and a substantial shareholder of the Company.

There have been no contracts of significance for the provision of services to the Company and its subsidiaries by a substantial shareholder of the Company or any of its subsidiaries.

Directors' report (continued)

Debts of subsidiaries, the parent, and its branch

The below table shows the Company's and its subsidiaries' debts as at 31 December 2022:

Subsidiaries	Total bank debt / loans (shs)	Due in less than 1 year (shs)	Due in 1 to 2 years (shs)	Due in 2 to 3 years (shs)	Due in more than 3 years (shs)	Interco debts (shs)
Roto Moulders Limited	681,676,790	576,485,997	31,557,238	42,500,682	31,132,873	(15,934,198)
Flame Tree Africa Limited	37,483,116	35,722,469	1,760,648	-	-	102,951,469
Happy Golden Foods Limited	35,923	-	35,923	-	-	9,227,626
Rex Industries Limited	-	-	-	-	-	22,301,829
JoJo Plastics Limited	200,059,917	189,610,360	10,449,556	-	-	51,840,925
Chirag Africa Limited	4,329,576	4,329,576	-	-	-	143,800,014
Polyplay Limited	3,377,082	-	3,377,082	-	-	451,593
Roto Limited	11,576,600	11,576,600	-	-	-	24,692,419
Flame Tree Brands Limited	-	-	-	-	-	15,632,133
Build Mart Limited	-	-	-	-	-	1,006,006
Roto Private Limited Company	86,973,063	-	17,394,613	17,394,613	52,183,838	26,537,345
Rino Tanques, LDA	-	-	-	-	-	-
Flame Tree Mozam-bique, LDA	-	-	-	-	-	31,994,245
Cirrus International FZC	-	-	-	-	-	(12,426,057)
The parent company and its branch	**Total bank debt / loans (Shs) Shs**	**Due in less than 1 year (Shs) Shs**	**Due in 1 to 2 years (Shs) Shs**	**Due in 2 to 3 years (Shs) Shs**	**Due in more than 3 years ((Shs) Shs**	**Interco debts (Shs) Shs**
FTG Holdings Ltd, parent company (Mauritius)	-	-	-	-	-	650,006,589
FTG Holdings Ltd, branch (Kenya)	3,019,224	-	3,019,224	-	-	-

Statement of Directors' Responsibilities in Respect of the Consolidated and Separate Financial Statements

The Companies Act 2001 requires the Directors to prepare consolidated and separate financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Group and the Company. In preparing those consolidated and separate financial statements, the Directors are required to:

i. select suitable accounting policies and then apply them consistently;
ii. make judgements and estimates that are reasonable and prudent;
iii. state whether International Financial Reporting Standards (IFRSs) have been followed, subject to any material departures disclosed and explained in the consolidated and separate financial statements; and
iv. prepare the consolidated and separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the consolidated and separate financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the consolidated and separate financial statements have properly been prepared in accordance with IFRS and comply with Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Crowe ATA, have indicated their willingness to continue in office until the next Annual meeting.

By order of the Board

Director

27th April 2023

Secretary's Certificate

JurisTax

11

SECRETARY'S CERTIFICATE ISSUED UNDER SECTION 166 (d) OF THE COMPANIES ACT 2001

We, JurisTax Ltd, certify to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of FTG Holdings Ltd under the Mauritius Companies Act 2001 for the year ended 31 December 2022.

....

Mr. Harchit Errappa
For and on behalf of JurisTax Ltd
Secretary

Date: 27 April 2023

JurisTax Ltd
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BRN: C08080123 | VAT: 20455368

HIGHLY SENSITIVE

Independent Auditor's Report

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FTG Holdings Ltd

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **FTG Holdings Ltd** (the "Company") which include the financial statements of its subsidiaries together referred as the "Group" and as set out on pages 18 to 55, which comprise the consolidated and separate statement of financial position as at 31 December 2022, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and the notes to the consolidated and separate financial statements.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and of the Company as at 31 December 2022, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Mauritius Companies Act 2001.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Mauritius and we have fulfilled other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Crowe

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FTG Holdings Ltd

Report on the audit of the consolidated and separate financial statements (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements. Key audit matters are selected from the matters communicated with the Board, but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the consolidated and separate financial statements as a whole. Our opinion on the consolidated and separate financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters. **(a) Impairment of investment in subsidiaries - Company**

Key Audit Matter	How our audit addressed the Key Audit Matter
The Company carries its investments in its subsidiaries at cost, less impairment in values at the Company's separate financial statements. The Company's subsidiaries namely Flame Tree Brands Limited, Flame Tree Mozambique, Lda, Rino Tanques, Lda, Build Mart Ltd, Chirag Africa Limited, Happy Golden Foods Limited and Jojo Plastics Limited incurred net losses and also their current liabilities exceeded the current assets during the year. This cast significant doubt on those subsidiaries' ability to continue as a going concern. Management uses impairment analysis based on financial projections as discounted in its assessment of whether an impairment provision is required to be made. In view of the significance of the investments and the above, we consider investment impairment to be a significant key audit matter.	Our procedures in relation to the impairment assessment of the investment in the subsidiaries included, among others: Assessing the appropriateness of management's accounting for investments in the subsidiaries; Understanding management's process for identifying the existence of impairment indicators in respect of the investment in the subsidiaries and evaluating the effectiveness of such process; Where indicators of impairment have been identified, assessing the reasonableness of the recoverable amount of the subsidiaries and obtaining from management its financial position and future prospects; Assessing the reasonableness of key inputs and assumptions used by management in their estimation of recoverable amount; and Assessing the ability of the subsidiary to continue as a going concern.

(b) Valuation of Property, plant and equipment – Group

Key Audit Matter	How our audit addressed the Key Audit Matter
The group has property, plant and equipment with aggregate carrying values of Kshs,1,549,239,828 representing 44% of the total assets of the group as at 31 December 2022. Management has used latest independent valuation reports in their assessment and believe no impairment provision is required as the fair valuation provides a better reflection of the carrying amounts in the current market.	Our procedures in relation to management's impairment assessment of the property, plant and equipment included: Assessing the methodologies used management to estimate values in use; Checking on a sample basis the accuracy and relevance of the input data used by management to estimate values in use; Assessing management's key assumptions including physical deterioration and functional obsolescence which used to estimate values in use of the plant and equipment and also the physical conditions of the properties and comparing the market value in the neighbourhood and comparing with the insurance value of the property.

Crowe

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FTG Holdings Ltd

Report on the audit of the consolidated and separate financial statements (continued)

Key audit matters (Continued) (c) Trade debtors' recoverability – Group

Key Audit Matter	How our audit addressed the Key Audit Matter
The group has trade receivables which represents a significant portion of the total assets of the group as at 31 December 2022. The recoverability of trade receivables and the level of provisions for impairment of receivables are considered to be a significant risk due to the pervasive nature of these balances to the financial statements, and the importance of cash collection with reference to the working capital management of the business. Management regularly monitors the debt collection with the average credit period for collection maintained at less than two months.	We have:- assessed the design and implementation of key controls around the monitoring of recoverability; challenged management regarding the level and ageing of trade receivables, along with the consistency and appropriateness of receivables provisioning by assessing recoverability with reference to cash received in respect of debtors. considered the consistency of judgments regarding the recoverability of trade receivables made year on year to consider whether there is evidence of management bias through discussion with management on their rationale and obtaining evidence to support judgement areas.

Other information

The directors are responsible for the other information. The other information comprises the directors' report, statement of directors' responsibilities and certificate from the secretary which we obtained prior to the date of this auditors' report. Other information does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FTG Holdings Ltd

Report on the audit of the consolidated and separate financial statements (continued)

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FTG Holdings Ltd

Report on the audit of the consolidated and separate financial statements (continued)

Auditors' responsibilities for the audit of the consolidated and separate financial statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiency in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- We have no relationship with, or any interests in, the Company other than in our capacity as auditors;

- We have obtained all the information and explanations that we required; and

- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FTG Holdings Ltd

Report on the audit of the consolidated and separate financial statements (continued)

Use of this report

This report is made solely for the Company's shareholders, as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to the shareholders in our auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Crowe ATA

Crowe ATA
Public Accountants

K.S. Sewraz, FCCA
Signing Partner
Licensed by FRC

Date: 27 April 2023

Ebene, Mauritius

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

		The Group		The Company	
		2022	2021	2022	2021
	Note(s)	Shs	Shs	Shs	Shs
Revenue	16	4, 026, 016, 240	3, 383, 108, 288	-	-
Cost of sales	17	(3, 049, 836, 629)	(2, 238, 383, 462)	-	-
Gross profit		**976, 179, 611**	**1,144,724, 826**	**-**	**-**
Other operating income	18	-	-	30, 081, 525	30, 288, 284
Selling and distribution expenses	31	(375,969,782)	(318,257,055)	(251,383)	(337, 280)
Administrative expenses	31	(550,107,991)	(481,092,145)	(36,822,521)	(29,929,071)
Other operating expenses	31	(89,452,471)	(82,592,293)	(1,594,890)	(1,395,833)
Operating profit/(loss)		**(39,350,633)**	**262,783,333**	**(8,587,269)**	**(1,373,900)**
Finance costs	20	(226,378,397)	(150,489,329)	(4,435,431)	(2,952,832)
Profit/(loss) before taxation		**(265, 729,030)**	**112,294,004**	**(13,022,700)**	**(4,326,732)**
Current tax	21	(4,892,818)	(27,170,843)	-	-
Deferred tax	21	55,649.952	17,420,563	-	-
Profit/(loss) for the year		**(214,971,896)**	**102,543,724**	**(13,022,700)**	**(4,326,732)**
Other comprehensive income:					
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:					
Gains on property revaluation:		368, 268,769	-	-	-
Other comprehensive income that may be reclassified to profit or loss in subsquent periods:					
Exchange differences on translation of foreign operations		(57,670,361)	2,585,982	-	-
Other comprehensive income for the year		**95,626,512**	**105,129,706**	**(13,022,700)**	**(4,326,732)**
Basic earnings per share					
Earnings per share - On total (loss)/profit for the year	32	(1.21)	0.58	(0.07)	(0.02)
Earnings per share - On total comprehensive income/ (loss) for the year	32	0.54	0.59	(0.07)	(0.02)

The accounting policies and notes on pages 23 to 51 form an integral part of the consolidated and separate financial statements.
Report of the independent auditor - pages 12 to 17.

Consolidated and Separate Statements of Financial Position as at 31 December 2022

		The Group		The Company	
Assets	**Notes**	**2022 Shs**	**2021 Shs**	**2022 Shs**	**2021 Shs**
Non-current assets					
Property, plant and equipment	3	1,549,238,828	1,189,346,721	35,499	35,259
Right-of-use assets	4	45,718,029	77,712,162	-	-
Goodwill	5	71,851,809	71,851,809	-	-
Intangible assets	6	165,366,931	122,751,662	30,676,826	19,142,656
Investment in subsidiaries	10	-	-	577,093,954	545,531,392
		1,832,175,597	**1,461,662,354**	**607,806,279**	**564,709,307**
Current Assets					
Inventories	8	793,933,541	685,659,674	-	-
Trade and other receivables	9	814,999,894	655,906,796	385,089,534	358,042,021
Current tax recoverable		21,864,568	17,255,338	-	-
Cash and cash equivalents	11	73,330,717	54,325,566	535,044	2,539,348
		1,704,128,720	**1,413,147,374**	**385,624,578**	**360,581,369**
Total assets		**3,536,304,317**	**2,874,809,728**	**993,430,857**	**925,290,676**
Equity and Liabilities					
Equity					
Share capital	12	146,894,092	146,894,092	146, 894,092	146,894,092
Share premium	12	152,450,453	152,450,453	152,450,453	152,450,453
Revaluation reserves		715,390,168	347,121,399	-	-
Legal reserve		3,665,461	3,665,461	-	-
Translation reserve		(107,268,696)	(49,598,335)	-	-
Retained earnings/(accumulated losses)		374,547,534	589,519,430	(106,577,756)	(93,555,056)
		1,285,679,012	**1,190,052,500**	**192,766,789**	**205,789.489**
Liabilities					
Non-current Liabilities					
Borrowings	13	196,258,994	215,428,562	653,813,822	586,538,856
Lease liabilities	14	51,019,168	82,609,195	-	-
Deferred tax liabilities	7	53,867,120	38,249,287	-	-
		301,145,282	**336,287,044**	**653,813,822**	**586,538,856**
Current Liabilities					
Trade and other payables	15	762,018,782	632,159,240	12,999,200	8,782,286
Borrowings	13	843,060,887	412,807,789	25,335,885	30,262,174
Lease liabilities	14	4,053,773	4,053,773	-	-
Bank overdrafts	11	340,346,581	299,449,382	108,515,161	93,917,871
		1,949,480,023	**1,348,470,184**	**146,850,246**	**132,962,331**
Total Liabilities		**2,250,625,305**	**1,684,757,228**	**800,664,068**	**719,501,187**
total Equity and Liabilities		**3,536,304,317**	**2,874,809,728**	**993,430,857**	**925,290,676**

The consolidated and separate financial statements and the notes on pages 18 to 57, were approved by the board of directors on 27th April 2023 and were signed on it´s behalf by:

Director

Director

The accounting policies and notes on pages 23 to 51 form an integral part of the consolidated and separate financial statements.
Report of the independent auditor - pages 12 to 17.

Consolidated and Separate Statements of Changes in Equity

The Group	Share capital Shs	Share premium Shs	Legal reserve Shs	Translation resrve Shs	Revaluation resrve Shs	Retained earnings Shs	Total equity Shs
As at 01 January 2021	**146,894,092**	**152,450,453**	**3,665,461**	**(52,184,371)**	**347,121,399**	**486,975,706**	**1,084,922,794**
Translation reserve	-	-	-	2,585,932	-	-	2,585,932
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**
As at 01 January 2022	**146,894,092**	**152,450,453**	**3,665,461**	**(49,598,335)**	**347,121,399**	**589,519,430**	**1,190,052,500**
Gain on revaluation	-	-	-	-	368,268,769	-	368,268,769
Translation reserve	-	-	-	(57,670,361)	-	-	(57,670,361)
Loss for the year	-	-	-	-	-	(214,971,896)	(214,971,896)
As at 31 December 2022	**146,894,092**	**152,450,453**	**3,665,461**	**(107,268,696)**	**715,390,168**	**374,547,534**	**1 ,285,679,012**

The accounting policies and notes on pages 23 to 51 form an integral part of the consolidated and separate financial statements.
Report of the independent auditor - pages 12 to 17.

Consolidated and Separate Statements of Changes in Equity(continued)

The Company	Share capital Shs	Share premium Shs	Accumulated losses Shs	Total equity Shs
As at 01 January 2021	146,894,092	152,450,453	(89,228,324)	210,116,221
Loss for the year	-	-	(4,326,732)	(4,326,732)
As at 31 December 2021	146,894,092	152,450,453	(93,555,056)	205,789,489
As at 01 January 2022	146,894,092	152,450,453	(93,555,056)	205,789,489
Loss for the year	-	-	(13,022,700)	(13,022,700)
As at 31 December 2022	146,894,092	152,450,453	(106,577,756)	192,766,789

The accounting policies and notes on pages 23 to 51 form an integral part of the consolidated and separate financial statements. Report of the independent auditor - pages 12 to 17.

Consolidated and Separate Statement of Cash Flows

		Group		Company	
	Notes	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	22	(54,798,871)	242,870,273	(31,418,108)	(304,000,761)
Finance costs		(226,378,397)	(150,489,329)	(4,435,431)	(2,952,832)
Tax paid	23	(9,502,048)	(75,085,090)	-	-
Net cash (used in)/from operating activities		**(290,679,316)**	**17,295,854**	**(35,853,539)**	**(306,953,593)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(69,831,030)	(200,722,329)	-	(21,552)
Proceeds from sale of property, plant and equipment		3,749,743	2,758,400	-	-
Purchase of other intangible assets	6	(42,825,982)	(31,860,649)	(11,534,170)	(11,589,636)
Acquisition of investment in subsidiary		-	-	(31,562,562)	-
Net cash used in investing activities		**(108,907,269)**	**(229,824,578)**	**(43,096,732)**	**(11,611,188)**
Cash flows from financing activities					
Proceeds from borrowings	13	411,083,530	174,709,058	62,348,677	307,168,007
Payments of principal portion of the lease liability	14	(21,850,039)	(14,916,471)	-	-
Net cash from financing activities		**389,233,491**	**159,792,587**	**62,348,677**	**307,168,007**
Net movements in cash and cash equivalents		(10,353,094)	(52,736,137)	(16,601,594)	(11,396,774)
Cash and cash equivalents at the beginning of the year		(245,123,816)	(218,346,914)	(91,378,523)	(79,981,749)
Effects of foreign currency translations		(11,538,954)	25,959,235	-	-
Cash and cash equivalents at end of the year	**11**	**(267,015,864)**	**(245,123,816)**	**(107,980,117)**	**(91,378,523)**

The accounting policies and notes on pages 23 to 51 form an integral part of the consolidated and separate financial statements.
Report of the independent auditor - pages 12 to 17.

Notes to the Consolidated and Separate Financial Statements

Corporate Information

FTG Holdings Ltd was incorporated on 18 January 2012 as a Global Business Company under the Companies Act 2001 and is governed by the Financial Services Act 2007. The principal activity of the Company is that of an investment holding company. The principal activities of the Group are those of manufacturing of plastics and allied products, plastic water tanks, mobile toilets, septic tanks, PVC pipes, paints, fibre glasses, iron products, cosmetic products, synthetic hair, snacks, spice products, general trading and construction related activities.

1.0 Significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented,unless otherwise stated.

1.1 Basis of preparation

The consolidated and separate financial statements have been prepared under the historical cost convention as modified by revaluation of leasehold land and buildings, plant and equipment and inventories and are in accordance with International Financial Reporting Standards (IFRS).The consolidated and separate financial statements comprise the results of the following entities:

Country	Name of Company	% Shares	Principal activities
Kenya	Roto Moulders Limited	100	Manufacture and trade of plastic products
Kenya	Flame Tree Africa Limited	100	Manufacture and trade of cosmetic prod-ucts
Kenya	Happy Golden Foods Limited	100	Manufacture and trade of snacks
Kenya	Chirag Africa Limited	100	Manufacture and trade and snacks
Kenya	Rex Industries Limited (Formerly Cherry Styles Limited)	100	Trading in plastic containers
Kenya	Jojo Plastics Limited	100	Manufacture and trade of plastic products
Kenya	Polyplay Limited	100	Manufacturing plastics and allied products
Rwanda	Roto Limited	100	Manufacture and trade of plastic products
Rwanda	Flame Tree Brands Limited	100	Trading in cosmetics
Rwanda	Build Mart Limited	100	Trading in construction materials
Mozambique	Rino Tanques Limitada	100	Manufacture and trade of plastic products
Mozambique	Flame Tree Mozambique Lda	100	Trading in cosmetic products
Ethiopia	Roto Private Limited Company	100	Manufacture and trade of plastic products
United Arab Emirates	Cirrus International FZC	100	Trading in commodities

All shares held by the promoter of the Group are on behalf of the Company.

1.2 Segmental reporting

Operating segments are reported based on the operating activity of the group companies and in a manner consistent with the internal reporting expected to be provided to the Board of Directors of the Group, who will be responsible for allocating resources, assessing performance of the operating segments and making strategic decisions.

Notes (Cont.)

1.0 Significant accounting policies (continued)

1.3 Critical judgements in applying accounting policies

The preparation of the consolidated and separate financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In the application of the accounting policies, the Directors are required to make the judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.
The Directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Measurement of expected credit losses (ECL)

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumption about future economic conditions and credit behaviour. A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product or market and associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument. The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). The ECL model applied for financial assets other than trade receivables and contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.

Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.

When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

Notes (Cont.)

1.0 Significant accounting policies (continued)

1.3 Critical judgements in applying accounting policies (continued)

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will represent a significant increase in credit risks (Stage 2) and contractual payments that are more than 90 days overdue will represent credit impairments (Stage 3).
The Group uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions. For trade receivables, the Group has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognised on the basis of a provisioning matrix.

Impairment of trade and other receivables

The Group reviews its portfolio of trade and other receivables on an annual basis. In determining whether trade and other receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cash flows expected.

Useful lives of property, plant and equipment and intangible assets

Management reviews the useful lives and residual values of the items of property, plant and equipment and intangible assets on a regular basis. During the financial year, the Directors determined that there were no significant changes in the useful lives and residual values.

The Directors have made the following judgements that are considered to have the most significant effect on the amounts recognised in the consolidated and separate financial statements:

- **Control of consolidated entities -** the Directors of FTG Holdings Ltd have assessed whether or not the Group had and has control over each of the entities whose financial statements have been consolidated. In making their judgement, the Directors considered for each entity, the shareholders of each entity, and the level of influence of the Directors have over the operating and financial policies of each of the entities whose financial statements have been consolidated. The Directors have concluded that the Group has control over the entities whose financial statements have been consolidated.
- **Tax losses -** the Group has recognised deferred tax assets on tax losses. In determining whether these tax losses will be utilised, the Directors make judgement as to whether these will be utilised before they are forfeited. The forfeiture is dependent on the requirements of the respective laws of the countries where the entities that have incurred tax losses operate in.
- **Determination of functional and presentation currency -** the determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. The books of accounts are maintained in Kenyan shillings ('Shs') which is also the currency of the primary economic environment in which the Company operates (functional currency).
- **Impairment of goodwill -** Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash generating unit(s) to which the goodwill has been allocated. The value-in-use calculation requires the Directors to estimate the future cash flows expected to arise from the cash generating unit(s) and a suitable discount rate in order to calculate the present value. The Directors are satisfied that no provision for impairment of goodwill is required as at 31 December 2022. Suzie Beauty is the trademark which the goodwill relates to. The investment was Shs 52 million and the estimated present value of EBT discounted at 6% is Shs 124.8 million, which is higher than the goodwill amount of Shs 52 million.
- **Impairment of intangibles -** Intangibles assets, such as trademarks, are tested annually for impairment based on past and present performance and future business projections. Based on the projections made in assessing the performance of the subsidiaries, management believes that the intangible assets will be able to generate future cash flows.

Notes (Cont.)

1.0 Significant accounting policies (continued)

1.3 Critical judgements in applying accounting policies (continued)

- **Impairment of investment in subsidiaries -** Management has made an impairment assessment on the various subsidiaries by comparing the net assets against the cost of investments. Although the cost of the investments are higher than the net assets of the subsidiaries, management is satisfied after carrying out an analysis of the current key performance indicators for each of the entities and of the next 5 years projections that no provision for impairment is required to be made.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for its own use or for rental to others and which are expected to be used for more than one year. An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably. Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred. Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Rate %
Building	2 - 5% (Straight Line)
Plant and machinery	8.33%
Furniture and fixtures	12.50%
Motor vehicles	12.50%
Computer equipment	30%

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset. Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Notes (Cont.)

1.0 Significant accounting policies (continued)

1.5 Intangible assets

Computer software

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be 5 years.

Trademark

Separately acquired trademarks are shown at historical cost and recognised at fair value at the acquisition date.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. This goodwill is included under intangible assets. Impairment tests are carried out on goodwill annually and the carrying amount in the statement of financial position is reduced by any impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

1.6. Financial instruments

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the group as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- **Amortised cost.** (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- **Fair value through other comprehensive income.** (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- **Mandatorily at fair value through profit or loss.** (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- **Designated at fair value through profit or loss.** (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Notes (Cont.)

1.0 Significant accounting policies (continued)

1.6 Financial instruments (continued)

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 28 (Financial instruments and risk management) presents the financial instruments held by the Group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (Note 9). They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Shillings equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains/(losses). Details of foreign currency risk exposure and the management thereof are provided in the trade and other receivables (Note 9).

Trade and other payables

Classification

Trade and other payables (Note 15), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks net of bank overdrafts.

Notes (Cont.)

1.0 Significant accounting policies (continued)

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset. Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income. Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.8 Right of use asset

The right-of-use asset is a lessee's right to use an asset over the life of a lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received.

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of all inventories comprises raw materials, direct labour, other direct costs and related production overheads attributable to bringing the inventory to its present location and condition (based on normal operating capacity). Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

Notes (Cont.)

1.0 Significant accounting policies (continued)

1.10 Impairment of assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cashgenerating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised

immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease. An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.11 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the Group in which they are declared.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Notes (Cont.)

1.0 Significant accounting policies (continued)

1.13 Dividends

Proposed dividends are disclosed as a separate component of equity until declared. Dividends are recognised as liabilities in the year in which they are approved by the Company's shareholders.

1.14 Revenue from contracts with customers

Revenue comprises the fair value of the consideration received or receivable for the sale of goods or performance of services, in the ordinary course of business and is stated net of direct sales tax (as applicable in the various jurisdictions the Group's entities operate in), rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when the specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

(i) Sales of goods are recognised upon delivery of products and customer acceptance.
(ii) Sales of services are recognised upon performance of the services.

1.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use.
The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining aqualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes (Cont.)

1.0 Significant accounting policies (continued)

1.16 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and date of the transaction.
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. date of the transaction.

In circumstances where the Group receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the Group initially recognised the non-monetary item arising on payment or receipt of the advance consideration. If there are multiple payments or receipts in advance, Group determines a date of transaction for each payment or receipt of advance consideration. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss. Cash flows arising from transactions in a foreign currency are recorded in Shillings by applying to the foreign currency amount the exchange rate between the Shillings and the foreign currency at the date of the cash flow. loss, any exchange component of that gain or loss is recognised in profit or loss.

2.0 New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

(i) **Amendments to IFRS 3 Reference to the Conceptual Framework**

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies.

The amendments also confirm that contingent assets should not be recognised as the acquisition date.

(ii) **Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use**

The Group has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Notes (Cont.)

2.0 New standards and interpretations (continued)

2.1 Standards and interpretations effective and adopted in the current year (continued)

(iii) **Amendments to IAS 37 Onerous Contracts - Cost of Fulfilling a Contract**

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the Group recognises any impairment loss that has occurred on assets used in fulfilling the contract.

(iv) **Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle**

The Group has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year.

IFRS 9 Financial instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity (the borrower) and the lender on the other's behalf.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

2.2 Standards and interpretations issued but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and early adopted, as applicable.

- IFRS 17 - Insurance Contracts
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

(i) IFRS 17 - Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholder's options and guarantees.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Notes (Cont.)

2.0 New standards and interpretations (continued)

2.2 Standards and interpretations issued but not yet effective (continued)

(ii) Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The Directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

(iii) Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

(v) Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

(vi) Amendments to IAS 8 - Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Notes (Cont.)

2.0 New standards and interpretations (continued)

2.2 Standards and interpretations issued but not yet effective (continued)

(vi) Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

Notes (Cont.)

3.0 Property, plant and equipment

	2022			2021		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Buildings	7 03,222,976	(37,228,913)	665,994,063	445,243,441	(33,274,250)	411,969,191
Plant and machinery	1,035,377,330	(307,090,647)	728,286,683	865,459,063	(246,016,166)	619,442,897
Furniture, fixtures and equipment	60,063,138	(31,285,396)	28,777,742	58,206,657	(29,191,434)	29,015,223
Motor vehicles	2 13,287,328	(103,742,131)	1 09,545,197	203,798,005	(82,046,293)	121,751,712
Computers	27,738,957	(13,055,671)	14,683,286	15,782,119	(10,624,130)	5,157,989
Leasehold land	4 ,861,608	(2,909,751)	1 ,951,857	4,861,608	(2,851,899)	2,009,709
Total	**2 ,044,551,337**	**(495,312,509)**	**1 ,549,238,828**	**1,593,350,893**	**(404,004,172)**	**1,189,346,721**

Reconciliation of property, plant and equipment - Group - 2022

	Carrying amount at start of the year	**Additions**	**Disposals**	**Revaluations**	**Translation adjustment**	**Depreciation**	**Carrying amount at end of the year**
Buildings	411,969,191	9 ,172,831	-	248,806,704	-	(3,954,663)	665,994,063
Plant and machinery	619,442,897	41,624,444	-	1 16,790,964	1 1,502,859	(61,074,481)	728,286,683
Furniture, fixtures and equipment	29,015,223	2 ,389,352	(1,326,498)	-	793,627	(2,093,962)	28,777,742
Motor vehicles	121,751,712	10,323,407	(3,769,332)	2 ,671,101	264,147	(21,695,838)	109,545,197
Computers	5,157,989	6,320,996	-	-	5 ,635,842	(2,431,541)	14,683,286
Leasehold land	2,009,709	-	-	-	-	(57,852)	1,951,857
	1,189,346,721	**69,831,030**	**(5,095,830)**	**368,268,769**	**1 8,196,475**	**(91,308,337)**	**1,549,238,828**

Reconciliation of property, plant and equipment - Group - 2021

	Carrying amount at start of the year	**Additions**	**Disposals**	**Revaluations**	**Reclassification**	**Depreciation**	**Carrying amount at end of the year**
Buildings	383,888,993	17,045,946	-	-	1 1,092,104	(57,852)	411,969,191
Plant and machinery	504,988,854	161,060,206	-	-	1 ,094,276	(47,700,439)	619,442,897
Furniture, fixtures and equipment	21,518,204	9,579,281	(422,861)	-	-	(1,659,401)	29,015,223
Motor vehicles	132,339,063	10,016,011	(900,000)	-	-	(19,703,362)	121,751,712
Computers	3,719,235	3,020,885	-	-	-	(1,582,131)	5,157,989
Leasehold land	13,136,862	-	-	-	(11,092,104)	(35,049)	2,009,709
Capital work in progress	1,094,276	-	-	-	(1,094,276)	-	-
	1,060,685,487	**200,722,329**	**(1,322,861)**	**-**	**-**	**(70,738,234)**	**1,189,346,721**

Notes (Cont.)

3.0 Property, plant and equipment (cont.)

Property, plant and equipment (Company)

	Carrying amount at start of the year	Additions	Disposals	Adjustment	Impairment	Depreciation	Carrying amount at end of the year
Office equipment	35,259	-	-	2,741	-	(2,501)	35,499

4.0 Right-of-use assets - Group

	Buildings Shs	Plant and machinery Shs	Total Shs
Cost			
At start of year	115,889,138	14,563,044	130,452,182
Derecognition of ROU asset	(1,451,257)	-	(1,451,257)
At end of year	114,437,881	14,563,044	129,000,925
Depreciation			
At start of year	48,189,515	4 ,550,505	52,740,020
Charge for the year	25,259,042	5,283,834	30,542,876
At end of year	73,448,557	9,834,339	83,282,896
Carrying amount as at 31 December 2022	40,989,324	4,728,705	45,718,029
Carrying amount as at 31 December 2021	67,699,623	10,012,539	77,712,162

5.0 Goodwill

	Group	
	2022 Shs	**2021 Shs**
Goodwill	71,851,809	71,851,809

When testing for impairment, the recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using 6% as an estimated growth rate. The growth rate does not exceed the long term average past growth of the various subsidiaries in the Group.

A discount rate of 6% was applied in discounting the cash flows mentioned above. The assumptions used in preparing the above cash flows are as follows:

- Management determine budgeted profit based on past performance and its expectations for market development.
- The weighted average growth rates used are consistent with the forecasts included in industry reports (where available). The discount rates used are post-tax and reflect specific risks relating to the relevant segments.

Notes (Cont.)

6.0 Intangible assets - Group

	2022			2021		
	Cost / Valuation Shs	Accumulated amortisation Shs	Carrying value Shs	Cost / Valuation Shs	Accumulated amortisation Shs	Carrying value Shs
Trademarks	83,350,000	-	83,350,000	83,350,000	-	83,350,000
Software	15,611,006	(929,937)	14,681,069	40,120,886	(719,224)	39,401,662
Work in progress	67,335,862	-	67,335,862	-	-	-
	166,296,868	(929,937)	165,366,931	123,470,886	(719,224)	122,751,662

Intangible assets - Company

	2022			2021		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Software	6,485,911	(476,856)	6,009,055	19,619,512	(476,856)	19,142,656
Work in progress	24, 667,771	-	24,667,771	-	-	-
	31,153,682	(476,856)	30,676,826	19,619,512	(476,856)	19,142,656

Reconciliation of intangible assets - Group - 2022

	Opening balance Shs	Additions Shs	Reclassification Shs	Amortisation Shs	Total Shs
Trademarks	83,350,000	-	-	-	83,350,000
Software	39,401,662	42,825,982	(67,335,862)	(210,713)	14,681,069
Work in progress	-	-	67,335,862	-	67,335,862
	122,751,662	42,825,982	-	(210,713)	165,366,931

Reconciliation of intangible assets - Company - 2022

	Opening balance Shs	Additions Shs	Reclassification Shs	Amortisation Shs	Total Shs
Software	19,142,656	11,534,170	(24,667,771)	-	6,009,055
Work in progress	-	-	24,667,771	-	24,667,771
	19,142,656	11,534,170	-	-	30,676,826

7.0 Deferred tax liabilities

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Deferred tax	(53,867,120)	(38,249,287)	-	-

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax	(53,867,120)	(38,249,287)	-	-

Notes (Cont.)

8.0 Inventories

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Raw materials, components	684,637,243	569,446,566	-	-
Goods in transit	109,296,298	116,213,108	-	-
	793,933,541	685,659,674	-	-

9.0 Trade and other receivables

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Trade receivables	754,705,921	618,643,463	-	-
ECL provision	(131,411,317)	(107,205,073)	-	-
Amounts due from related parties	-	-	372,413,149	345,541,731
Trade receivables at amortised cost	623,294,604	511,438,390	372,413,149	345,541,731
Deposits	80,623,902	34,727,446	-	-
Prepayments	14,942,582	33,319,782	367,799	11,057,673
TDS receivable	148,544	-	148,545	-
Advances	10,422,000	-	10,422,000	-
Value added tax recoverable	78,616,768	70,115,124	1,738,041	1,151,746
Employee costs in advance	6,951,494	6,306,054	-	290,871
Total trade and other receivables	**814,999,894**	**655,906,796**	**385,089,534**	**358,042,021**
Current assets	814,999,894	655,906,796	385,089,534	358,042,021

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	703,918,506	546,165,836	372,413,149	345,541,731
Non-financial instruments	111,081,388	109,740,960	12,676,385	12,500,290
	814,999,894	655,906,796	385,089,534	358,042,021

It is the Group's policy to provide sales credit of up to three months. Trade receivables that are aged past three months are considered past. As at the reporting date, trade receivables amounting to Shs. 94,643,568 (2021): Shs. 59,959,779) were past due but not impaired. These relates to a number of independent customers for whom there is no recent history of default.

The aged analysis of these trade receivable is as follows:

	Shs
Less than 1 year	528,651,036
More than 1 year	94,643,568
	623,294,604

Notes (Cont.)

10. Investment in subsidiaries

	Group		Company	
Investments held by the Group which are measured at cost	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Investment in subsidiaries	-	-	577,093,954	545,531,392

Amount invested and capitalised by subsidiaries:

Roto Moulders Limited	Kenya	100%	-	-	95,580,900	95,580,900
Flame Tree Africa Limited	Kenya	100%	-	-	158,502,683	158,502,683
Happy Golden Foods Limited	Kenya	100%	-	-	10,999,999	10,999,999
Rex Industries Limited	Kenya	100%	-	-	32,219,000	32,219,000
Jojo Plastics Limited	Kenya	100%	-	-	20,000,000	20,000,000
Chirag Africa Limited	Kenya	100%	-	-	48,650,000	48,650,000
Polyplay Limited	Kenya	100%	-	-	80,000,000	80,000,000
Roto Limited	Rwanda	100%	-	-	612,612	612,612
Flame Tree Brands Limited	Rwanda	100%	-	-	14,457,228	14,457,228
Build Mart Limited	Rwanda	100%	-	-	3,191,552	3,191,552
Roto Private Limited Company	Ethiopia	100%	-	-	130,019,804	98,457,242
Rino Tanques LDA	Mozambique	100%	-	-	10,296,555	10,296,555
Flame Tree Mozambique, Lda	Mozambique	100 %	-	-	71,734	71,734
Cirrus International FZC	UAE	100%	-	-	4,710,887	4,710,887
Impairment			-	-	(32,219,000)	(32,219,000)
			-	-	577,093,954	545,531,392

11. Cash and cash equivalents

For the purposes of the statements of cash flows, the year end cash and cash equivalents comprise the following:

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Cash and cash equivalent				
Cash at bank and in hand	73,330,717	54,325,566	535,044	2,539,348
Bank overdrafts	(340,346,581)	(299,449,382)	(108,515,161)	(93,917,871)
	(267,015,864)	(245,123,816)	(107,980,117)	(91,378,523)

12. Share capital

Authorised

178,053,486 ordinary shares of Shs. 0.8250 each	146,894,092	146,894,092	146,894,092	146,894,092

Notes (Cont.)

12. Share capital (continued)

All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company. The number of ordinary shares in issue at period end was 178,053,486. Upon the winding up of the Company, the assets, if any, remaining after payment of the debts and liabilities of the Company and the costs of winding up (the surplus assets), shall be distributed among the shareholders in proportion to their shareholding.

Reconciliation of share capital:

	Group		Company	
	2022 Shs	**2021 Shs**	**2022 Shs**	**2021 Shs**
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
	299,344,545	299,344,545	299,344,545	299,344,545
Issued				
Ordinary	299,344,545	299,344,545	299,344,545	299,344,545

13. Borrowings

	Group		Company	
Non-Current	**2022 Shs**	**2021 Shs**	**2022 Shs**	**2021 Shs**
Loans from shareholder (Note 27)	(12,168,075)	788,009	788,009	788,009
Directors' loan	1,877,574	991,312	-	-
Bank loans	206,549,495	213,649,241	3,019,224	2,781,852
Loans from related parties (Note 27)	-	-	650,006,589	582,968,995
	196,258,994	215,428,562	653,813,822	586,538,856
Current				
Bank loans	817,725,002	382,545,615	-	-
Commercial paper	25,335,885	30,262,174	25,335,885	30,262,174
	843,060,887	412,807,789	25,335,885	30,262,174
	1,039,319,881	628,236,351	679,149,707	616,801,030

FTG Holdings Ltd works with different banks, SBM being the main banking partner. The cost of capital with SBM is the base lending rate +3.1% for Kenya Shillings loans and + 1.3% for USD loans. That has translated to yearly interests of 13% for loans in Kenya Shillings and 7.5% for loans in USD. The debt is secured by a charge on all the assets of the Group, a general debenture on assets and a personal guarantee from the main shareholder.

Commercial paper borrowings are unsecured and repayable at an interest rate between 13% and 15%.
The loans from shareholder and related parties are unsecured, interest free and not repayable within the next twelve months.

Notes (Cont.)

14. Lease liabilities

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Non-current	51,019,168	82,609,195	-	-
Current	4,053,773	4,053,773	-	-
	55,072,941	86,662,968	-	-
The total cash outflow for leases in the year was:				
Payments of principal portion	21,850,039	14,916,471	-	-
Interest paid on lease liabilities	9,739,988	12,678,563	-	-
	31,590,027	27,595,034	-	-

15. Trade and other payables

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Trade payables	629,123,200	539,416,500	7,552,790	5,020,711
Amounts due from related parties	-	-	-	9,985
Accruals and other payables	132,895,582	91,201,315	5,446,410	3,751,590
VAT payable	-	1,541,425	-	-
	762,018,782	632,159,240	12,999,200	8,782,286

16. Revenue

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Revenue from contracts with customers				
Sales	4,026,016,240	3,383,108,288	-	-

17. Cost of sales

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Cost of goods sold	3,049,836,629	2,238,383,462	-	-

18. Other operating income

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Other income	-	-	30,081,525	30,288,284

Notes (Cont.)

19. Operating (loss)/profit

Operating (loss)/profit for the year is stated after charging the following, amongst others:

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Auditors' remuneration - external				
Audit fees	7,070,333	3,695,606	2,397,089	1,541,812
Remuneration, other than to employees				
Administration and management fees	41,330,992	13,189,119	2,620,172	1,375,768
Legal, professional, and consulting fees	15,484,207	11,584,804	5,838,498	6,247,209
	56,815,199	**24,773,923**	**8,458,670**	**7,622,977**
Employee costs				
Salaries, wages, and other staff costs	516,795,428	464,371,469	24,833,657	20,109,687
Depreciation and amortization				
Depreciation on:				
- Property, plant and equipment (Note 3)	91,308,337	70,738,234	2,501	5,482
- Right-of-use assets (Note 4)	22,760,082	29,290,788	-	-
Amortisation of intangible assets (Note 6)	210,713	1,747,624	-	261,521
	114,279,132	**101,776,646**	**2,501**	**267,003**

20. Finance costs

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Foreign exchange loss/(gain)	34,690,297	3,846,823	220,531	(109,625)
Interest on lease liabilities (Note 14)	9,739,988	12,678,563	-	-
Bank overdraft interest	35,513,047	24,822,973	-	-
Interest on intercompany loans	18,905,027	-	-	-
Interest on bank loans	127,530,038	109,140,970	4,214,900	3,062,457
	226,378,397	**150,489,329**	**4,435,431**	**2,952,832**

21. Taxation

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Major components of the tax expense				
Current tax	4,892,818	27,170,843	-	-
Deferred tax	(55,649,952)	(17,420,563)	-	-
	(50,757,134)	9,750,280	-	-
(Loss)/Profit before tax	(265,729,030)	112,294,004	(13,022,700)	(4,326,732)
Tax calculated at rate of 30% (2021:30%)	-	33,688,201	-	-

The deferred tax arose due to the differences between the carrying amount of assets /liability and their tax base.

Notes (Cont.)

22. Cash (absorbed by)/generated from operations

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Profit/(loss) before tax	(265,729,030)	112,294,004	(13,022,700)	(4,326,732)
Adjustments for:				
Depreciation and amortisation	91,519,050	72,485,858	2,501	267,003
Reversal of over-depreciation of PPE	(2,741)	-	(2,741)	-
Depreciation on right-of-use asset	30,542,876	29,290,788	-	-
Finance costs	226,378,397	150,489,329	4,435,431	2,952,832
Changes in working capital:				
Inventories	(108,273,867)	(185,085,659)	-	-
Trade and other receivables	(159,093,098)	(73,003,822)	(27,047,513)	(289,070,745)
Trade and other payables	129,859,542	136,399,775	4,216,914	(13,823,119)
	(54,798,871)	**242,870,273**	**(31,418,108)**	**(304,000,761)**

23. Tax paid

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Balance at beginning of the year	17,255,338	(65,169,585)	-	-
Current tax for the year recognised in profit or loss	(4,892,818)	(27,170,843)	-	-
Balance at end of the year	21,864,568	17,255,338	-	-
Tax paid during the year	**(9,502,048)**	**(75,085,090)**	**-**	**-**

24. Retirement benefit obligations

Employee entitlements to long service awards are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the reporting date. The Group and its employees contribute to the Social Security Funds (defined contribution schemes) as required by local legislation where each of the entities operate. The Group's contributions to the defined contribution schemes are charged to profit or loss in the year to which they relate.

25. Contingent liabilities

The subsidiaries are defendants in various legal actions brought by employees who have been dismissed. In the opinion of the directors and after taking appropriate legal advice, the outcome of such actions will not give rise to any significant loss.

26. Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Notes (Cont.)

27. Related party transactions

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Outstanding balances				
Loans from shareholder (Note 13)	(12,168,075)	788,009	788,009	788,009
Loans from related parties (Note 13)	-	-	650,006,589	582,968,995
Amounts due from related parties (Note 9)	-	-	372,413,149	345,541,731

28. Financial instruments and risk management

Capital risk management

The Group's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk;
- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to maintain a strong asset base to support the development of business; and
- to maintain an optimal capital structure to reduce the cost of capital.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or adjust the amount of capital expenditure. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity.

The Group is not subject to externally imposed capital requirements.

The gearing ratio as at 31 December 2022 and 31 December 2021 were as follows:

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Borrowings	1,051,487,956	628,236,351	679,149,707	-616,801,030
Bank overdrafts	340,346,581	299,449,382	108,515,161	93,917,871
Total borrowings	1,391,834,537	927,685,733	787,664,868	710,718,901
Less: Cash and cash equivalents	(73,330,717)	(54,325,566)	(535,044)	(2,539,348)
Net borrowings	1,318,503,820	873,360,167	787,129,824	708,179,553
Equity	1,285,679,012	1,190,052,500	192,766,789	205,789,489
Gearing	103%	73%	408%	344%

Financial risk management

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors. Individual limits are set based on internal or external information in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

Notes (Cont.)

28. Financial instruments and risk management (continued)

Financial risk management (continued)

Credit risk (continued)

In assessing whether the credit risk on a financial asset has increased significantly, the Group compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Group considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. For these purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that default does not occur later than when a financial asset is 90 days past due.

If the Group does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the Group's financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument;
- industry in which the debtor operates; and
- nature of collateral.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract;
- it is probable that the debtor will enter bankruptcy; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

As a result of the Covid-19 pandemic and thereafter the Ukraine war and challenging macroeconomic conditions that ultimately affect largely domestic economies, the expected credit loss could be higher than we had estimated based on our historical information and previous forecasts. However, our payment terms range from 30 to 90 days (for big supermarkets), and the Group's policy is to collect postdated cheques on delivery. Collections in 2022 where in line with 2021: total outstanding represented 13% of sales in both years. DSO has been improving since 2019 from 55 days to 48 days in 2022. This was possible thanks to a tighter credit control policy and a new team of credit controllers and specialized debt collectors. Our client base is diversified: hardware shops, NGO, supermarkets, public institutions, schools, hospitals.

Notes (Cont.)

28. Financial instruments and risk management (continued)

Financial risk management (continued)

Credit risk (continued)

The maximum exposure to credit risk is presented in the table below:

	2022			2021		
Group	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost/ fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost/ fair value**
Trade receivables (Note 9)	754,705,921	(131,411,317)	623,294,604	618,643,463	(107,205,073)	511,438,390
Cash and cash equivalents (Note 11)	73,330,717	-	73,330,717	54,325,566	-	54,325,566
	828,036,638	**(131,411,317)**	**696,625,321**	**672,969,029**	**(107,205,073)**	**565,763,956**
Company						
Trade receivables (Note 9)	372,413,149	-	372,413,149	345,541,731	-	345,541,731
Cash and cash equivalents (Note 11)	535,044	-	535,044	2,539,348	-	2,539,348
	372,948,193	**-**	**372,948,193**	**348,081,079**	**-**	**348,081,079**

The company is not exposed to credit risk as it trades through its subsidiaries.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the Group's underlying businesses, the Group's management maintains flexibility in funding by maintaining availability under committed credit lines. The following notes disclose the maturity analysis of the borrowings and trade and other payables.

The maturity profile of contractual cash flows of non-derivative financial liabilities and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

	Group		Company	
Carrying amount	**2022 Shs**	**2021 Shs**	**2022 Shs**	**2021 Shs**
Non-current liabilities				
Borrowings (Note 13)	196,258,994	215,428,562	653,813,822	586,538,856
Lease liabilities (Note 14)	51,019,168	82,609,195	-	-
Current liabilities				
Trade and other payables (Note 15)	762,018,782	630,617,815	12,999,200	8,782,286
Borrowings (Note 13)	843,060,887	412,807,789	25,335,885	30,262,174
Bank overdrafts (Note 11)	340,346,581	299,449,382	108,515,161	93,917,871
Lease liabilities (Note 14)	4,053,773	4,053,773	-	-

The maturity profile of contractual cash flows of derivative financial liabilities are as follows:

Notes (Cont.)

28. Financial instruments and risk management (continued)

Financial risk management (continued)

Foreign currency risk

Foreign currency sensitivity analysis

The following information presents the sensitivity of the Group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Market risk

(i) **Foreign exchange risk**

The Group operates in various jurisdictions and is exposed to foreign exchange risk arising from various currency exposures. The risk arises from assets and liabilities in the statement of financial position and future transactions. Risk management is carried out by the management under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with various departmental heads.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The table below summarises the effect on post-tax profit had the Kenya Shilling weakened by 10% against various currencies, with all other variables held constant. If the Kenya Shilling strengthened against each currency, the effect would have been the opposite.

Group	**UAE Dirham Shs**	**Other currencies Shs**	**Total Shs**
Effect on profit - Decrease			
Year ended 31 December 2022	2 ,895,497	(15,040,486)	(12,144,989)
Year ended 31 December 2021	9 ,964,308	277,651	10,241,959

(ii) Interest rate risk

The Group's exposure to interest rate risk arises from borrowings. If interest rates as at the reporting date had been 10 basis points higher, with all other variables held constant, post-tax profit for the year would have been lower by amounts shown above, arising mainly as a result of higher interest expense on variable rate borrowings.

29. Fair Value Measurement

A number of assets and liabilities included in the Group and the Company's consolidated and separate financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group and the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):
Level 1: Quoted prices in active markets for identical items (unadjusted);
Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the year in which they occur.

Notes (Cont.)

29. Fair value measurement (continued)

The following tables set out the fair values of assets and liabilities that are analysed by the level in the fair value hierarchy into which each fair value measurement is categorised:

The Group	**Level 1**	**Level 2**	**Level 3**	**Total**
	Shs	**Shs**	**Shs**	**Shs**
Assets				
Trade receivables	-	-	623,294,604	623,294,604
Cash and cash equivalents	-	-	73,330,717	73,330,717
Total	**-**	**-**	**696,625,321**	**696,625,321**
Liabilities				
Trade and other payables	-	-	762,018,782	762,018,782
Borrowings	-	-	1,039,319,881	1,039,319,881
Bank overdrafts	-	-	340,346,581	340,346,581
Lease liabilities	-	-	55,072,941	55,072,941
Total	**-**	**-**	**2,196,758,185**	**2,196,758,185**

The Company	**Level 1**	**Level 2**	**Level 3**	**Total**
	Shs	**Shs**	**Shs**	**Shs**
Assets				
Trade receivables	-	-	372,413,149	372,413,149
Cash and cash equivalents	-	-	535,044	535,044
Total	**-**	**-**	**372,948,193**	**372,948,193**
Liabilities				
Trade and other payables	-	-	12,999,200	12,999,200
Borrowings	-	-	679,149,707	679,149,707
Bank overdrafts	-	-	108,515,161	108,515,161
Lease liabilities	-	-	-	-
Total	**-**	**-**	**800,664,068**	**800,664,068**

The fair values of trade and other receivables, cash and cash equivalents, trade and other payables, borrowings (current), bank overdrafts and lease liabilities (current) approximate their carrying values due to their short-term nature.

30. Going concern

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The ability of the subsidiary Companies to continue as a going concern is dependent on a number of factors. The most significant of these is that the Directors continue to procure funding for the ongoing operations of the subsidiary Company, and that the subordination agreement referred to in note of these financial statements will remain in force for so long as it takes to restore the solvency of the subsidiary companies.

Notes (Cont.)

30. Going concern (continued)

(i) Net debt EBITDA ratio was exceptionally high in 2022, due to exceptional circumstances, all linked to a sky rocketed cost of imported raw materials. This led to a loss of over 9,6% p.p of margin or 386MM gross profit, and an increase in LC lines to fund raw materials of +435MM Ksh. In 2023 prices of raw materials have reduced considerably already, and thus the funding required will reduce as well. The main factor that could affect the margin is the depreciation of the Ksh vs USD, however we maintain our target to have a net debt/EBITDA ratio under x3.5.

(ii) The Company is planning raise additional capital from private investors to primarily fund the acquisition of land and building of new premises.

(iii) **Assets:** The subsidiary's property, plant and equipment were revalued in 2022 by an independent valuer, with the effect of revaluation reflected in the 2022 Group figures which also gives an indication that no impairment is required to be made to the Group's property, plant and equipment. The Group has in the last three years acquired new machines, equipment and vehicles to diversify the products offered, insource some productive process and increase capacity. Management believes that no additional investment in property, plant and equipment are required to continue with the with the normal operations with the risk of obsolescence considered very low in view of the factories using low technology and the equipment mantained in good conditions on a regular basis. The company will reassess the value of some additional machines acquired in the last Q of 2022, which will bring a positive impact into the Group's equity.

31. Detailed classification of expenses

	The Group		The Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
SELLING AND DISTRIBUTION				
Commission expenses	4,559,432	3,236,290	230,464	281,113
Rent expense	39,718,090	28,023,597	-	-
Motor vehicle running expense	13,800,881	9,222,162	-	-
Promotion expenses	109,451,042	80,376,052	15,011	-
Transport and freight expense	192,516,466	183,031,625	-	-
Telephone expenses	4,324,341	3,974,445	-	9,450
Office expenses	6,596,927	6,634,947	5,908	46,717
Postage and courier expenses	79,285	76,871	-	-
Work permits	4,923,318	3,681,066	-	-
Total	**375,969,782**	**318,257,055**	**251,383**	**337,280**

	The Group		The Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
ADMINISTRATIVE EXPENSES				
Administration and management fees	41,330,992	13,189,119	2,620,172	1,375,768
Auditors remuneration	7,070,333	3,695,606	2,397,089	1,541,812
Legal, professional, and consulting fees	15,484,207	11,584,804	5,838,498	6,247,209
Travelling and entertainment	-	-	818,084	-
IT expenses	-	38,298	-	-
Employee costs	325,742,029	314,318,582	24,833,657	20,109,687
Depreciation and amortization	91,519,050	72,485,858	2,501	267,003
Depreciation on right-of-use asset	22,760,082	29,290,788	-	-
Bank charges	9,871,055	8,084,731	312,520	368,540
Miscellaneous expenses	31,091,622	28,120,491	-	19,052
Impairment of trade receivables	5,238,621	283,868	-	-
Total	**550,107,991**	**481,092,145**	**36,822,521**	**29,929,071**

Notes (Cont.)

31. Detailed classification of expenses (continued)

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	Shs	**Shs**	**Shs**	**Shs**
OTHER OPERATING EXPENSES				
Cleaning expenses	6,365	7,128	-	-
Donations	180,589	143,922	-	-
Local conveyance	418,454	4,085,898	-	-
Fines and penalties	5,327,613	23,263	8,725	1,790
Insurance	19,641,542	15,988,440	733,285	703,163
Licenses	15,157,313	17,363,981	852,880	690,880
Medical expenses	167,733	380,467	-	-
Electricity and water	675,232	628,347	-	-
Printing and stationery	4,040,986	3,618,682	-	-
Repairs and maintenance	37,088,280	33,055,371	-	-
Security charges	6,401,501	6,889,667	-	-
Subscription	75,399	71,293	-	-
Training expenses	271,464	335,834	-	-
Total	**89,452,471**	**82,592,293**	**1,594,890**	**1,395,833**

32. Basic earnings per share

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	Shs	**Shs**	**Shs**	**Shs**
Total number of shares	178,053,486	178,053,486	178,053,486	178,053,486
Total (loss)/profit for the year	(214,971,896)	102,543,724	(13,022,700)	(4,326,732)
Total comprehensive income/(loss) for the year	95,626,512	105,129,706	(13,022,700)	(4,326,732)
(loss)/profit for the year	(1.21)	0.58	(0.07)	(0.02)
comprehensive income/(loss) for the year	0.54	0.59	(0.07)	(0.02)

Notice of AGM

FTG Holdings Limited
Level 3, Ebene House, Hotel Avenue, Ebene, 72201, Mauritius.
Email: info@flametreegroup.com
Website: www.flametreegroup.com
Registered Office: P.O. Box 27621-00506,Nairobi.

flame tree GROUP

Date: 23rd May, 2023

To: The Shareholders of the Company

From: JurisTax Ltd, Secretary

Subject: Notice of the Ninth Annual General Meeting of Shareholders of the Company to be held on Friday, 30th June 2023 at 11:00 A.M (Kenyan Time).

The company proposed to conduct the Ninth AGM electronically. The details of how shareholders will attend, vote and ask questions are further detailed as per the notes hereunder.

Notice is hereby given that the Ninth Annual General Meeting of the Shareholders of the Company will be held via electronic communication on Friday, 30th June 2023 at 11:00 A.M (Kenyan Time) to transact the following business:

1. To table the proxies and note the presence of a quorum;

2. To read the notice convening the meeting;

3. To receive the auditor's report and consider the adoption of the financial statements for the year ended 31December 2022;

4. Election of the Board of Directors

   a) Mr. Soubramanien Gilles Pierre Kichenin retires by rotation at the dissolution of the meeting and being eligible, offers himself for re-election in accordance with Article 12.1.2 of the Company's Constitution;

   b) Mrs. Imalambaal Kichenin retires by rotation at the dissolution of the meeting and being eligible, offers herself for re-election in accordance with Article 12.1.2 of the Company's Constitution;

   c) Mr. George Theobald retires by rotation at the dissolution of the meeting and being eligible, offers himself for re-election in accordance with Article 12.1.2 of the Company's Constitution; and

   d) Mr. Frank Ireri retires by rotation at the dissolution of the meeting and being eligible, offers himself for re-election in accordance with Article 12.1.2 of the Company's Constitution.

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5. To take note that Mr. Heril Colbert Bangera will continue to serve as Managing Director of the Company;

6. Appointment of Auditors

   To consider the re-appointment of Crowe ATA as the auditors of the Company who have expressed their willingness to continue in office for the financial year ending 31 December, 2023 and to authorize the Directors to fix their remuneration in accordance with Section 196 of the Companies Act 2001.

7. Any Other Business

   To transact any other business which may be properly transacted at an annual general meeting and for which a valid notice has been issued in accordance with the Company's Constitution.

Quorum Requirement:

As per Article 11.4.1 of the Constitution, the quorum for an Annual General Meeting is as follows:

"A quorum for a meeting of members shall be present where the members or their proxies are present or have cast postal votes, who are between them able to exercise a majority of the votes to be cast on the business to be transacted by the meetings."

By order of the Board

For and on behalf of JurisTax Ltd
Secretary

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Note:

1. Any shareholders wishing to participate in the meeting should register for the virtual AGM by using either of the following:

   (a) Through the web portal:

   By logging onto https://escrowagm.com/ftg/login.aspx and filling in the registration form. In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC or Share Account Number at hand. For assistance shareholdersshould dial the following helpline number: (+254) 710 888 000 between 9:00 a.m. to 4:00 p.m. from Monday to Friday.

   (b) Unstructured Supplementary Service Data (USSD)

   By dialing *483*560# and following the prompts. In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC or Share Account Number at hand. For assistance shareholders should dial the following helpline number: (+254) 710 888 000 between 9:00 a.m. to 4:00 p.m. from Monday to Friday. The USSD service cost will be borne by FTG Holdings Limited.

   The registration to the virtual AGM shall be open on 7th June 2023 at 09:00 hours and shall close on 28th June 2023 at 17:00 hours.

2. Shareholders are entitled to appoint a proxy to vote on their behalf. A proxy form must be signed by the appointor or his attorney duly authorized in writing. If the appointor is a corporate body, the proxy form shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate. A completed form of proxy should be emailed to eagm@cdscregistrars.com or delivered to CDSC Registrars offices at 1st Floor, Occidental Plaza, Westlands, P.O. Box 6341-00100 Nairobi, so as to be received not later than Monday, 26thJune 2023 at 17:00 hours. Any shareholder appointing a proxy must provide the phone number, Identity Card Number and e-mail address of the proxy on the proxy form. Any proxy registration that is rejected

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will be communicated to the shareholder concerned no later than 27th June 2023 at 17.00 hours to allow time to address any issues;

3. Proxies will only be able to register for the meeting after the Proxy Form appointing them has been submitted and duly acknowledged by the Registrar. The proxy may then register using either the web portal or mobile phone, tablet or computer with internet access ("USSD platform") using their identity card/Passport Number. For further assistance, Proxies may call CDSC Registrars on +254 710 888 000;

4. As per the requirements of the Companies Act 2001, shareholders have a right to access the Company's annual accounts, a copy of the notice and proxy form. The mentioned documents are available on the following links for your consideration:
   - Annual Report: http://www.flametreeeroup.com/finance.html
   - Copy of Notice & proxy form: http://www.flametreegroup.com/other.html

5. Shareholders having questions prior to the virtual AGM date should address them to the Company via email on agmftg@flametreegroup.com by indicating their names, CDSC Account and phone number. All questions received by 23rd June 2023 will be responded to and answers shall be made available in the Company's website www.flametreegroup.com

6. Shareholders wishing to ask a question during the virtual AGM may do so by using the chat box available on the system, and the questions shall be responded during a question-and-answer session.

7. The virtual AGM will be streamed live via a link to be provided to all shareholders who will have registered to participate in the annual general meeting. Duly registered shareholders and proxies shall be able to join the meeting either by logging into the system using their registration credentials or following proceedings on a link to be shared via SMS for those who register through the USSD platform;

8. Duly registered shareholders and proxies may vote (when prompted by the Chairman) for resolutions on a panel provided next to the live stream screen or via the USSD platform menu for voting. Proxies shall also vote on behalf of all the shareholders they represent.

9. Proxies successfully registered via USSD may be able to vote on USSD by dialing the short code, selecting language then picking Menu No. 3. Each resolution will auto-populate and will require the proxy to pick the option of choice. Note: A USSD platform session lasts about 25 seconds so shareholders using USSD platform need to vote with relative speed.

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10. Proxies who register via web portal will get a drop-down menu against each resolution that will prompt them to vote for each of the shareholders they represent. The Proxy will select the name of the shareholder and proceed to vote for that respective shareholder. The list will stop populating once all resolutions have been voted for.

11. Results of the virtual AGM shall be published within 24 hours following conclusion of the virtual AGM. The results will be available on the Company's web portal www.flametreegroup.com and summarized results on the USSD platform menu.

Proxy Form

I / We, ...

of P.O Box.. being a member / s of FTG Holdings Ltd,

hereby appoint: ....

of ....

or failing whom ....

.... of ....

....

As my / our proxy, to vote for me / us and on my / our behalf at the Virtual Annual General Meeting of the Company to be held on 30th June 2023 at 11:00 a.m and at any adjournment thereon.

Number of Shares held ....

Account number of member ....

Signed this .... day of 2023

Signature (s) ....

Notes:

- A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead and a proxy need not be a member of the Company.
- In the case of a member being a limited Company this form must be completed under its common seal or under the hand of an officer or attorney duly authorized in writing.
- Proxies must be emailed to registrar@cdscregistrars.com or lodged at the registered office of the Company's Shares Registrars, CDSC Registrars Limited (1st Floor, Occidental Plaza, Westlands, P.O. Box 6341-00100 Nairobi) not later than 26th June 2023 at 17:00Hrs.


NEW
Total Active
LooSafe
Superstrength
Toilet Cleaner
KILLS 99.9% GERMS
REMOVES TOUGH STAINS
STERILIZATION
DISINFECTION
EXTRA FRESH
Acidic: Blue, Lemon, Lavender and Pine
Alkaline: Lemon, Lavender and Pine