flame tree GROUP

ANNUAL REPORT 2021

roto TANKS

JOJO Tank

RINO Tanques

REX INDUSTRIES

BM Buildmart

PolyPlay Great Fun For Every One

BOMA BLOCKS

WILLS

ALANA Skin

SuzieBeauty

Zoe

Sylva

Blackangel

Beauty Plus

Miss Africa

cErro

CIRRUS

Chigs

Honey Comb

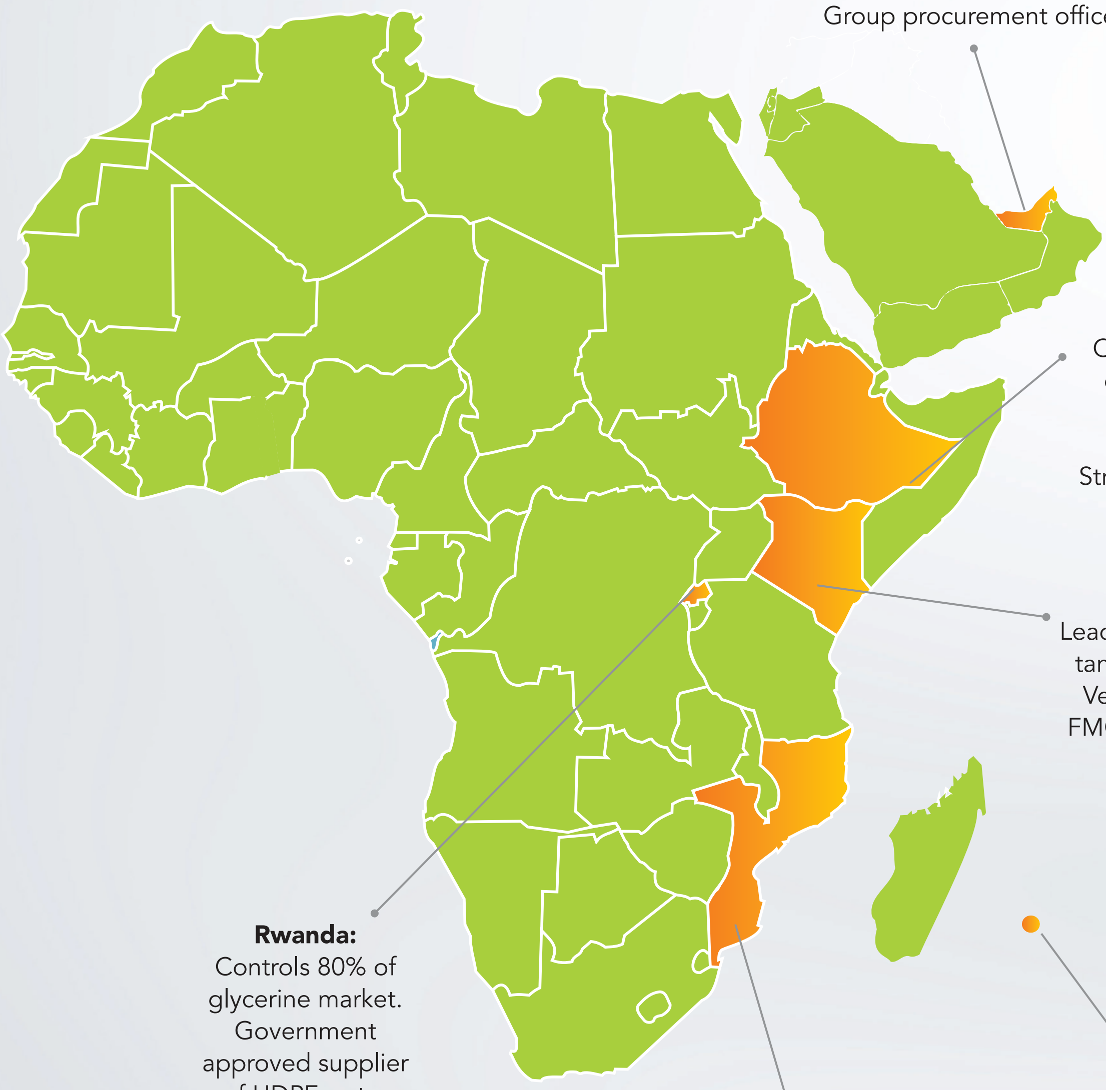
gonuts

Happy's golden

NATURE'S OWN

CONTENTS

Pan-African Footprint



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

Company Evolution and Key Milestones

- **1989** Heril Bangera founded Roto Moulders Limited in Kenya
- **2000** Roto brands expands in Ethiopia with Roto PLC and in Rwanda with Roto Limited
- **2002** Diversification into cosmetics sector with Flame Tree Brands Limited in Rwanda
- **2008** Expansion of cosmetics business in Kenya with Flame Tree Africa Limited
- **2009** Opening of procurement centre in Dubai with Cirrus International FZC
- **2010** Entered the water tank business in Mozambique with Rino Tanques Lda
- **2011** Expansion into the hair extension market with Cherry Styles Limited in Kenya
- **2012** Expansion into the consumer food sector with Happy Eaters Limited in Kenya
- **2012** Setting up of FTG Holdings Limited, a Mauritian GBC
- **2012** Opening of Buildmart Limited in Rwanda
- **2014** Set up of Jojo Plastics Limited in Kenya
- **2014** FTG listed on NSE
- **2015** Acquisition of Chirag Africa Limited
- **2016** Acquisition of SuzieBeauty Limited
- **2016** Opening of Manufacturing plant in Nampula, Mozambique
- **2017** Acquisition of Polyplay Limited
- **2019** Commissioning of third factory in Mozambique
- **2021** Acquired REX Plastics assets

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.

01

Health & Beauty

02

Child play

03

Water and sanitization products

04

Spices

05

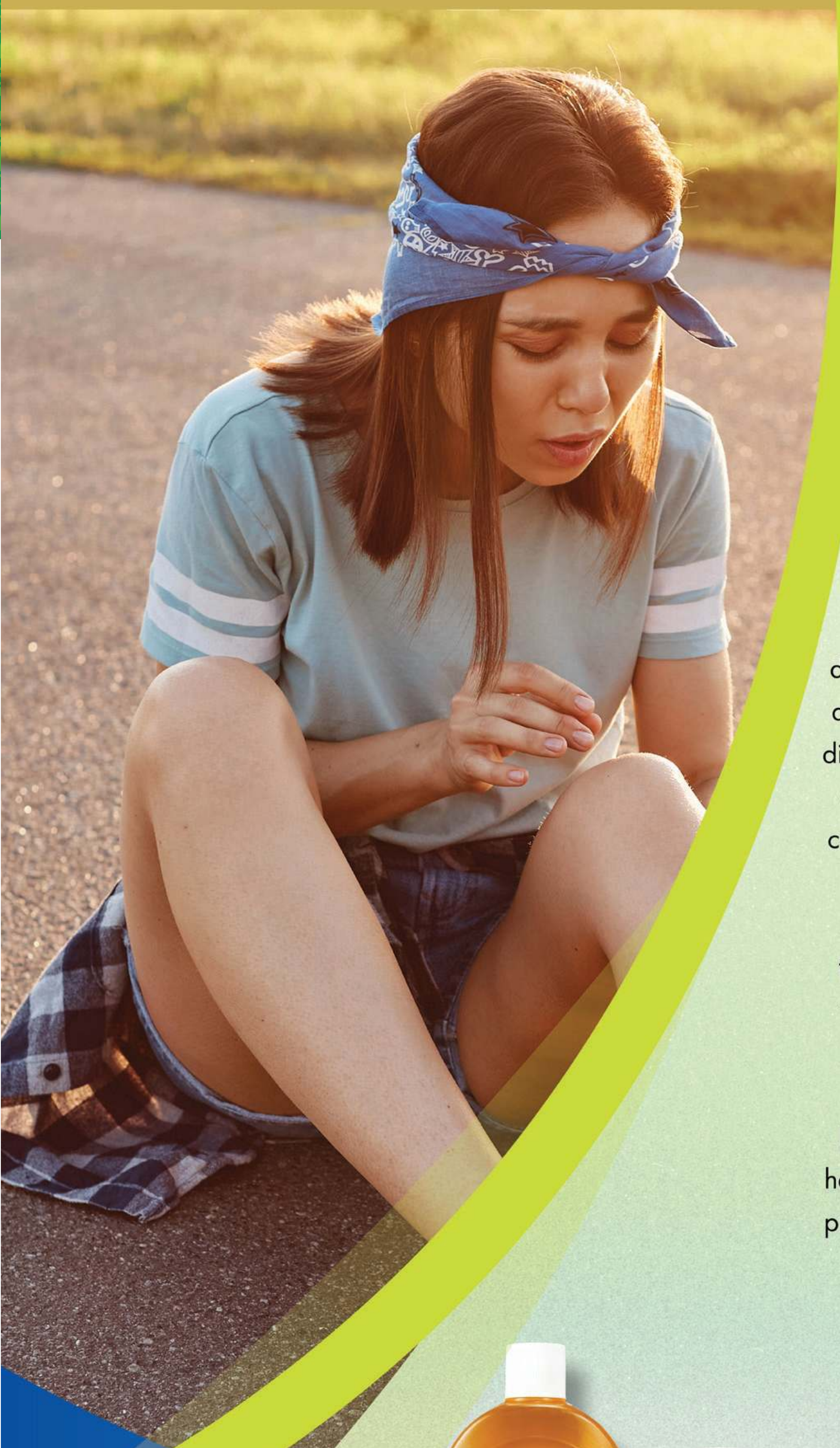
Food & Nutrition

06

Trade

roto
EXTRA TOUGH 100% GUARANTEED QUALITY
MADE HEAVIER TO LAST LONGER
RINO
ALANA Skin
Zoe Naturals
Strawberry Kisses
Velvet Caramel
Vintage Lace
Instant Hand Sanitizer
HAIR FOOD OLIVE OIL


Tanques
JOJO Tank



WILLS Disinfectant

WILLS Disinfectant is the ideal disinfectant to protect your family and your home from hundreds of disease causing germs. Germs are everywhere. WILLS disinfectant can be used both as an antiseptic to clean bruises & cuts as well as a household cleaning liquid to disinfect your home surfaces, toilets and floors. It can also be used in your laundry. WILLS kills the disease causing germs keeping your spaces clean and healthy. WILLS provides you germ protection that you can be sure of.

Be Sure ..
Be Safe.

Company Information

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

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

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

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

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

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

PRINCIPAL BANKERS
SBM Bank Mauritius Limited Port Louis
SBM Bank Kenya Limited Nairobi
Diamond Trust Bank Kenya Limited
Nairobi, Kenya

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

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

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

Board of Directors

CHAIRMAN

GEORGE CARMICHAEL THEOBALD

Bimb Theobald (62) 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.

FOUNDER & CEO

HERIL COLBERT BANGERA

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.

EXECUTIVE DIRECTOR

GILLES KICHENIN

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.

NON-EXECUTIVE DIRECTOR

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 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.

EXECUTIVE DIRECTOR

IMALAMBAAL KICHENIN

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 CHIEF EXECUTIVE OFFICER

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.

SONIA BANGERA, GROUP MARKETING DIRECTOR

Sonia Bangera is the current Group Marketing Director of FTG. A marketer with close to 25 years of experience gained in managing Business Development and Strategy Formulation. She holds a Master's degree in Business Administration-Marketing from Mt. Carmel Institute, Bangalore. She also holds a Bachelor's degree in Computer Science from Bangalore University. She brings in experience in marketing both in white goods and Fast Moving Consumer Goods (FMCG) products and handles all the digital and social media platforms across all our brands in all our countries.

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 anAssistant Finance Administrator / HR at Johnnic Communications.

About Senior Management

No.	Name	Designation	Work Experience
1	Heril Bangera	Chief Executive Officer	Over 30 years
2	Beitriz Meijide	Group Finance Officer	Over 20 years
3	Sonia Bangera	Group Marketing Director	Over 24 years
4	Dee-Vona Quadros	Group Human Resource Manager	Over 10 years
5	Shiva Sankara Kurup Gopinadha	General Manger, Roto Ltd - Rwanda, Flame Tree Brands Ltd - Rwanda and Buildmart Ltd, Rwanda	Over 20 years
6	Balachandra Shukla	General Manager, Chirag Africa Ltd, Kenya	Over 30 years
7	Raymond Goes	General Manager, Roto Moulders, Kenya	Over 30 years
8	Charles Shashidhar K Ananda	Country Manager, Roto Plc - Ethiopia	Over 30 years
9	Kuldeep Kaul	General Manager, Polyplay Ltd, Kenya	Over 30 years
10	Chiddambar Kurlkani	Ast.General Manager, Jojo Plastics Ltd, Kenya	Over 10 years
11	Hedge Balakrishna	General Manager, Flame Tree Africa Ltd, Kenya	Over 30 years
12	Shalu Mohammed	Ast.General Manager, Rino Tanques Lda, Mozambique	Over 15 years

NOT THE CRY, BUT THE FLIGHT OF A WILD DUCK,
LEADS THE FLOCK TO FLY AND FOLLOW.
- Chinese Proverb

MEN

Zoe hand & body lotion for men with intense moisture for very dry skin is available:

1. Active energy
2. Extreme sport

Zoe hair shampoo and conditioner for men is available in:

1. Active energy - minimizes tangles, conditions and seals in the moisture leaving your hair feeling silky soft.
2. Extreme sport - minimizes tangles, smooths your hair leaving it soft to touch.

Chairman's Message

Dear fellow shareholders and partners,

The COVID-19 pandemic has truly been a tipping point: everything has changed. The epidemic has devastated lives, moved markets, brought global industries to their knees, and transformed others forever. The effects on society are still startling, no matter how many times we see the statistics: nearly 256 million cases, more than five million deaths, and 7.3 billion doses of vaccine administered.
Little did we know that after such a shock, we would see record inflation rates, driven by ongoing increasing oil prices, rising demand and global supply change disruptions… all aggravated now, in 2022, by the war in Ukraine.

According to IMF, the economic recovery in sub-Saharan Africa surprised on the upside in the second half of 2021, prompting a significant upward revision in last year's estimated growth, from 3.7 to 4.5 percent.
This year, however, that progress has been jeopardised by the Russian invasion of Ukraine which has triggered a global economic shock that is hitting the region at a time when countries' policy space to respond to it is minimal to nonexistent. Most notably, surging oil and food prices are straining the external and fiscal balances of commodity-importing countries and have increased food security concerns in the region. The global shipping sector's lack of capacity to handle the unexpectedly strong wave of demand, and Covid-related closings, disbalanced global supply chains and has led to spiking tariffs.

Consequently, supply chain problems are expected to drag on through 2022 and capacity pressures will continue, as demand for goods will probably soften with consumer spending in services sectors returning, purchasing power suffering from higher prices, and raised transportation costs. Uncertainty is clearly there.
This is the context where Flame Tree Group operates, being our main markets Kenya, Rwanda, Mozambique & Ethiopia.
According to African Development Bank, Sub-Saharan African economies collectively registered a 3.7% growth in 2021, owing to an increase in commodity prices and an easing of social restrictions. 2022 growth is forecasted to reach 3.6%. However, the recovery remains insufficient to reverse the pandemic-induced increase in poverty.

East Africa Outlook

- East African economies made substantial rebounds in 2021, largely attributable to easing of both country-specific and inter-country COVID-19 restrictions. The East Africa regional economy is projected to grow by 4.9% in 2022 from an estimated growth of 4.1% in 2021. Slow rollout of vaccination programs, the vulnerability of rain fed agriculture to climate change effects, and high debt levels limiting fiscal space pose downside risks to the forecast.
- The EA countries, through their central banks have continued to manage inflation to remain within targeted bands for most of the economies excluding Ethiopia.
- The global shortage of oil supply leading to higher fuel costs directly affects the transport sector, generation of electricity and other manufacturing processes. In FTG, this translates as well into a direct increase in the cost of the raw materials that we import.

In Kenya, GDP growth in 2021 was largely driven by double digit growth in the education and transport service sub- sectors following the lifting of COVID-19 containment measures, and a 5.4% growth in the industry sector. GDP growth is expected to slow down to 4.5% in 2022, owing to the political uncertainty linked to the general election to be held in August, tighter fiscal policy and a rise in domestic interest rates.

At Flame Tree Group we keep focused on our strategies to support the growth and profitability of our business: financial stability by enhancing our short term and long term funding lines, and diversifying sources of funding ; access to new markets and customers by offering new ranges of products and improving our market spread, a stable supply chain, and strong customer engagement; and a healthy and committed workforce, by sharing relevant data with them and providing numerous training opportunities throughout the year, and sharing the good moments together, all under the Kaizen principles, that provide the right mindset and environment to innovate and work towards continuous improvements, with targets set every year for every staff during the appraisal process.

We have continued to work towards driving efficiency as well as increasing sales and managing cash as priorities. Operational efficiencies achieved through the investment in new equipment, which created also increased capacity in the business, continuous monitoring of KPI's, improved visibility into areas that may impact the gross margin of the company, strict control of expenses and a better ability to focus team efforts on solving problems have driven further competitiveness to support sales.

Overall, we are proud to present record results in 2021, with an increase of sales over 16% and a net profit increase over 36%, which further consolidates the trend from previous years. Yes, as I was referring before, there is a great deal of uncertainty and risks related to inflation going forward, but FTG has shown strong resilience and ability to adapt and overcome very tough and complex business environments, and we at the Board together with the Management have strong confidence that our growth path will continue in 2022 and beyond.

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

Sincerely,
George Theobald
Chairman FTG Holdings

CEO's Message

Fellow Shareholders:

After a very challenging year following the Covid pandemic and unprecedented increase of fuel prices and international shipping costs, we stayed true to our strategy, we put our clients first, and I´m proud of the results achieved this year: we continue to show a remarkable growth for the fourth year in a row as well as a strong and healthy financial position, with a low Net Debt/EBITDA ratio, x2.4, after having invested over 200 million in assets and despite the additional funding required for working capital as a result of the increase in costs of raw materials.

Net revenues increased by +16.2% up to 3.383 million adding to the sales increase of 20% posted in 2020. However gross margin dropped from 39% to 34% following the sharp increase in international oil prices (+84% in one year) and sixfold increase in international shipping costs, which affected the cost of our imported raw materials.

Overheads increased by +5.4% (44.7 million), mainly due to after Covid "back to normal" sales & marketing activities, increased logistics linked to higher sales & hike in fuel prices and higher depreciation costs following new investments in machinery and equipment. The company was able to cut down costs and achieve savings in other areas, including debt impairment and relative finance costs. All core financial ratios showed good improvements and resilience despite international challenging factors affecting the cost of sales;

Net earnings went up by 36.4% (102,5 million), a record result after the 67% increase reported LY. Return on Equity (ROE) was 31.0 percent. Net assets grew by 10% up to 1.190 million and showed an accumulated growth in the last 4 years of 46.4%. Our receivables have been kept under tight control and the DSO ratio improved by another 3 days. Days of inventory increased by 2 days, as a result of higher sales and mainly sharp to the increase of cost of raw materials.

Key Financial Ratios

	2020	2021	% Var.
Net Profit	75,180,433	102,543,724	36%
Gross margin	1,141,515,576	1,144,724,826	0.3%
Net Assets	1,084,922.794	1,190,052,500	10%
Net Debt	671,874,207	871,580,846	30%
Net Debt/EBITDA	1.7	2.4	
Return on Equity (Ebitda)	36%	31%	
Revenue growth	20%	16%	
Gross margin	39%	34%	
EBITDA margin	13.5%	10.8%	
EBITDA/Interest expense	3.2	2.5	
Gearing ratio (equity/debt)	1.61	1.37	

The economy continued to recover from the severe recession that marked the pandemic's early days, and the robust growth that followed put enormous pressure on international supply chains, leading to levels of inflation not seen in decades. By year end, rate hikes were widely expected and markets entered a new period of uncertainty. This has greatly affected our margins, and continues to be the main challenge for 2022, with the additional pressure on oil prices following the war in Ukraine.
However, our confidence is as strong as it's ever been that our strategy is working and we have continued to invest so we can offer more products to our clients at competitive prices. 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.

Working Capital

	2020	2021	%Var.
DSO (days sales outstanding)	50	47	(3)
DIS (days of inventory on site)	76	78	2
DPO (days payable outstanding)	70	70	0
WC Days	**57**	**55**	**(2)**

Progress is by no means a straight line, and surely macroeconomic conditions are not favorable, indeed there are factors beyond our control that we must overcome with good management and prudent judgement, but the trend so far is very positive, and we are ready to persevere and show resilience through this complex environment.
The pillars of our strategy remain the same: First, to grow and strengthen our existing business in each product line and capture higher sales across a wider range of clients; Second, to diversify our products; Third, to operate more efficiently so that we can drive higher margins and returns across the organization. Some examples that showcase the progress achieved this year were the launching of new products like Wills Antiseptic Liquid, Zoe Sanitizer Spray, Boma Blocks and School Furniture ranges, the acquisition of Rex Plastics that has provided us additional manufacturing capacity or the installation of a new oven in Roto Molders. We also got an award to recognize us as one of the best plastic recycling companies in Kenya. This is in line with our commitment to the environment, and global ESG recommendations. Such initiatives were also taken into consideration during the Corporate Governance Audit, where we successfully scored 87.83/100, improving previous´ s year mark. I´m particularly proud of the numerous CSR activities we have carried out throughout the year, from which I would like to specially highlight the Roto Lesso Lessons Project, in collaboration with Ogilvy Africa and the Kenyan Ministry of Health, for which we recently won a prestigious international global award.

Our companies operate united by a strong set of values that define FTG, including a deep respect for others, and making positive social impact through our work and the way we run our Group. We take a consistent approach to recruiting and skills development and invest time and resources to spread our culture and values to every staff.

Looking Forward

As we move into 2022, I want to thank our clients, stakeholders and financiers for putting their trust in us and our people for their extraordinary commitment to Flame Tree Group: their hard work, dedication, creativity and resilience continue to drive our success.
In FTGH we remain committed to our vision of Creating World Class African Brands for our customers in the countries where we currently operate and beyond. We shall continue to grow our business lines and strive to be market leaders. We have invested in new machinery that will allow us to start manufacturing new product ranges with high growth potential. The company shows healthy financial ratios, and we believe the performance in the last 4 years will give confidence to our stakeholders and investors.

As we were approaching the year end, we were confident that oil prices would start coming down, and the supply chain disruption would also stabilize. However, as the war between Russia and Ukraine escalates, global commodity markets are going through the most upheaval since the 1973 oil embargo on the U.S. even if the energy crisis is most acute in Europe, which relies more heavily on Russian exports. This is the main uncertainty we are facing in 2022: how long will the prices remain so high, and to what extent the war in Ukraine will affect other commodities and inflation in general. We are well prepared to navigate through these tough conditions, as we have secured additional funding required to finance our increased cost of working capital and the new investments projected for 2022. We keep aligned to our continuous improvement management approach, through Kaizen, innovation committees and better systems that will drive additional efficiencies to our companies.

Our leadership team is focused on building on the great progress already achieved in the last 4 years and we are excited by the opportunity ahead.

Warm regards and best wishes to all,
Heril Bangera
Chief Executive Officer

Happiness gets bigger when you share it!

Happy's Golden range of snacks are tasty, crunchy and delicious!
Be it Tangy Tomato or Salted Vinegar, Potato Crisps
or Chilli Sticks, Sweet and Sour Chevda or Masala Nuts

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' year 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 and not for any other collateral purpose;
- 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.

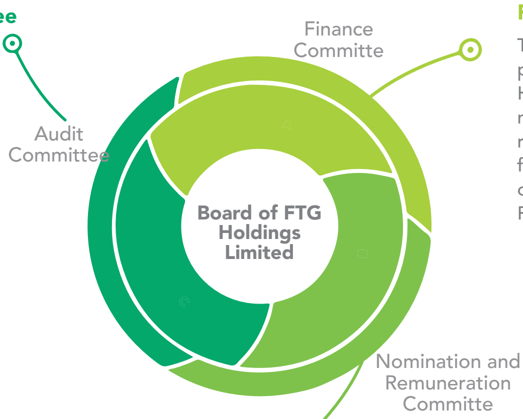
The Corporate Governance Framework

Shareholders

Elect the board

Audit Committee

The primary purpose of the committee is to provide oversight of the financial reporting process, the audit process, the Group's system of internal controls and compliance with laws and regulations. It is composed of George Theobald, Frank Ireri, Shilpa Haria and authorized representative of nominated adviser.



Finance Committee

The role of the finance committee is primarily to assist the Board of FTG Holdings Limited in financial risk management, policy formulation, reviewing and approving major financial transactions. It is comprised of Heril Bangera, shilpa Haria and Frank Ireri.

Delegate day-to-day management

Executive team

Nomination and Renumeration Committee

The committee makes recommendations to the board in respect of nominations and renumerations of directors. It also assesses performance and effectiveness of directors in the group. It is composed of George Theobald, Heril Bangera, Gilles Kichenin and Imalambaal Kichenin.

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.

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

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 Committees

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	3,100,000	1.74
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	Stanbic Nominees Limited A/C R88601	939,410	0.53
11	Gichamba, Gerald Chege	601,870	0.34
12	Burbidge, Edward Lyndon Lovell	424,930	0.24
13	Gacheru, Charles Kiai	332,523	0.19
14	Juma, Al-Noor Akbarali	275,200	0.15
15	Standard Chartered Nominees A/C 9675C	237,211	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-2021

No.	Range	Shares	Shares %	Shareholders	Shareholders %
1	1 - 500	170,277	0.10	1,084	53.96
2	501 - 5000	1,067,670	0.60	584	29.07
3	5001 - 10000	773,108	0.43	105	5.23
4	10001 - 100000	5,451,825	3.06	191	9.51
5	100001 - 1000000	8,338,207	4.68	37	1.84
6	>1000000	162,252,399	91.13	8	0.40
Totals		**178,053,486**	**100.00**	**2,009**	**100.00**

Shareholder Analysis by Domicile as at 31-Dec-2021

No.	Industry	Shares	Shares %	Shareholders	Shareholders %
1.	East African Community Partner States Individuals	167,518,260	94.08	1,927	95.92
2.	East African Community Partner States Institutions	5,326,242	2.99	63	3.14
3.	Foreign Individual	2,710,250	1.52	18	0.90
4.	Foreign Institutions	2,498,734	1.40	1	0.05
5.	Totals	178,053,486	100.00	2,009	100.00

The Directors' Remuneration Report

FTGH is pleased to present the Director's remuneration report for the year ended 31 December 2021. 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 2021

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 2021, together with comparative figures:

Executive Directors	Gross Salary (Kshs. in 000's)		
	2021	2020	2019
Heril Colbert Bangera	23,058	20,105	21,801
Imalambaal Kichenin	72	72	72
Giles Kichenin	72	72	72

Non -Executive Directors	Fixed Retainer			Sitting Allowance		
	2021	2020	2019	2021	2020	2019
George Theobald	1,101	1,064	1,018	277	109	352
Frank Ireri	714	500	500	286	500	571

Company Overview

Company Structure

01 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

02 Snacks

Chirag Africa Limited, Kenya
Happys Golden Foods Limited, Kenya

03 Cosmetics

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

04 Retail and trading

Cirrus International FZC, Dubai
Buildmart Limited, Rwanda

05 Support services

FTG Holdings Limited, Mauritius
FTG Holdings Limited, Kenya

Key Statistics 2021

14
Subsidiaries present in
5 countries

20 Years
Average work experience for senior management

3.83bn
Revenue for FY21

21
African consumer brands under one roof

2.5X
Interest coverage (EBITDA) for Y21

0.73:1
Gearing ratio for FY21

34%
GoP margin for FY21

31%
ROE (Ebitda)

1200+
Staff

2.4
NetDebt/ Ebitda

40%
Revenue growth last 3 years

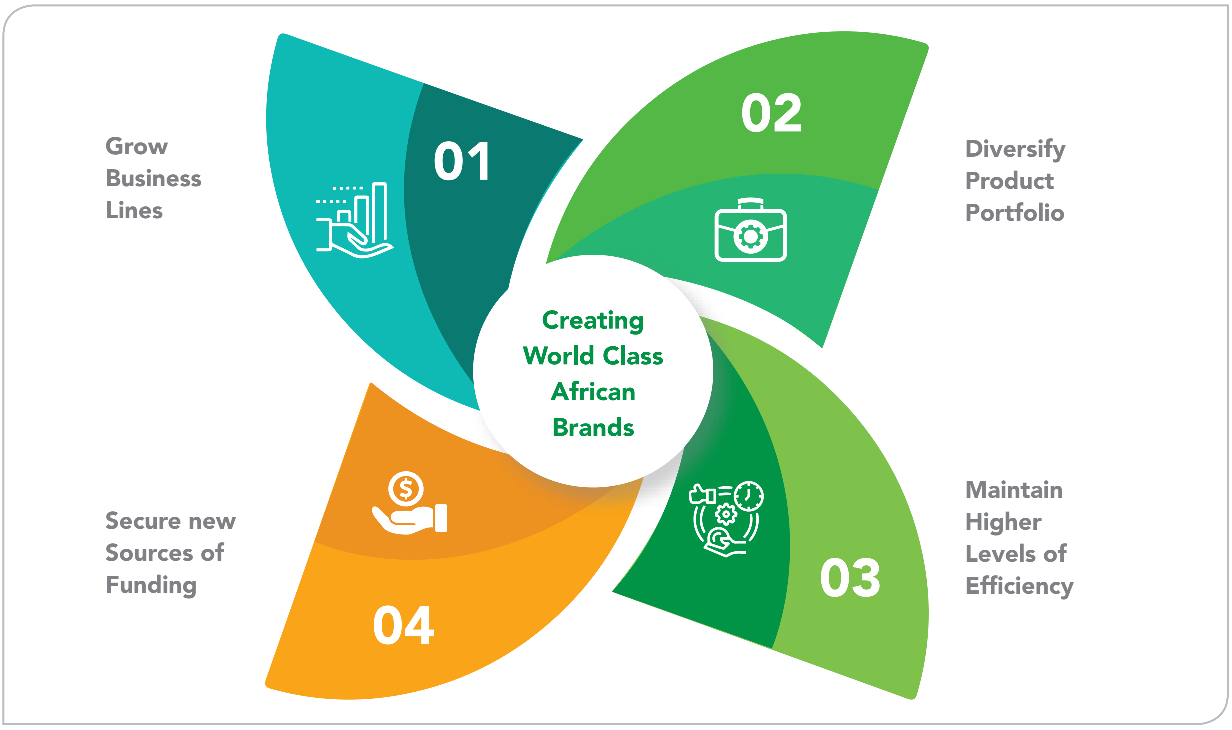
46.4%
Net asset growth last 3 years

Our Business Today

Flame Tree Group continues to be invested in its vision to Create World Class African Brands for its customers across the countries the Group presently operates and other prospective geographical reach.

- **Grow business lines:** strengthen existing business in each product line and capture higher sales across a wider range of clients.The financial performance of the Group in the past 3 years shows FTG is being trusted by an increasing number of customers each year.
- **Maintain higher levels of efficiency:** as the varying effects of the pandemic are still sensed through the economic backdrop, FTG remains resilient to uphold higher efficiency levels across every segment: reduction of waste in production processes, more efficient use of raw materials and labor costs with new machines & equipment that allows to further stretch its maximum output, enhanced quality controls across many areas of the company with new Kaizen projects and KPI being added every year, new management system – rolled-out Oracle Net suite for financial & analytical reporting. Insource of activities that were done by third parties driving cost savings and better control in packaging and logistics. Realignment of some of its employee base and regular performance appraisals and trainings. A specific plan in place towards expense and resource optimization.
- **Secure new sources of funding:** Finding new financial partners to secure capital at competitive rates to fuel the growth plans of the group whilst providing attractive return on investment. Additionally, a tax optimization strategy will benefit the Group in the years to come.

> **The financial performance of the Group in the past 3 years shows FTG is being trusted by an increasing number of customers each year.**




Zoe
Hand Wash
Antibacterial & Germ Protection
Lather, Rinse, Repeat

Milestones 2021

We have kept busy through 2021 thinking up and launching various new products and installing new machines to increase our production.

01

New oven installed at Roto, Kenya.

JANUARY

02

Wills Antiseptic Liquid Launched

FEBRUARY

03

ZOE Sanitizer spray 300 ml & 500 ml

MAY

04

PolyPlay launched mini merry go round

JULY

05

Boma Blocks Launched &
ZOE Handwash labels

AUGUST

06

Acquired Rex Plastics assets

OCTOBER

07

BOMA Blocks Display
at Changamka Festival, Kasarani Stadium

NOVEMBER

08

Roto Ltd. Display at
Changamka Festival

DECEMBER

09

Roto, Kenya awarded
- 3rd Best in Recycling

NOVEMBER

10

Polyplay prefect desk/chair lauch &
new Injection installation at JoJo

DECEMBER

Plastics Sector

If the past two pandemic years have taught us anything, it's to expect the unexpected. The course of the pandemic, political turmoil and surprise weather events can quickly alter the outlook, making flexibility a vital key to business success. While some plastics manufacturers are optimistic, the global industry picture understandably remains a moving target given regional tensions in Russian region, potential responses to the Omicron variant, and other factors.

Growth rate will flatten compared with the robust results of 2021, according to some analysts. Others predict, however, that positive Q4 momentum will carry over into a solid start for 2022. Supply chain congestion will ease, but manufacturers should expect spot disruptions and elevated costs at least through the first half of the year. We expect improved polymer availability to boost exports, but high transportation costs will impact resin imports, particularly from Asia.

Roto Moulders Ltd, Kenya

Roto Tanks is one of the oldest tank manufacturing companies in East Africa. It is a leading brand with the promise of value for money. Our slogan, Made Heavier to Last Longer is our promise in the market.

As is across the globe, COVID impacted our business with increased costs of raw materials & fuel costs, 2021 involved a critical managing of expenses and pushing for higher sales volumes. Our investment in a new machine in early 2021 helped in easing the pressure on production as well as greatly helped in keeping us running when one of our sections were impacted by a fire. We were able to maintain our revenue through it.

Roto Ltd, Rwanda

Rwanda has had very strict regulations regarding COVID-19 with no tolerance on violators. Where other countries have opened, Rwanda experienced a complete lockdown in July 2021, this largely affected our business.

Apart from the impact of strict COVID-19 rules in Rwanda we have been impacted by a large number of competitor entrants in the market. Although global raw material costs increased the Rwandan market dropped its prices affecting our selling margins as the market competes largely on price and not quality, through all this we have achieved an increase in sales.

Roto PLC, Ethiopia

In Ethiopia ROTO is the leading plastic tank brand with the highest brand recall. 2021 was a challenging year due to raw material outages caused by the shortage of currency in the country. The war and unrest in the country, increase of fuel, gas and raw material prices greatly impacted revenues. We look forward to better a better operating environment in 2022.

Rino Tanques Lda.

RINO is a leading brand for water & sanitation in Mozambique, with coverage from Maputo to Tete. The year 2021 carried forward all the issues related to COVID with additional covid hygiene regulations which caused hindrances in the market. During the year 2021 we have prioritized the raw material payment of our suppliers and have reduced our liabilities considerably.

We launched a number of new products in the market such as 700litres horizontal tanks, flower vase and hand wash basins as a part of new innovation program. This has improved our market presence and increased our revenue lines. We have continued to supply tanks to UNICEF and other projects, as well as found various new avenues of increasing our customer base.

Packaging Sector

Jojo Plastics Ltd.

The journey of a thousand miles begins with one step. As our growth story continues, we are happy to announce that Jojo has acquired assets of Rex Plastics Ltd. This is another feather towards FTG's success. This new acquisition will make in-roads in expanding Jojo Plastic's portfolio and further our market share strengthening our plastics business in the food, pharmaceutical, automobile, paint & cosmetic packaging industries. In FY2021 Jojo has also invested in additional injection machine and blow molding machines doubling our production capacity.

REX Industries Ltd.

Rex Industries is a leading manufacturer of a wide range of plastic containers for food, petrochemical, pharmaceutical industries and other sectors in East Africa, with exports to various African countries. Our state of the art machinery and trained manpower delivers top quality, on-time deliveries with every delivery. We cater to clients ranging from large multinationals to start-up entrepreneurs.
Our production facilities include blow moulding, injection moulding, injection-blow moulding, leak testers, products labeling, printing and grinders. Rex Industries is part of the Flame Tree Group of companies.

REX Industries specialises in the production of containers used in packaging of:

- Food and beverages
- Lubricants oil
- Pharmaceutical
- Dairy products
- Paints and chemicals
- Beauty and cosmetics

Playgrounds

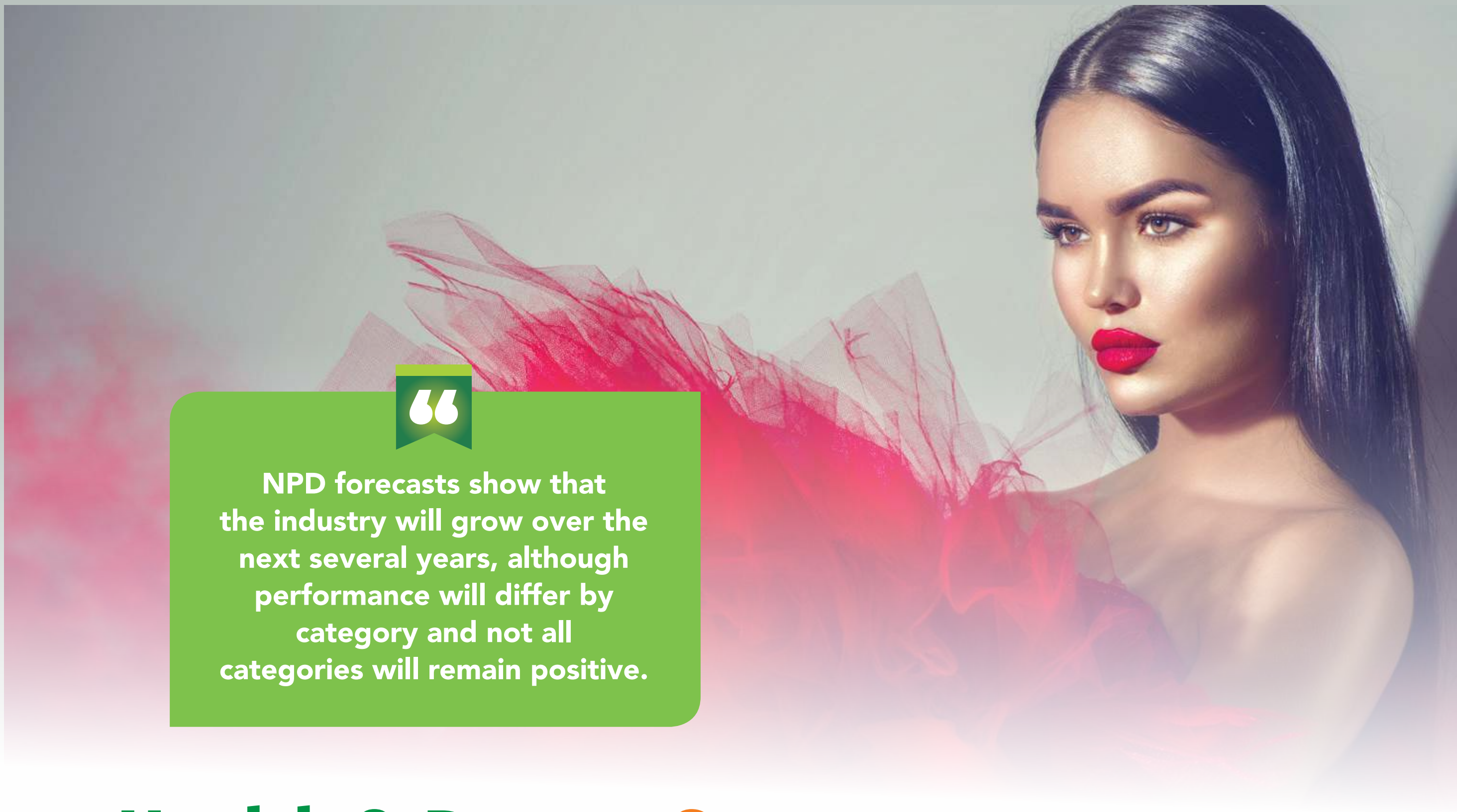
Polyplay Ltd.

Polyplay in 2021 has been able to achieve Pre-COVID-19 sales. Through these two pandemic years 95% of our target customers namely schools, hotels, resorts etc were drastically affected where in some cases they had to even close down.
The new school calendar in Kenya did create further confusion and budgetary constraints amongst the school administration.
We however were able to introduce new lines of products and targeted new markets and individuals.

New Products launched in 2021:

- BOMA blocks in King Size and Queen Size.
- Flowerpots
- Mother-child swing
- Disc swing
- Plastic multi layered shelves for schools
- Kindergarten gym mats,
- Prefect Desk and Chairs Schools.


The future begins now..
Nurture Tomorrow's Great Leaders
Prefect Range
School Furniture
PP Sally's Playhouse
Play Stations
Stackable Beds
Polyplay Limited, P.O. Box 18358-00500, Nairobi, Kenya.
Location: Mombasa Rd, inside Sameer Industrial Park
Email: info@polyplay.co.ke
Website: www.polyplay.co.ke
Tel: +254 718 551 100 / +254 733 551 100
Whatsapp: +254 755 551100
PolyPlay
Great Fun For Every One



NPD forecasts show that the industry will grow over the next several years, although performance will differ by category and not all categories will remain positive.

Health & Beauty Sector

Although 2020 revenue losses brought our industry back to 2015 spending levels, the comeback in 2021 brought most beauty categories right back to where they were before the pandemic began. While some challenges remained, there were many happy surprises in 2021, the results of the past year undid the damage of the year prior. The shift in consumer spending reflected a blending of behaviors in our pandemic lifestyle. In the beauty industry, we saw continued growth from scented candles, facial exfoliators, hair care products, perfumes, and other pandemic winners. At the same time, facial moisturizers, serums, makeup foundation, and other large categories made their comebacks.

NPD forecasts show that the industry will grow over the next several years, although performance will differ by category and not all categories will remain positive. Many factors will contribute to this momentum, including shifts in retail, price promotion, and category dynamics. This retail shift is playing out in channel dynamics. The strong growth in online shopping during the pandemic caused the e-commerce channel to grow in importance across every beauty category. The beauty industry is unique, in that it brings joy to consumers by helping them become more self-confident. This unique benefit is what keeps our industry relevant and important in the minds of our consumers. Their environment and lifestyle may have been altered, but their engagement with beauty remains. Our success will come through the recognizition of new opportunities brought by a change in the consumers behaviour and preferences, as we find new ways bring them joy

Zoe Beauty

Zoe hand and body lotions are enriched with natural oils that easily spread and absorb into the skin to refresh, moisturize and soften the skin making it petal soft and with a radiant glow! Its exotic fragrances appeals to the senses like the fragrance of petals. Zoe's Olive range of advanced hair care products include the Zoe range of shampoos, conditioners, hair lotions, pomades, braid sprays and styling gels are specially formulated with essential oils and vitamins to give you healthy hair that is soft, manageable and easy to style.

Alana Skin

Feel the softness of Alana skin care lotion that has special beauty care ingredients which nourishes and brings soft radiance to your skin. Easily absorbed into the skin, it keeps your skin looking radiant and beautiful everyday. Alanas Curl Activator defines and tames your curls . Olive oil based and ricin vitamin E and Glycerine , Alana curl activator enhances your natural curls and also moisturizes it to make it free and easy to comb. Our other selection is Mayonnaise Treatment which is formulated with the goodness of lanolin , Glycerin and Olive Oil to repair and put back moisture in dehydrated damaged hair. It treats dry ,damaged and brittle hair and increases strength , softness and shine.

SuzieBeauty

The global color cosmetics market size was valued at USD 70.34 billion in 2021. The market is projected to grow from USD 72.74 billion in 2022 to USD 94.49 billion by 2029, exhibiting a CAGR of 3.8% during the forecast period. The global COVID-19 pandemic has been unprecedented and staggering, with experiencing lower than anticipated demand across all regions compared to pre-pandemic levels. It has changed the course of the world and has severely hampered import & export activities and the supply of raw materials for the cosmetic industry. This has also negatively impacted the demand for makeup products due to remote work, reduced social life and the trend of natural makeup. Moreover, obligatory use of masks causing reduced demand for lip products and dipping sales of prestige beauty products also affected the overall cosmetics market.

However, the rise in sales of the cosmetics products through online distribution has seen significant hike, supporting the market growth during the pandemic. SuzieBeauty has increased using digital marketing and online advertising as a marketing technique to attract consumers, thus creating opportunities for global market growth.

Wills

ANTISEPTIC DISINFECTANT

WILLS Disinfectant is the ideal disinfectant to protect your family and your home from hundreds of disease causing germs. Germs are everywhere. WILLS disinfectant can be used both as an antiseptic to clean bruises & cuts as well as a household cleaning liquid to disinfect your home surfaces, toilets and floors. It can also be used in your laundry.

WILLS kills the disease causing germs keeping your spaces clean and healthy. WILLS provides you germ protection that you can be sure of.

Be Sure .. Be Safe.

(020) 2113315/ 0711 737 578 info@flametreebrands.com www.flametreebrands.com

REX INDUSTRIES LTD.

High Quality Containers/Packaging for:

- Food and beverages
- Lubricants oil
- Pharmaceutical
- Dairy products
- Paints and chemicals
- Beauty and cosmetics

REX Industries Limited:
P. O. Box 4711 — 00506 Nairobi, Kenya
+254 20 2400391 info@rexplastics.com Off Lunga Lunga Road, Industrial Area.

Chigs


GREAT
TASTING
POTATO
CRISPS
Chigs
AWESOME CHEESE
RED HOT CHILLI
ORIGINAL SALTED
Lip Lickin Potato Crisps
Masala Treat
Lip Lickin Potato Crisps
Tasty Tomato Flavour
CHEVDA
SWEET AND SOUR
GANTHIA
BHUSU
ORIGINAL

Food Industry

Since energy is a critical commodity for food production and heating, these soaring prices has had downstream implications. Higher energy prices have already affected fertilizer prices, in turn increasing the cost of food production. However, in the latter half of 2021, food commodity prices have begun to stabilize in response to favorable global supply outlook, but they are still above pre-pandemic levels. Moreover, domestic food price inflation is rising in most countries, reducing poor people's ability to afford healthy food. This can exacerbate food insecurity in developing countries.

As it is said, "TOGETHER WE ACHIEVE MORE," Team Chirag worked together and put our best efforts to find solutions for every challenge at every stage. Every team member came out with their innovative ideas and turned the table towards growth.Though the year experienced challenges like night curfew, uncertainty in school opening and back to school are the legacy of Covid 19 added with the shortage of potatoes and peanuts put us under immense stress on price as well as availability of raw material. The soaring prices of cooking oil too affected our gross profit. The shaky position and closure of supermarket chains signalling in delayed payments also affected the sales.

Chigs

The brand "Chigs" catering mainly the snacks and sub grouped as crisps and snacks. After upgrading our packaging Chigs is growing at a faster rate. This brand has doubled its sales in just 2 years.

Nature's Own

This is the strongest brand in the portfolio and also is considered as a growth engine. Nature's Own brand has seen a tough year in 2021 as the competition was immense in the low price category. The increased cost of raw material as well as the shortages in local markets have drastically affected our costs. However, Nature's Own is a strong brand in the market, dominating with a bigger shelf space in most of the top and tier two supermarkets.

Happys

The brand Happys is our running horse: fast growing brand. Every year it is growing at a healthy rate and in 2021 it registered a growth of 25%. The feather in the cap of Happys 30g is the launch of Happys 30g foil pack which is at an international standard from all angles. This one product contributed 20% of the total value of Happys as a brand in the last quarter of 2021.

Honeycomb

Honeycomb has carved its own niche in the market as it is the home-made cookies with real ingredients and the snacks after upgrading the package, regarded as value for money product.Team Chirag has managed to get the listing done at Carrefour, and other shops and run 'IN SHOP PROMOTIONS,' as a result this brand started showing a growth of 44%.

Gonuts

Our Gonuts brand is listed in most major supermarkets. Peanuts sector is a rapidly growing sector in the snacks market and has a large potential for growth in local and export markets.

Trainings 2021

At FTG we calendarise trainings throughout the year to inculcate new skills in our employees. However this year as result of the protocols involved with the pandemic these were restricted as much as possible and others conducted using technology. We were able to conduct few trainings in Q1 and later trained personnel in ZOOM so that all are able to effectively function even in a work-from-home environment. These trainings keeps employees up to date with developments in their industry, in technology etc.It boosts employee's confidence as when employees learn new skills pertaining to their jobs, they are more likely to exude confidence in their work.
This ultimately makes them happier with their jobs, which in turn makes them happy employees.

Staff training is a great opportunity for our staff to address any weaknesses they may have with performing their jobs. Sometimes, their skills may have become a little blunt, and a training program is all they need to sharpen them. These trainings also leads to better relations between management and the employees. When the staff is good at what they do, there is little room for conflict between employers and employees. Trainings also contributes to growth because well trained employees are more likely to offer great services to customers, which leads to immense customer satisfaction.

Flame tree Group Holdings (FTGH)

Change Management Training

Roto PLC (Ethiopia) - 20th January 2021

Roto Ltd. (Rwanda) - 20th January 2021

Housekeeping Training - 27th May 2021

Payroll Training - 20th May 2021

Karoga New Staff Get Together

Housekeepers Kaizen Training - 21st August 2021

Roto Moulders Ltd (Kenya)

Disciplinary Process Training - 23rd October 2021

Make Your Bed 'Book Review'- 15th October 2021

First Aid Training: Production team. -10th-12th February 2021

Dispatch team awarded at the Fleet Management Training conducted by Myriad Ltd at Roto Moulders Limited, Kenya. -3rd May 2021

Flame tree Africa Limited (FTA)

SuzieBeauty shop attendant receiving gift pack during the Display and Communication skills training -1st October 2021

Merchandising Team in their new uniform -1st March 2021

Stretch an extra mile, motivational training - 7th June 2021

Teambuilding, Karura forest -1st June 2021

Zoe
GLYCERINE
AVAILABLE IN:
PURE GLYCERINE
FLORAL FANTASY
STARLIT SKY
SATIN JASMINE
STRAWBERRY KISSES
INTENSE MOISTURE FOR DRY SKIN

Chirag Africa Limited

Return on Investment training
-3rd April 2021

How to balance emotions training
-16th June 2021

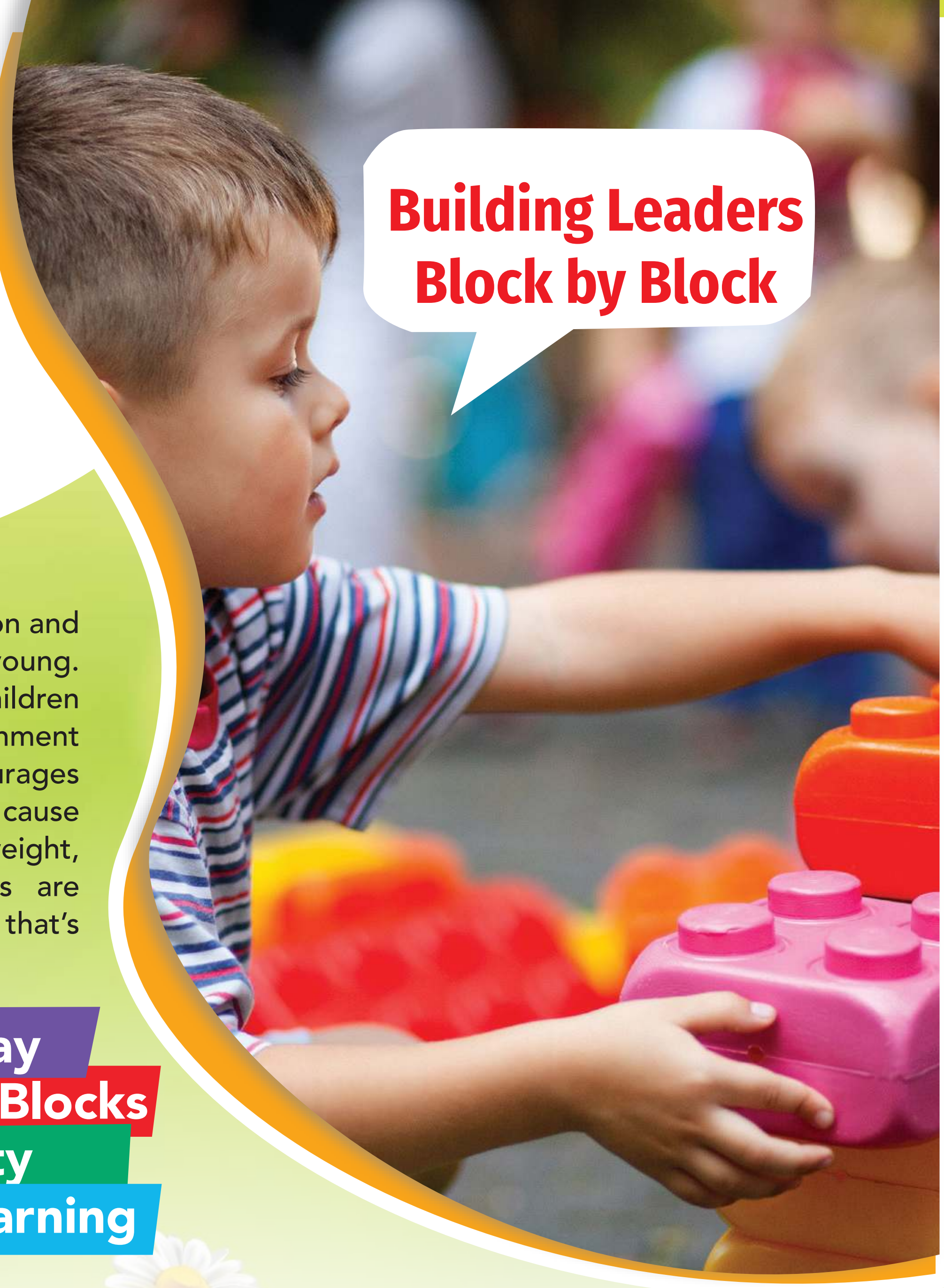
Team building at Hungers nest, Lang'ata, Nairobi Kenya. -6th September 2021

Jojo Plastics Limited

Team building at Jojo Plastics Ltd - 4th June 2021

Mount Kilimambogo hike -25th July 2021

BOMA
BLOCKS
Building Leaders Block by Block



Boma Blocks nurtures imagination and sparks creativity in the very young. Our construction toys invite children to manipulate their environment to create things, which encourages creative thinking and introduces cause and effect concepts. Our lightweight, hollow, plastic building blocks are soft and provide rewarding play that's imaginative and safe.

Imaginative Play
Giant Interlocking Blocks
Nurture Creativity
Developmental Learning

BOMA Blocks - Queen Size

BOMA Blocks - King Size

PolyPlay Limited. Address: P.O. Box 18358-00500, Nairobi Kenya, Mombasa Road,
Inside Sameer Industrial Park Mobile: + 254 718 551100, 0733 551100Email: info@polyplay.co.ke

Corporate Social Responsibility

Lesso Lessons by Roto Moulders Limited, Kenya

We are excited to share our latest CSR project, Lesso Lessons. In partnership with Ogilvy, Roto Tanks, The Ministry of Health Kenya and produced by Fluid Films. The idea weaves the modern post-natal, nutritional guide into a traditional, everyday garment to help new and expectant mothers raise healthier children.

In Kenya, more than 1 in 4 children suffer from chronic malnutrition. Young mothers living in media dark 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. We saw the opportunity to turn these lessos into 3 instructive and illustrative guides in postnatal nutrition. One for each of the 3 stages, crucial in the first 24 months, serving as a daily reminder on raising a healthy child. A lesso is an African name given to a fabric used by women to tie children on their backs while working.

The initiative **#LessoLessons** handcrafts educative content on lesso's, providing nutritional guidance for young mothers. The content is handcrafted and true to tradition. The lessons educate mothers on optimal feeding, the introduction of supplementary foods, and a balanced diet to reduce malnutrition. Doing good while doing good business!

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

GOD'S CHILDREN WELFARE GROUP
P.O Box 2, Matuga, Kwale, Kenya
Cell: +254 727 830 194
Email: godschildrenkenya@gmail.com

9th April 2021

Mr. Raymond Goes,
General Manager
ROTO TANKS
Nairobi

<u>RE: Received tank for children's home in Matuga, Kwale</u>

Dear Raymond,

Our children and I were jumping with joy and celebrating the arrival of the 10,000 litre tank which was delivered on 8th April 2021, to our home at Kwale, amidst joyful singing.

We would like to thank you and your company for your kind consideration of our appeal for the donation and for fulfilling our prayers.

The new water tank is our pride and joy as the struggle for clean water is now finally over, courtesy to Roto Moulders limited and Mombasa Maize millers group.

We will forever be grateful for your amazing and timely generosity to our orphanage and pray for your company's prosperity.

Attaching some photos of the event for your records. We will also post this event on our new Facebook page which is in the process of being opened and tag you.

Thanking you in advance on behalf of our community and home in Matuga, Kwale

Yours Sincerely,

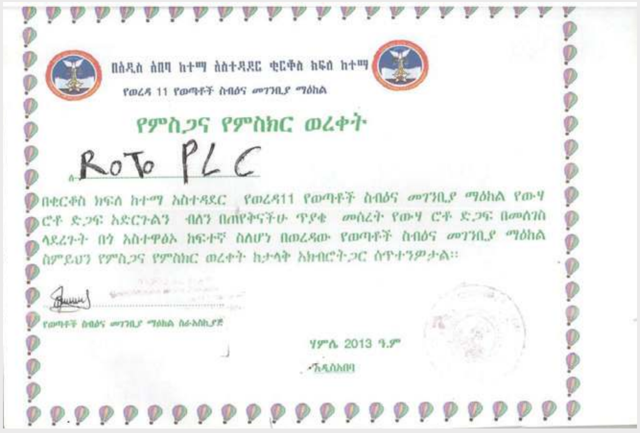
Sherrie Nair
Founder/Director
Gods Children welfare group.

Providing a bright future by God's Grace

FOUNDER & DIRECTOR: SHERRIE NAIR

Gods Children kwale posing for a photo next to the tank donated by Roto Moulders Limited -February 2021

Roto PLC CSR 2021



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Roto PLC

ሃምሌ 2013 ዓ.ም

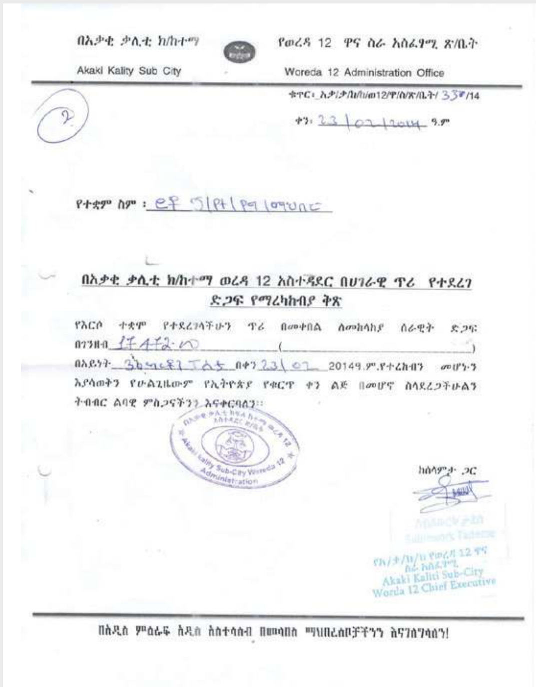
Worda 11 youth association 5,000ltrs water tank -1Pc Birr 17,700.00.

Indian Embassy dustbins and flower buckets Birr 15,680.00

Investment

34288.00

Ethiopian Investment commission for displace people Teffe 3 tons, cerifam 3 cartons and 2000V 2 pcs birr 34,288.00



Akaki Kality Sub City

Woreda 12 Administration Office

Akaki Subcity woreda 12 office 30 cartons pasta for National Defense Birr 17,472.00.

Sustainability & our Environment

Flametree group is committed to environmental, social and governance development and started this initiative from the inception under the broad spectrum of Corporate Social responsibility.
As far environmental conservation is concerned, at Flametree Group we are consistently finding ways to reduce energy consumption by using energy efficient equipment and reducing unnecessary wastage. A plan is also on the pipeline to switch to solar power to reducing dependency on electric and fossil fuels. We have installed power factor correction equipment, which significantly reduces energy consumption and distributes power efficiently.

The initiatives also include recycling of plastic waste materials, energy conservation and environmental conservation. Across FTG we reduce and recycle. All our sites have recycling machinery in place, we buy back our plastic and integrate it as recycled material in every possible way. We aim to improve our environment while growing our business.
By educating the future generations on healthier practices to strengthening our in-house management of recycling and reduction by implementing Kaizen through all our sites and by investing in machinery, technology and culture change to effectively reduce and working towards recycling 100% of all plastic waste generated and towards zero environmental impact in our operations.

Continuous Kaizen application is also a Key Goal for all managers ensuring every company take a driving role to keep Kaizen goals at the forefront.
In 2021 alone we have improved our recycling machinery output by 30% as well as added 140 tonne capacity to ensure that we are able to effectively recycle all our waste plastics.

At Flametree group we save water in all possible ways. Installed cooling towers, rain water harvesting systems. We conserve stationery in all possible ways and have improved our facilities making it greener. To contribute to lowering the greenhouse gas emissions, we replace the used motor vehicles to upgraded technology engines, thereby reducing the Co2 emissions.
Flametree group operates an ethical supply chain, thereby reducing unnecessary stress on the society.

AT FTG we are cognizant of the importance of sustainability and continuously work on building strong partnerships and relationships with our stakeholders and our community through engaging in sustainable business activities and various CSR projects.

At FTG Innovation is a vital KPI and a key pillar to our growth. We continuously work towards innovations in all aspects be it new product lines or in-house operational processes. Our marketing campaigns in TV, newspapers & social media help our brand visibility and brand recall to ensure sustainability of the business.

We are also focused on developing our human capital through continuous trainings on an annual basis. We have an effective appraisal system in place, with each employee having their individual KPIs that are evaluated bi- annually. As well as utilize the local labour to the fullest possible. Our group is known for gender equality, fair wages and better treatment of its employees which results in lower employee turnover. Leadership and governance of Flametree group embraces diversity on their board with respect to gender, knowledge, experience and nationality.

Our board maintains a high level of transparency and diligence in their working. The board has also put in place a fraud and whistleblowing policy as well as insider trading policy to combat incidences of fraud and malpractice in the securities market. Internal stakeholders are continually trained on insider trading as well as code of conduct in order to enhance best practices from within the organization. FTG has invested in Corporate Social Investments (CSI) to support communities in its countries of operations.

Lesso Lessons is a projected we initiated with Ogilvy Africa and the Ministry of Health in Kenya. The initiative handcrafts educative content on the lessos, providing nutritional guidance for young mothers. The lessons educate mothers on optimal feeding, the introduction of supplementary foods and a balanced diet to reduce malnutrition. Doing good while doing good business.

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Facebook page: **SuzieBeauty**

FTG Holdings Ltd Consolidated and Separate Financial Statements

For the Year Ended 31 December 2021

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	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.
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.

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 for the year ended 31.December 2021

Principal activities and operations

The Company is 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, sanitation solutions, general trading and construction related activities.

Business review

During the year ended 31 December 2021, the group revenue increased from Shs. 2,910,676,573 to Shs. 3,383,108,288. This was as a result of investment in new machinery and equipment which allowed to increase production capacity and higher expense in marketing and brand building initiatives. The Company also launched several successful new products and incorporated new management to the team that have contributed to the sales increase. The group margin dropped from 39% in 2020 to 34% in 2021. This was caused by an unprecedented increase in fuel prices and international shipping costs which have negatively impacted the group's cost of sales. The profit before tax decreased from Shs. 148,413,415 to Shs. 112,294,004.

Key performance indicators

		Group		Company	
		2021	2020	2021	2020
1	Revenue (KShs)	3,383,108,288	2,910,676,573	-	-
2	Gross profit (KShs)	1,144,724,826	1,141,515,576	-	-
3	Gross profit margin (%)	34%	39%	-	-
4	Profit/(loss) before tax (KShs)	112,294,004	148,413,415	(4,326,732)	(1,550,097)
5	Tax (KShs)	(9,750,280)	(73,232,982)	-	-
6	Profit/(loss) for the year (KShs)	102,543,724	75,180,433	(4,326,732)	(1,550,097)
7	Net assets (KShs)	1,190,052,500	1,084,922,794	205,789,489	210,116,221

Report of the Directors (Contd.)

Principal risks and uncertainties

The overall business environment continues to remain challenging and this has a resultant effect on the overall demand of the group's products. The group's strategic focus is to enhance sales growth whilst maintaining profit margins the success of which remains dependent on overall market conditions and other factors such as the impact of corona virus disease. The COVID-19 pandemic has resulted in unprecedented health and economic challenges across the world. While the greatest effect of the pandemic has been loss of life and strain on health facilities, businesses have not been spared either. Manufacturers have had to rapidly change focus. The top three priorities for the majority of businesses before COVID-19 were to increase profitability, increase revenue and increase domestic market share. These strategies have now been pushed down the agenda and are overtaken by reducing costs, retaining jobs, and improving cash flow.

However, when faced with the dilemma of reducing costs or retaining jobs, the former usually takes precedent and downsizing considerations seem more of a reality. In spite of the rising costs, most manufacturers have not been able to adjust their prices accordingly. This is due to competition in the market and moral obligation to ensure that at this particular time we don't take advantage of the situation but be very supportive of the locals.

The disruption created opportunities for some businesses to innovate their product offerings. To respond to the heightened demand for COVID-19 related goods, 23% of manufacturers from 10 out of the 14 sectors either shifted their focus or ramped up production of essential goods such as personal, protective equipment (PPEs), bedding, sanitizers, disinfectants, canned foods and immunity boosting products, hospital beds, and ventilators.

Other strategies adopted to survive the pandemic included rearranging factory floor plans to accommodate social distancing, using remote monitoring mechanisms, reconsidering major investments, analysing their supply chain modalities and being more imaginative with sales and marketing efforts. As we were approaching the year end, we were confident that oil prices would start coming down, and the supply chain disruption would also stabilize. However as the war between Russia and Ukraine escalates, global commodity markets are going through the most upheaval since the 1973 oil embargo on the U.S. even if the energy crisis is most acute in Europe, which relies more heavily on Russian exports. According to Goldman Sachs "It's a shock to every single commodity, not just oil supply: grains, oil, gas, metals, palladium, titanium and neon. The list goes on.

We have never seen anything like this before. In 1973 there was a seller-boycott. This is a buyer boycott. Apart from the actual war, there is also an economic war: a decoupling between Russia and the West, which has already started to impact commodity markets, too". In FTG we have diversified our suppliers of raw materials, especially polymers, from different regions in the world, to be able to mitigate the impact of the price increase, however this is the main uncertainty we are facing in 2022: how long will the prices remain so high, and to what extend the war in Ukraine will affect other commodities and inflation in general.

China will play an important role, which is also still to be defined in the coming weeks or months. As indicated, sales are well aligned with our Strategic Business Plan and financial projections, however the margin has deteriorated for reasons out of our control. In terms of expenses, there was an increase of +5.4% as compared to prior year: + Shs. 44.7M, mainly related to higher depreciation expense, following the acquisition of new factory equipment and motor vehicles (Shs.15M), marketing and promotion expenses (Shs.32M) and transport and freight costs, linked to higher sales and costs of fuel. Other expenses have remained relatively stable.

Report of the Directors (Contd.)

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 centre and does not generateany revenue or sales on its own.

Subsidiaries

The Company's investment in its subsidiaries as at 31 December 2021 is summarized in the table below:

Entity	Country of incorporation	Holding	No. of shares	Value
Roto Moulders Limited	Kenya	100%	955,814	95,580,900
Flame Tree Africa Limited	Kenya	100%	138,749	158,502,683
Happy Golden Foods Limited	Kenya	100%	10,999,999	10,999,999
Rex Industries Limited (Formerly known as Cherry Styles Limited)	Kenya	100%	64,438	-
Jojo Plastics Limited	Kenya	100%	40,000	20,000,000
Chirag Africa Limited	Kenya	100%	97,299	48,650,000
Polyplay Limited	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 Limited	Rwanda	100%	4,999	3,191,552
Rino Tanques LDA	Mozambique	100%	1	10,296,555
Flame Tree Mozambique LDA	Mozambique	100%	1	71,734
Roto Private Limited Company	Ethiopia	100%	278,566	98,457,242
Cirrus International FZC	UAE	100%	199	4,710,887
Total				**545,531,392**

Report of the Directors (Contd.)

Roto Moulders Limited (Kenya), Roto Ltd and Roto Private Company Limited

Roto Moulders Limited (Kenya) was the first brand to be created by the Group. The Roto brands 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).

Flame Tree Africa Limited

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 recently 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. Suzie Beauty is looking at expanding into Western and Southern Africa regions.

Happy Golden Foods Limited

Happy Golden Foods Ltd 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 has 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 the Flame Tree Group 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 in East Africa, serving multiple market segments: schools, day-care facilities, restaurants, hotels, resorts and housing developments.

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.

Report of the Directors (Contd.)

Rino Tanques Limitada

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 Limitada 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 Limitada started operations in 2019, it is offering ZOE products branded in Portuguese for the local market.

Flame Tree Brands Limited

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

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. Mr. Heril 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 overall performance for the year ended 31 December 2021:

Activity	% Turnover total	%Gross profit total	% Operating profit total
Manufacturing	89%	91%	67%
Trade	11%	9%	34%
Holding	0%	0%	-1%
Region			
Africa	89%	91%	66%
Middle East	11%	9%	34%

Director fees

There was no payment due to any director as at 31 December 2021.

Contracts with subsidiaries

The Company did not have any contract of significance with its subsidiaries and shareholders at 31 December 2021.

Other Matters

Mr. Heril Bangera, the Group's CEO and also the majority shareholder, 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 by 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 has been no contracts of significance between the Company or one of its subsidiary companies and a substantial shareholder. There has been no contracts of significance for the provision of services to the Company and its subsidiaries by a substantial shareholder or any of its subsidiaries.

Report of the Directors (Contd.)

Stated debts of subsidiaries, the parent and its branch

The table below shows the Company's and its subsidiaries debts as at 31 December 2021:

Subsidiary companies	Bank Debt loans	< 1 year	>1 year < 2 years	>2 years < 3 years	> 3 years	Interco debt
	Shs	Shs	Shs	Shs	Shs	Shs
Roto Moulders Limited	321,456,863	199,948,258	48,603,442	24,301,721	48,603,442	(14,344,932)
Polyplay Limited	2,097,746	-	1,398,497	699,249	-	(2,010,450)
Jojo Plastics Limited	144,858,185	134,072,690	4,314,198	2,157,099	4,314,198	9,209,624
Happy Golden Foods Limited	35,923	-	35,923	-	-	9,527,642
Flame Tree Africa Limited	28,073,283	26,312,635	1,760,648	-	-	99,588,156
Chirag Africa Limited	4,049,362	4,049,362	-	-	-	114,248,365
Rex Industries Limited (Formerly Cherry Styles Limited)	-	-	-	-	-	16,576,779
Rino Tanques Lda	-	-	-	-	-	-
Flame Tree Mozambique Lda	-	-	-	-	-	27,707,524
Roto PLC (Ethiopia)	78,578,746	15,715,749	15,715,749	15,715,749	31,431,499	14,823,551
Build Mart Limited	-	-	-	-	-	961,590
Flame Tree Brands Limited (Rwanda)	-	-	-	-	-	13,034,787
Roto Limited (Rwanda)	18,162,670	18,162,670	-	-	-	3,345,359
Cirrus International FZC	-	-	-	-	-	(12,793,727)
The parent company and its branches	**Bank Debt loans**	**< 1 year**	**>1 year < 2 years**	**>2 years < 3 years**	**> 3 years**	**Interco debt**
	Shs	Shs	Shs	Shs	Shs	Shs
FTG Holdings Mauritius, parent company	-	-	-	-	-	583,757,004
FTG Holdings Mauritius, Kenya branch	2,781,852	-	2,781,852	-	-	-

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

29 March 2022

Secretary's Certificate Issued under Section 166 (D) of the Companies Act 2001

JurisTax
Let's Grow Together

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

We, JurisTax Ltd, being the Company Secretary of FTG Holdings Ltd (the "Company"), hereby certify that the Company has filed with the Registrar all such returns as required under the Companies Act 2001, for the year ended 31 December 2021.

....

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

Date: 29 March 2022

JurisTax Ltd
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HIGHLY SENSITIVE

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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 57, which comprise the consolidated and separate statement of financial position as at 31 December 2021, 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 2021, and their financial performance and 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) Revenue Recognition - Group

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of the Group's revenue is complex due to several types of customer base, including sale of plastics and allied products, plastic water tanks, mobile toilets, septic tanks, PVC pipes, paints, fibre glasses, iron products, cosmetic products, synthetic hair, sanitizers, snacks, spice products, general trading and construction related activities. We focused on this area as recognition of revenue involves significant judgement and estimates made by management.	We reviewed and discussed the group accounting policy including the key accounting estimates and judgements made by management. We tested the relevant internal controls used to ensure the completeness, accuracy and timing of revenue recognised.

(b) 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. The company's subsidiary namely Flame Tree Brands Limited, Flame Tree Mozambique, Lda and Rino Tanques, Lda incurred a net loss and also the current liabilities exceeded the current assets during the year. This cast significant doubt on the subsidiary's ability to continue as a going concern. Management makes the use of estimates and judgements, in particular with respect to the timing, quantity and estimation of future cash flows, 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.

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) Impairment of intangibles – Group

Key Audit Matter	How our audit addressed the Key Audit Matter
At 31 December 2021, the Company's goodwill amounted to Kshs 71,851,809 and trademarks having an indefinite useful lives acquired through its subsidiary amounted to Kshs 83,350,000. The annual impairment test for goodwill and the trademarks is significant to our audit because the assessment process is complex, involves significant management judgment and is based on assumptions that are affected by expected future market and economic conditions, revenue growth, margin developments, the discount rates and terminal growth rates. Based on the annual impairment test carried out for goodwill and trademarks, management concluded that no impairment was necessary.	Our audit procedures included, among others, an assessment of the information we received from management. We evaluated the assumptions and methodologies used in the annual impairment test prepared by management. We have challenged management, primarily on their assumptions applied to which the outcome of the impairment test on goodwill is the most sensitive, in particular, the projected revenue growth, margin developments, discount rates and terminal growth rates. We have taken note from our review of audit work paper of one of the component auditors of their independent testing performed on trademark and challenged management by comparing the assumptions to historic performance of the subsidiary. We also focused on the adequacy of the Company's disclosures in Note 1.3 of the consolidated and separate financial statement concerning those key assumptions to which the outcome of the impairment test is most sensitive.

(d) 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,1,189,346,721 representing 41% of the total assets of the group as at 31 December 2021. Management believes 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)

(e) 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 2021. 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.	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. We have noted that in-house resources have been deployed for credit control and debt follow up and also appointment of a debt collector for collection of debts exceeding 5 months for Kenyan subsidiaries.

Other information

The directors are responsible for the other information. The other information comprises the statutory and corporate governance information, statement of compliance, chairman's report and directors' report, 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.

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;

- 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;

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)

- 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.

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: 29 March 2022
Ebene, Mauritius

Consolidated and Separate Statement of Profit or Loss and other Comprehensive Income

		Group		Company	
		2021	2020	2021	2020
	Note(s)	Shs	Shs	Shs	Shs
Revenue	16	3,383,108,288	2,910,676,573	-	-
Cost of sales	17	(2,238,383,462)	(1,769,160,997)	-	-
Gross profit		**1,144,724,826**	**1,141,515,576**	**-**	**-**
Other operating income	18	-	1,634,879	30,288,284	59,308,880
Other operating gains	19	-	831,226	-	-
Selling and distribution expenses	31	(318,257,055)	(272,077,918)	(337,280)	-
Administrative expenses	31	(481,092,145)	(496,077,842)	(29,929,071)	(45,127,649)
Other operating expenses	31	(82,592,293)	(68,991,741)	(1,395,833)	(1,674,283)
Operating profit/(loss)		**262,783,333**	**306,834,180**	**(1,373,900)**	**12,506,948**
Finance cost	21	(150,489,329)	(158,420,765)	(2,952,832)	(14,057,045)
Profit/(loss) before taxation		**112,294,004**	**148,413,415**	**(4,326,732)**	**(1,550,097)**
Current tax	22	(27,170,843)	(46,203,702)	-	-
Deferred tax	22	17,420,563	(27,029,280)	-	-
Profit/(loss) for the year		**102,543,724**	**75,180,433**	**(4,326,732)**	**(1,550,097)**
Other comprehensive income:					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		2,585,982	(42,020,911)	-	-
Other comprehensive income for the year net of tax		**2,585,982**	**(42,020,911)**	**-**	**-**
Total comprehensive income/(loss) for the year		**105,129,706**	**33,159,522**	**(4,326,732)**	**(1,550,097)**
Basic earnings per share					
Earnings per share –– On profit/(loss)	32	0.58	0.42	(0.02)	(0.01)
Earnings per share –– On total comprehensive income/(loss)	32	0.59	0.19	(0.02)	(0.01)

The accounting policies and notes on pages 21 to 52 form an integral part of the consolidated and separate financial statements.

Report of the independent auditor - pages 11 to 16.

Consolidated and Separate Statement of Financial Position

		Group		Company	
Assets	**Notes**	**2021 Shs**	**2020 Shs**	**2021 Shs**	**2020 Shs**
Non-current assets					
Property, plant and equipment	3	1,189.346.721	1,060,685,487	35,259	19,189
Right-of-use assets	4	77,712,162	107,002,950	-	-
Goodwill	5	71,851,809	71,851,809	-	-
Intangible assets	6	122,751,662	92,638,637	19,142,656	7,814,541
Investment in subsidiaries	10	-	-	545,531,392	545,531,392
		1,461,662,354	**1,332,178,883**	**564,709,307**	**553,365,122**
Current Assets					
Inventories	8	685,659,674	500,574,051	-	-
Trade and other receivables	9	655,906,796	582,902,974	358,042,021	68,971,276
Current tax recoverable		17,255,338	13,476,353	-	-
Cash and cash equivalents	11	54,325,566	59,917,048	2,539,348	16,188,645
		1,413,147,374	**1,156,870,390**	**360,581,369**	**85,159,921**
Total assets		**2,874,809,728**	**2,489,049,273**	**925,290,676**	**638,525,043**
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		347,121,399	347,121,399	-	-
Legal reserve		3,665,461	3,665,461	-	-
Translation reserve		(49,598,335)	(52,184,317)	-	-
Retained earnings/(accumulated losses)		589,519,430	486,975,706	(93,555,056)	(89,228,324)
		1,190,052,500	**1,084,922,794**	**205,789,489**	**210,116,221**
Liabilities					
Non-current Liabilities					
Borrowings	13	215,428,562	211,417,865	586,538,856	306,341,669
Lease liabilities	14	82,609,195	88,098,285	-	-
Deferred tax liabilities	7	38,249,287	62,317,757	-	-
		336,287,044	**361,833,907**	**586,538,856**	**306,341,669**
Current Liabilities					
Trade and other payables	15	632,159,240	495,759,465	8,782,286	22,605,405
Borrowings	13	412,807,789	242,109,428	30,262,174	3,291,354
Lease liabilities	14	4,053,773	26,159,717	-	-
Bank overdrafts	11	299,449,382	278,263,962	93,917,871	96,170,394
		1,348,470,184	**1,042,292,572**	**132,962,331**	**122,067,153**
Total Liabilities		**1,684,757,228**	**1,404,126,479**	**719,501,187**	**428,408,822**
total Equity and Liabilities		**2,874,809,728**	**2,489,049,273**	**925,290,676**	**638,525,043**

The consolidated and separate financial statements and the notes on pages 18 to 57, were approved by the board of directors ob 29 March 2022 and were signed on it behail by:

Director

Director

The accounting policies and notes on pages 21 to 52 form an integral part of the consolidated and separate financial statements.

Report of the independent auditor - pages 11 to 16.

Consolidated and Separate Statement of Changes in Equity

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

Company	Share capital Shs	Share premium Shs	Accumulated losses Shs	Total Shs
As at 01 January 2020	146,894,092	152,450,453	(87,678,227)	211,666,318
Loss for the year	-	-	(1,550,097)	(1,550,097)
As at 31 December 2020	146,894,092	152,450,453	(89,228,324)	210,116,221
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

The accounting policies and notes on pages 21 to 52 form an integral part of the consolidated and separate financial statements.
Report of the independent auditor - pages 11 to 16.

Consolidated and Separate Statement of Cash Flows

		Group		Company	
	Notes	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Cash flows from operating activities					
Cash generated from/(used in) operations	23	242,870,273	248,479,626	(304,000,761)	(262,604,100)
Finance costs		(150,489,329)	(158,420,765)	(2,952,832)	(14,057,045)
Interest paid on lease liabilities	21	-	(12,444,662)	-	-
Tax paid	24	(75,085,090)	(65,169,585)	-	-
Net cash from/(used in) operating activities		17,295,854	12,444,614	(306,953,593)	(276,661,145)
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(200,722,329)	(82,729,419)	(21,552)	(21,930)
Payments for right-of-use assets	14	-	(28,638,842)	-	-
Proceeds from sale of property, plant and equipment	3	2,758,400	1,110,000	-	-
Purchase of other intangible assets	6	(31,860,649)	(5,149,188)	(11,589,636)	(6,953,200)
Net cash used in investing activities		(229,824,578)	(115,407,449)	(11,611,188)	(6,975,130)
Cash flows from financing activities					
Proceeds from/(Repayment of) borrowings	13	174,709,058	(145,666,621)	307,168,007	203,035,824
Payments of principal portion of the lease liability	14	(14,916,471)	(16,194,180)	-	-
Net cash from/(used in) financing activities		159,792,587	(161,860,801)	307,168,007	203,035,824
Net movements in cash and cash equivalents					
Cash and cash equivalents at the beginning of the year		(218,346,914)	66,419,269	(79,981,749)	618,702
Effects of foreign currency translations		25,959,235	(19,942,547)	-	-
Cash and cash equivalents at end of the year	**11**	**(245,123,816)**	**(218,346,914)**	**(91,378,523)**	**(79,981,749)**

The accounting policies and notes on pages 21 to 52 form an integral part of the consolidated and separate financial statements.
Report of the independent auditor - pages 11 to 16.

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 products
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 Jojo water tanks and other plastics
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	Manufacture and trade of 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.

Notes (Contd.)

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.

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 (Contd.)

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 includesrebuttable 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. 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 entities consolidated - 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 on 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).

Notes (Contd.)

1.0 Significant accounting policies (continued)

1.3 Critical judgements in applying accounting policies (continued)

Impairment of goodwill - Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which 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 and a suitable discount rate in order to calculate present value. Management is on it assessment satisfied that no provision for impairment for goodwill as at 31 December 2021. Suzie Beauty is trademark on which goodwill is linked. The investment was Ksh 52 Million and the present value of EBT discounted at 6% is KES 124.8 million which is higher than goodwill amount of KES 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 subsidiary,management believes that the intangible assets will be able to generate future cash flows.

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:

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

Notes (Contd.)

1.0 Significant accounting policies (continued)

1.4 Property, plant and equipment (continued)

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.

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. Trademarks with indefinite useful life are subsequently assessed for any impairment losses.

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.

Notes (Contd.)

1.0 Significant accounting policies (continued)

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).

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 29 Financial instruments and risk management presents the financial instruments held by the Groupbased 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.

Notes (Contd.)

1.0 Significant accounting policies (continued)
1.6. Financial instruments (continued)

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) (Note 19). 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.

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).

Notes (Contd.)

1.0 Significant accounting policies (continued)

1.7 Tax (continued)

Deferred tax assets and liabilities (continued)

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.

Tax expenses

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.

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.

Notes (Contd.)

1.0 Significant accounting policies (continued)

1.10 Impairment of assets (continued)

- 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 cash-generating unit to which the asset belongs is determined.The recoverable amount of an as set 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 as set 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 as sets 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 (Contd.)

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.

- Sales of goods are recognised upon delivery of products and customer acceptance.
- 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 (Contd.)

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
- 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.

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.

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) **Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued

Notes (Contd.)

2.0 New Standards and Interpretations (continued)

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

i) Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (continued)

- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

ii) COVID-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

The amendments to IFRS 16 provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received COVID-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

Notes (Contd.)

2.0 New Standards and Interpretations (continued)

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.

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

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

iii) Amendments to IFRS 3 - Reference to the Conceptual Framework

iv) Amendments to IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use

v) Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract

vi) Annual Improvements to IFRS Standards 2018-2020 - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

vii) Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies

viii) Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

ix) Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

i) Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—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.

ii) Amendments to IAS 1 Presentation of Financial Statements—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.

Notes (Contd.)

2.0 New Standards and Interpretations (continued)

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

iii) Amendments to IFRS 3 Business Combinations—Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

iv) Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use

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. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise 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 the beginning of that earliest period presented. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

v) Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts —Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise 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 the date of initial application. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Notes (Contd.)

2.0 New Standards and Interpretations (continued)

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

vi) Annual Improvements to IFRS Standards 2018-2020—Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The Annual Improvements include amendments to four Standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1: D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

- 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 or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

- IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

- IFRS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted.

vii) Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—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.

Notes (Contd.)

2.0 New Standards and Interpretations (continued)

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

viii) Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — 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.

ix) Amendments to IAS 12 Income Taxes—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 (Contd.)

3.0 Property, plant and equipment

	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	445,243,441	(33,274,250)	411,969,191	417,105,391	(33,216,398)	383,888,993
Plant and machinery	865,459,063	(246,016,166)	619,442,897	703,304,581	(198,315,727)	504,988,854
Furniture, fixtures and equipment	58,206,657	(29,191,434)	29,015,223	49,050,237	(27,532,033)	21,518,204
Motor vehicles	203,798,005	(82,046,293)	121,751,712	194,681,994	(62,342,931)	132,339,063
Computers	15,782,119	(10,624,130)	5,157,989	12,761,234	(9,041,999)	3,719,235
Leasehold land	4,861,608	(2,851,899)	2,009,709	15,953,712	(2,816,850)	13,136,862
Capital work in progress	-	-	-	1 ,094,276	-	1,094,276
Total	**1,593,350,893**	**(404,004,172)**	**1,189,346,721**	**1,393,951,425**	**(333,265,938)**	**1,060,685,487**

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 (Contd.)

3.0 Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2020

	Carrying amount at start of the year	Additions	Disposals	Revaluations	Impairment	Depreciation	Carrying amount at end of the year
Buildings	394,545,280	-	-	-	-	(10,656,287)	383,888,993
Plant and machinery	470,550,524	65,107,864	(120,000)	-	-	(30,549,534)	504,988,854
Furniture, fixtures and equipment	24,947,511	5,722,487	(721,592)	-	-	(8,430,202)	21,518,204
Motor vehicles	137,477,348	6,790,727	(1,500,000)	-	-	(10,429,012)	132,339,063
Computers	730,893	3,708,756	(406,190)	-	-	(314,224)	3,719,235
Leasehold land	15,590,552	305,309	-	-	-	(2,758,998)	13,136,862
Capital work in progress	-	1,094,276	-	-	-	-	1,094,276
	1,043,842,108	82,729,419	(2,747,782)	-	-	(63,138,257)	1,060,685,487

Property, plant and equipment (Company)

	Carrying amount at start of the year	Additions	Disposals	Revaluations	Impairment	Depreciation	Carrying amount at end of the year
Office equipment	19,189	21,552	-	-	-	(5,482)	35,259

4.0 Right-of-use assets - Group

	Buildings Shs	Plant and machinery Shs	Total Shs
Cost			
At start of year and end of year	115,889,138	14,563,044	130,452,182
Depreciation			
At start of year	21,379,962	2,069,270	23,449,232
Charge for the year	26,809,553	2,481,235	29,290,788
At end of year	48,189,515	4,550,505	52,740,020
Carrying amount as at 31 December 2021	67,699,623	10,012,539	77,712,162
Carrying amount as at 31 December 2020	94,509,176	12,493,774	107,002,950

Notes (Contd.)

5.0 Goodwill - Group

	2021 Shs	2020 Shs
Reconciliation of goodwill		
Goodwill	71,851,809	71,851,809

Polyplay Limited

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.

6.0 Intangible assets - Group

	2021			2020		
	Cost / revaluation	Accumulated amortisation	Carrying value	Cost / revaluation	Accumulated amortisation	Carrying value
Trademarks	83,350,000	-	83,350,000	83,300,000	-	83,300,000
Software	40,120,886	(719,224)	39,401,662	8,310,237	1 ,028,400	9,338,637
	123,470,886	(719,224)	122,751,662	91,610,237	1 ,028,400	92,638,637

Intangible assets - Company

	2021			2020		
	Cost / revaluation	Accumulated amortisation	Carrying value	Cost / revaluation	Accumulated amortisation	Carrying value
Software	19,619,512	(476,856)	19,142,656	8,029,876	(215,335)	7,814,541

Reconciliation of intangible assets - Group - 2021

	Opening balance	Additions	Amortisation	Total
Trademarks	83,300,000	50,000	-	83,350,000
Software	9,338,637	31,810,649	(1,747,624)	39,401,662
	92,638,637	31,860,649	(1,747,624)	122,751,662

Notes (Contd.)

6. 0 Intangible assets (continued)

Reconciliation of intangible assets - Company - 2021

	Opening balance	Additions	Amortisation	Total
Software	7,814,541	11,589,636	(261,521)	19,142,656

7.0 Deferred tax liabilities

	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Deferred tax	(38,249,287)	(62,317,757)	-	-

Deferred tax liabilities

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	(38,249,287)	(62,317,757)	-	-

8.0 Inventories

	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Raw materials, components	569,446,566	395,247,892	-	-
Finished goods	116,213,108	105,326,123	-	-
	685,659,674	500,574,015	-	-

9.0 Trade and other receivables

Financial instruments:				
Trade receivables	618,643,463	589,029,753	-	-
Impairment	(107,205,073)	(116,079,361)	-	-
Trade receivables - related parties	-	2,994,240	3 45,541,731	58,693,714
Trade receivables at amortised cost	511,438,390	475,944,632 3	45,541,731	58,693,714
Deposits	34,727,446	11,510,878	-	-
Employee cost in advance	-	-	290,871	-
Other receivables	-	-	-	130,351
Non-financial instruments:				
Value added tax	70,115,124	55,828,579	1 ,151,746	370,413
Employee costs in advance	6,306,054	6,665,352	-	-
Prepayments	33,319,782	32,953,533	1 1,057,673	9,776,798
Total trade and other receivables	655,906,796	582,902,974	3 58,042,021	68,971,276

Notes (Contd.)

9.0 Trade and other receivables (continued)

Split between non-current and current portions

	Group		Company	
	2021 Shs	**2020 Shs**	**2021 Shs**	**2020 Shs**
Current assets	655,906,796	5 82,902,974	358,042,021	68,971,276

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

At amortised cost	546,165,836	487,455,510	345,832,602	58,824,065
Non-financial instruments	109,740,960	95,447,464	12,209,419	10,147,211
	655,906,796	582,902,974	358,042,021	68,971,276

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. 59,959,779 (2020: Shs. 47,295,039) 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 6 Months	413,683,526
Between 6 – 12 Months	37,991,313
	451,674,839

10. Investment in subsidiaries

			Group		Company	
Investments held by the Group which are measured at cost less impairment, are as follows:			**2021 Shs**	**2020 Shs**	**2021 Shs**	**2020 Shs**
Investment in subsidiaries			-	-	,531,392	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	58,502,683
Happy Eaters Kenya 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%	-	-	98,457,242	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)
			-	-	545,531,392	545,531,392

Notes (Contd.)

10. Investment in subsidiaries (continued)

Split between non-current and current portions	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Non-current assets	-	-	545,531,392	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	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Cash and cash equivalent				
Cash at bank and in hand	54,325,566	59,917,048	2,539,348	16,188,645
Bank overdraft	(299,449,382)	(278,263,962)	(93,917,871)	(96,170,394)
	(245,123,816)	(218,346,914)	(91,378,523)	(79,981,749)

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

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	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Reported as at 01 January 2021	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

Notes (Contd.)

13. Borrowings

Non-Current	Group 2021 Shs	Group 2020 Shs	Company 2021 Shs	Company 2020 Shs
Shareholders loan (Note 28)	788,009	788,009	788,009	788,009
Directors' loan	991,312	-	-	-
Bank loans	213,649,241	211,417,865	2,781,852	5,191,217
Loans from related parties (Note 28)	-	-	582,968,995	300,362,443
	215,428,562	211,417,865	586,538,856	306,341,669
Current				
Bank loans	382,545,615	228,730,944	-	3,291,354
Commercial paper	30,262,174	13,378,484	30,262,174	-
	412,807,789	242,109,428	30,262,174	3,291,354
	628,236,351	453,527,293	616,801,030	309,633,023

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 KES loans and the Libor 3 months 7.27% for USD loans. 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 of 13.5%. The loans from shareholders and related parties are unsecured, interest free and not repayable within the next twelve months.

14. Lease liabilities

	Group 2021 Shs	Group 2020 Shs	Company 2021 Shs	Company 2020 Shs
Current	4,053,773	26,159,717	-	-
Non-current	82,609,195	88,098,285	-	-
	86,662,968	114,258,002	-	-
The total cash outflow for leases in the year was:				
Payments of principal portion	14,916,471	16,194,180	-	-
	12,678,563	12,444,662	-	-
	27,595,034	28,638,842	-	-

15. Trade and other payables

	Group 2021 Shs	Group 2020 Shs	Company 2021 Shs	Company 2020 Shs
Financial instruments:				
Trade payables	539,416,500	420,790,337	5,020,711	-
Amounts due from related parties	-	-	9,985	-
Accrued expenses	91,201,315	74,969,128	3,751,590	22,605,405
Non-financial instruments:	1,541,425	-	-	-
Value Added Tax	632,159,240	495,759,465	8,782,286	22,605,405

Notes (Contd.)

16. Revenue

	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Revenue from contract with customers				
Sales	3,383,108,288	2,910,676,573	-	-

17. Cost of Sales

Sale of goods	2,238,383,462	1,769,160,997	-	-

18. Other operating income

Other income	-	1,634,879	30,288,284	59,308,880

19. Other operating gains

Gains on disposal				
Non-current assets held for sale & disposal groups	-	831,226	-	-

20. Operating profit (Continued)

Operating profit for the year is stated after charging the following, amongst others:

Auditor's remuneration - external				
Audit fees	3,695,606	6,806,424	1,541,812	1,526,166
Remuneration, other than to employees				
Administrative and managerial services	13,189,119	18,362,076	1,375,768	1,574,306
Consulting and professional services	11,584,804	18,422,315	6,247,209	15,086,642
	24,773,923	**36,784,391**	**7,622,977**	**16,660,948**
Employee costs				
Salaries and wages and other staff costs	464,371,469	424,093,514	20,109,687	25,737,988
Total employee costs	464,371,469	424,093,514	20,109,687	25,737,988

Notes (Contd.)

20. Operating profit (Continued)

	Group		Company	
	2021 Shs	2020 Shs		
Depreciation and amortization				
Depreciation on:				
- property, plant and equipment (Note 3)	70,738,234	63,138,257	5 ,482	-
- right-of-use assets (Note 4)	29,290,788	23,449,232	-	-
Amortisation of intangible assets	1,747,624	-	261,521	218,076
Total depreciation and amortization	101,776,646	86,587,489	267,003	218,076

21. Finance costs

Foreign exchange loss/(gain)	3,846,823	33,746,794	(109,625)	724,999
Interest on lease liabilities (Note 14)	12,678,563	12,444,662	-	-
Bank overdraft interest	24,822,973	21,080,699	-	-
Interest on bank loans	109,140,970	91,148,610	3,062,457	13,332,046
Total finance costs	150,489,329	158,420,765	2,952,832	14,057,045

22. Taxation

Major components of the tax expense

Current				
Current tax	27,170,843	46,203,702	-	-
Deferred tax	(17,420,563)	27,029,280	-	-
	9,750,280	73,232,982	-	-
Profit/(loss) before tax	112,294,004	148,413,415	(4,326,732)	(1,550,097)
Tax calculated at a tax rate of 30% (2020:25%)	28,073,501	37,103,354	-	-

The deferred tax arose due to the differences between the carrying amount of assets /liability and their tax base. The deferred tax for 2021 has significantly reduced because of investment allowance on the oven which was bought in the previous year was claimed at 100%, thus making the tax base to be much lower than the written down value.

Notes (Contd.)

23. Cash generated from/(used in) operations

	Group		Company	
	2021 Shs	**2020 Shs**	**2021 Shs**	**2020 Shs**
Profit/(loss) before tax	112,294,004	1 48,413,415	(4,326,732)	(1,550,097)
Adjustments for:				
Depreciation and amortisation	72,485,858	63,138,257	267,003	218,076
Depreciation on right-of-use asset	29,290,788	23,449,232	-	-
Losses on disposals	-	43,076	-	-
Finance costs	150,489,329	158,420,765	2,952,832	14,057,045
Changes in working capital:				
Inventories	(185,085,659)	(158,888,671)	-	-
Trade and other receivables	(73,003,822)	58,966,113	(289,070,745)	145,488,029
Trade and other payables	136,399,775	(45,062,555)	(13,823,119)	(420,817,153)
	242,870,273	**248,479,632**	**(304,000,761)**	**(262,604,100)**

24. Tax paid

Balance at beginning of the year	(65,169,585)	(32,442,236)	-	-
Current tax for the year recognised in profit or loss	(27,170,843)	(46,203,702)	-	-
Balance at end of the year	17,255,338	13,476,353	-	-
	(75,085,090)	(65,169,585)	-	-

25. 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.

26. 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.

27. Comparative figures

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

Notes (Contd.)

28. Related party transactions

i) Outstanding balances	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Loans from shareholders (Note 13)	7 88,009	788,009	788,009	788,009
Loans from related parties (Note 13)	-	-	582,968,995	300,362,443

29. 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 2021 and 31 December 2020 were as follows:

	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Borrowings	628,236,351	453,527,293	616,801,030	309,633,023
Bank overdrafts	299,449,382	278,263,962	93,917,871	96,170,394
Total borrowings	**927,685,733**	**731,791,255**	**710,718,901**	**405,803,417**
Cash and cash equivalents	(54,325,566)	(59,917,048)	(2,539,348)	(16,188,645)
Net borrowings	**873,360,167**	**671,874,207**	**708,179,553**	**389,614,772**
Equity	1,190,052,500	1,084,922,794	205,789,489	210,116,221
Gearing ratio	73%	62%	344%	185%

Notes (Contd.)

29. Financial instruments and risk management (continued)

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.

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, 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 in any case the Group policy is to collect postdated cheques on delivery. Collections in 2021 improved vs. 2020, as we created a new team of credit controllers and effective early 2021 outsourced debt collection services to a specialized company. Our client base is quite diversified: hardware shops, NGO, supermarkets, public institutions, schools, hospitals. We think the impact of the pandemic will be transitory, and shall be more related to a decrease of sales in the next months, as companies and people follow the quarantine directions set out by Governments.

Notes (Contd.)

29. 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:

Group	2021 Gross carrying amount	2021 Credit loss allowance	2021 Amortised cost/ fair value	2020 Gross carrying amount	2020 Credit loss allowance	2020 Amortised cost/ fair value
Trade receivables (Note 9)	618,643,463	(107,205,073)	511,438,390	603,534,871	(116,079,361)	487,455,510
Cash and cash equivalents (Note 11)	(245,123,816)	-	(245,123,816)	(218,346,914)	-	(218,346,914)
	373,519,647	**(107,205,073)**	**266,314,574**	**385,187,957**	**(116,079,361)**	**269,108,596**

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 underlying businesses, the Group's management maintains flexibility in funding by maintaining availability under committed credit lines. Notes disclose the maturity analysis of 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 - 2021	2021 Carrying amount	2020 Carrying amount
Non-current liabilities		
Borrowings (Note 13)	215,428,562	211,417,865
Current liabilities		
Trade and other payables (Note 15)	632,159,240	495,759,465
Borrowings (Note 13)	412,807,789	242,109,428
Bank overdraft (Note 11)	299,449,382	278,263,962

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

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.

Notes (Contd.)

29. Financial instruments and risk management (continued)
Foreign currency sensitivity analysis (continued)

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.

i) Foreign exchange risk (continued)

Group	UAE Dirham	Other currencies	Total
	Shs	**Shs**	**Shs**
Effect on profit - Decrease			
Year ended 31 December 2021	9,964,308	277,651	10,241,959
Year ended 31 December 2020	7,700,134	1,183,931	8,884,065

ii) Interest rate risk

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

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 Company 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 for the 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 company.

i) FTG Holdings Ltd has a low net debt EBITDA ratio, and at the end of 2021 the banking facility with SBM was renewed to finance the growth of the Group as well as the working capital.

ii) The Company is planning raise additional capital from private investors. The use of funds will be mainly the acquisition of land and building of new premises.

iii) **Assets:** The subsidiary's property, plant and equipment were revalued in 2019 by an independent valuer, with the effect of revaluation reflected in the 2019 Group figures which also gives an indication that impairment are required to be made to the Group's property, plant and equipment. The Group has in the last two 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 the property in Ethiopia in 2022, which will bring a positive impact into the Group's equity.

Notes (Contd.)

31. Detailed classification of expenses

SELLING AND DISTRIBUTION	Group 2021 Shs	Group 2020 Shs	Company 2021 Shs	Company 2020 Shs
Commission paid	3 ,236,290	2,959,496	281,113	-
Rent expense	28,023,597	32,436,647	-	-
Motor vehicle running expense	9 ,222,162	51,793,931	-	-
Promotion	80,376,052	52,704,979	-	-
Transport and freight	183,031,625	119,242,114	-	-
Telephone	3,974,445	2,279,876	9,450	-
Office expense	6 ,634,947	6,663,314	46,717	-
Postage	76,871	262,582	-	-
Work permits	3 ,681,066	3,734,979	-	-
	3 18,257,055	**272,077,918**	**337,280**	**-**

ADMINISTRATIVE EXPENSES	Group 2021 Shs	Group 2020 Shs	Company 2021 Shs	Company 2020 Shs
Administration and management fee	1 3,189,119	18,362,076	1,375,768	1,574,306
Auditors remuneration	3 ,695,606	6,806,424	1,541,812	1,526,166
Professional fees	11,584,804	18,422,315	6,247,209	15,086,642
Travelling and entertainment	-	-	-	518,768
IT Expenses	38,298	231,386	-	-
Employees costs	3 14,318,582	292,634,384	20,109,687	25,737,988
Depreciation and amortization	72,485,858	63,138,257	267,003	218,076
Depreciation on right-of-use asset	29,290,788	23,449,232	-	-
Bank charges	8 ,084,731	13,666,001	368,540	290,827
Miscellaneous expenses	28,120,491	22,782,035	19,052	174,876
Impairment on trade receivables	283,868	36,585,732	-	-
	481,092,145	**496,077,842**	**29,929,071**	**45,127,649**

OTHER OPERATING EXPENSES	Group 2021 Shs	Group 2020 Shs	Company 2021 Shs	Company 2020 Shs
Cleaning	7 ,128	541,934	-	-
Debt collection	-	244,423	-	-
Donations	143,922	175,664	-	-
Local conveyance	4 ,085,898	4,315,129	-	-
Fines and penalties	23,263	4,277,323	1,790	39,220
Insurance	15,988,440	15,118,232	703,163	703,162
Licenses	17,363,981	10,103,367	690,880	925,624
Medical expenses	3 80,467	234,951	-	-
Electricity and water	628,347	614,766	-	-
Printing and stationery	3,618,682	3,814,730	-	6,277
Repairs and maintenance	33,055,371	22,106,504	-	-
Security	6 ,889,667	7,444,718	-	-
Subscription	71,293	-	-	-
Training	335,834	-	-	-
	82,592,293	**68,991,741**	**1,395,833**	**1,674,283**

Notes (Contd.)

32. Basic earnings per share

	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Total number of shares	178,053,486	178,053,486	178,053,486	178,053,486
Total profit/(loss) for the year	102,543,724	75,180,433	(4,326,732)	(1,550,097)
Total comprehensive income/(loss) for the year	105,129,706	33,159,522	(4,326,732)	(1,550,097)
Earning per share – On profit/(loss) for the year	0.58	0 .42	(0.02)	(0.01)
Earnings per share – On total comprehensive income / (loss) for the year	0.59	0 .19	(0.02)	(0.01)

Notice of AGM

FTG Holdings Ltd
C/o JurisTax Ltd, Level 3, Ebene House, Hotel Avenue, 33 Cybercity, Ebene, Republic of Mauritius
Telephone: (230) 465 5526, Fax: (230) 4681886
Email: info@flametreegroup.com, Website: www.flametreegroup.com

Date: 6th June 2022
To: The Shareholders of the Company
From: JurisTax Ltd, Secretary
Subject: Notice of the Eighth Annual General Meeting of Shareholders of the Company to be held on Wednesday, 29th June 2022 at 12.00 hours (Kenyan Time).

Inorder to assure the health and safety of our shareholders, the Company has made arrangement for shareholders to attend this year's 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 Eighth Annual General Meeting of the Shareholders of the Company will be held via electronic communication on Wednesday, 29th June 2022 at 12:00 hours (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 31 December 2021;

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.

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, 2022 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.

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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

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

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/signup.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 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.

   (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 7'h June 2022 at 09:00 hours and shall close on 28th June 2022 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 Tuesday, 21st June 2022 at 09:00 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 shareholder appointing a proxy must provide the phone number, identity card number and email address of the proxy form. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than 24th june 2022 at 11.00hours to allow time to address any issues.

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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 the virtual AGM date should address them to the Company via email on agmftg@flametreeeroup.com by indicating their names, CDSC Account and phone number. All questions received by 23rdJune 2022 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 bv 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.

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 29th June 2022 at 12.00 noon and at any adjournment thereon.

Number of Shares held ....

....

Account number of member ....

....

Signed this .... day of 2022

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 21st June 2022 at 9.00 a.m.

LET YOUR SENSES COME ALIVE

Our Nature's Own spices and spice mixes are a cook's gateway to culinary delight.
They add flavour to a variety of dishes.
They are carefully prepared to give every dish an appetizing flavor and tantalizing taste, turning it into a delicacy.