



## PRESS RELEASE

- **Flame Tree Group sales increased by +11% up to 4,463 million Ksh.**
- **Gross margin increased 10 p.p up to 35%.**
- **EBITDA reached +421.4 million Ksh (+410% vs LY)**
- **Working capital management showed positive performance.**

**April 29<sup>th</sup> 2024, Nairobi** - FTG Holdings (FTGH: NSE) the diversified manufacturer and distributor of plastic tanks, packaging, cosmetics, snacks, spices, playground & household equipment and school furniture, has announced a positive EBITDA of 421.4 million Ksh, following another sales increase of +11%, showing YoY growth continuously for the last 6 years, and a increase of margin of 10 points. However, the company reported a net loss of 74.6M (vs -214.9M LY) due to high finance costs originated by the increase of debt in 2022, devaluation of the KES and increase of interest rates.

The Nairobi Securities Exchange (NSE) Listed firm explained that core business lines continued to show good growth rates: plastics +15.9%, FMCG lines +11.2%. However Trade registered a decrease in revenue of -47.9% falling the decline in raw material prices – mainly polymers – in 2023.

Overheads increased by +19%, mainly driven by staff cost related expenses, promotion & marketing, transport costs and depreciation costs, as a result of all new assets incorporated to the company (182 million Ksh increase in property, plant and equipment).

Working capital management continued to remain tight: 49 days of receivables, 78 days of payables (+16 days improvement vs LY) and 100 days of inventory, which was higher than average due to strategic purchases in FMCG division in Q4.

According to Mr. Heril Bangera, CEO Flame Tree Group, “From a business perspective 2023 performance showed a remarkable improvement and the EBITDA achieved marked a record in the company’s history; Ethiopia came back after 2 difficult years showing an increase of revenue vs LY and our packaging lines showed as well a growth near 40%. On the downside was the sales decline in our trade division, affected by lower prices of polymers, and more than anything else the abnormal finance costs that were due to 3 factors: exceptional high debt that the company had to take to finance raw material purchases in 2022, where prices shoot up circa 50%, the depreciation of the Kenyan Shilling and the ongoing increase of bank interest rates in 2023. It is a priority for the company to reduce the level of debt and associated finance costs, so we can invest that additional free cashflow on growing the business, instead of paying the banks” said Mr. Bangera.

Net assets of the company continued to increase and showed an accumulated growth in the last 6 years of 61%.

## **Business Outlook**

According to Oxford Economics: next year holds promise for the dawning of a new industry in Africa and somewhat of a commercial renaissance taking place in Kenya – East Africa’s economic anchor.

The IMF, in their Economic Outlook for 2024 states that in sub-Saharan Africa, growth is projected to rise from an estimated 3.3 percent in 2023 to 3.8 percent in 2024 and 4.1 percent in 2025, as the negative effects of earlier weather shocks subside and supply issues gradually improve.

Flame Tree Group has shown consistent resilience through all headwinds faced in 2022 and 2023: high inflation, sharp depreciation of the Kenyan Shilling and other local currencies vs. USD, increasing international logistic costs and lead-times, ongoing escalation of raw material prices and finance costs. However, the confidence in our performance for 2024 is stronger than ever; we operate in the youngest and fastest growing continent in the world, where so many opportunities will arise from the green economy, AI, local manufacturing and industrial integration, trade agreements within Africa and the Western world. We are ready to tap into those opportunities, and we are exploring new partnerships to scale our business and add more value to the customers we serve, by providing not only goods but water management solutions, and innovative funding solutions. We remain strongly committed to playing our role in the society through all our CSR initiatives and partners, like Mama Doing Good or our Lesso Lessons project.

The new machinery we've acquired over the past years and our acquisition of assets in 2023 has enhanced our manufacturing capacity, enabling us to produce a broader range of high-growth products in the plastic division, reinforcing our position as the leading brand and looking ahead to positive economic outcomes in this sector. Our Health & Beauty sectors are also eager to capitalize on the positive trend in consumer spending.

We have started 2024 with a revaluation of the Kenyan Shilling and the stabilization of prices, which will play a big role in the increase of our profit and cash generation. At the same time, we are working towards diversifying our funding with the objective to reduce our finance cost, that was a big burden for the Group in 2023.

On the risks side, as pointed by the World Economic Outlook, the conflict in Gaza and Israel could escalate further into the wider region, which produces about 35 percent of the world’s oil exports and 14 percent of its gas exports. Continued attacks in the Red Sea—through which 11 percent of global trade flows—and the ongoing war in Ukraine risk generating fresh adverse supply shocks to the global recovery, with spikes in food, energy, and transportation costs. Container shipping costs have already sharply increased, and the situation in the Middle East remains volatile. More extreme weather shocks, including floods and drought, could also cause food price spikes, exacerbate food insecurity, and jeopardize the global disinflation process.

**Dividend**

The board of directors do not recommend the payment of a dividend for the year ended 31 Dec 2023.

**Annual General Meeting**

The 10th Annual General Meeting of the members will be held on 25th June 2024 at 11 am in Nairobi via Virtual Media as mandated by the CMA. Formal notice of the AGM will follow.

For a copy of Flame Tree Group's financial statements, please visit [www.flametreegroup.com](http://www.flametreegroup.com)

**About Flame Tree Group**

Flame Tree Group is listed under the Growth and Enterprise Market Segment (GEMS) on the Nairobi Securities Exchange (NSE) as NSE: FTGH. Flame Tree Group is a world-class corporation in the heart of Africa that manufactures and distributes quality and affordable brands. Its strategy is to build a diversified portfolio of African-manufactured brands for African consumers, covering plastics, cosmetics and food in multiple markets and verticals.

The Group has operations in Kenya, Rwanda, Ethiopia, Mauritius, Mozambique and UAE. The company was founded in 1989 and now employs over 1,200 people, who are focused on delivering quality, value and innovation to improve customer's lives.

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FTG Holdings Ltd  
Consolidated and separate financial statements  
For the year ended 31 December 2023

**Consolidated and separate statements of profit or loss and other comprehensive income**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b> <b>Shs</b>	<b>2022</b> <b>Shs</b>	<b>2023</b> <b>Shs</b>	<b>2022</b> <b>Shs</b>
Revenue	4,462,993,507	4,026,016,240	-	-
Cost of sales	(2,915,095,580)	(2,999,688,341)	-	-
<b>Gross profit</b>	<b>1,547,897,927</b>	<b>1,026,327,899</b>	-	-
Other operating income	-	-	7,013,689	30,081,525
Selling and distribution expenses	(474,895,948)	(393,695,540)	(264,520)	(245,475)
Administrative expenses	(565,108,530)	(480,775,884)	(38,264,741)	(37,687,533)
Other operating expenses	(229,588,131)	(191,207,108)	(142,724)	(735,786)
<b>Operating profit/(loss)</b>	<b>278,305,318</b>	<b>(39,350,633)</b>	<b>(31,658,296)</b>	<b>(8,587,269)</b>
Finance costs	(339,743,241)	(226,378,397)	(3,778,787)	(4,435,431)
<b>Loss before taxation</b>	<b>(61,437,923)</b>	<b>(265,729,030)</b>	<b>(35,437,083)</b>	<b>(13,022,700)</b>
Current tax	(9,199,710)	(4,892,818)	-	-
Deferred tax	(4,018,269)	55,649,952	-	-
<b>Loss for the year</b>	<b>(74,655,902)</b>	<b>(214,971,896)</b>	<b>(35,437,083)</b>	<b>(13,022,700)</b>
<b>Other comprehensive income:</b>				
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>				
Transfer to legal reserve	637,707	-	-	-
Gains on property revaluation	90,356,777	368,268,769	-	-
Exchange differences on translation of foreign operations	8,407,028	(57,670,361)	-	-
<b>Other comprehensive income for the year net of tax</b>	<b>99,401,512</b>	<b>310,598,408</b>	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>24,745,610</b>	<b>95,626,512</b>	<b>(35,437,083)</b>	<b>(13,022,700)</b>
<b>Basic earnings per share</b>				
Earnings per share — loss	(0.42)	(1.21)	(0.20)	(0.07)
Earnings per share — On total comprehensive income/(loss)	0.14	0.54	(0.20)	(0.07)

**Consolidated and separate statements of financial position**

	Group		Company	
	2023 Shs	2022 Shs	2023 Shs	2022 Shs
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1,731,165,113	1,549,238,828	32,775	35,499
Right-of-use assets	57,155,115	45,718,029	-	-
Goodwill	71,851,809	71,851,809	-	-
Intangible assets	186,982,768	165,366,931	36,353,059	30,676,826
Investments in subsidiaries	-	-	577,093,954	577,093,954
	<b>2,047,154,805</b>	<b>1,832,175,597</b>	<b>613,479,788</b>	<b>607,806,279</b>
<b>Current assets</b>				
Inventories	882,382,994	793,933,541	-	-
Trade and other receivables	932,059,403	814,999,894	345,793,354	385,089,534
Current tax recoverable	17,776,190	21,864,568	-	-
Cash and cash equivalents	131,927,780	73,330,717	9,207,975	535,044
	<b>1,964,146,367</b>	<b>1,704,128,720</b>	<b>355,001,329</b>	<b>385,624,578</b>
<b>Total Assets</b>	<b>4,011,301,172</b>	<b>3,536,304,317</b>	<b>968,481,117</b>	<b>993,430,857</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Share capital	146,894,092	146,894,092	146,894,092	146,894,092
Share premium	152,450,453	152,450,453	152,450,453	152,450,453
Legal reserve	4,303,168	3,665,461	-	-
Translation reserve	(101,256,891)	(107,268,696)	-	-
Revaluation reserves	805,746,945	715,390,168	-	-
Retained earnings/(accumulated losses)	302,286,855	374,547,534	(142,014,839)	(106,577,756)
	<b>1,310,424,622</b>	<b>1,285,679,012</b>	<b>157,329,706</b>	<b>192,766,789</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
Borrowings	684,080,999	196,258,994	761,253,694	653,813,822
Lease liabilities	61,667,676	51,019,168	-	-
Trade and other payables	-	-	13,281,527	-
Deferred tax	64,890,440	53,867,120	-	-
	<b>810,639,115</b>	<b>301,145,282</b>	<b>774,535,221</b>	<b>653,813,822</b>
<b>Current Liabilities</b>				
Trade and other payables	854,057,724	762,018,782	18,421,625	12,999,200
Borrowings	547,309,427	843,060,887	18,179,731	25,335,885
Lease liabilities	3,759,955	4,053,773	-	-
Bank overdrafts	485,110,329	340,346,581	14,834	108,515,161
	<b>1,890,237,435</b>	<b>1,949,480,023</b>	<b>36,616,190</b>	<b>146,850,246</b>
<b>Total Liabilities</b>	<b>2,700,876,550</b>	<b>2,250,625,305</b>	<b>811,151,411</b>	<b>800,664,068</b>
<b>Total Equity and Liabilities</b>	<b>4,011,301,172</b>	<b>3,536,304,317</b>	<b>968,481,117</b>	<b>993,430,857</b>

**Consolidated and separate statements of changes in equity**

<u>Group</u>	Share capital Shs	Share premium Shs	Legal reserve Shs	Translation reserve Shs	Revaluation reserves Shs	Retained earnings Shs	Total equity Shs
<b>As at 01 January 2022</b>	<b>146,894,092</b>	<b>152,450,453</b>	<b>3,665,461</b>	<b>(49,598,335)</b>	<b>347,121,399</b>	<b>589,519,430</b>	<b>1,190,052,500</b>
Other comprehensive income	-	-	-	(57,670,361)	368,268,769	-	310,598,408
(Loss) for the year	-	-	-	-	-	(214,971,896)	(214,971,896)
<b>As at 31 December 2022</b>	<b>146,894,092</b>	<b>152,450,453</b>	<b>3,665,461</b>	<b>(107,268,696)</b>	<b>715,390,168</b>	<b>374,547,534</b>	<b>1,285,679,012</b>
<b>As at 01 January 2023</b>	<b>146,894,092</b>	<b>152,450,453</b>	<b>3,665,461</b>	<b>(107,268,696)</b>	<b>715,390,168</b>	<b>374,547,534</b>	<b>1,285,679,012</b>
Other comprehensive income	-	-	637,707	6,011,805	92,752,000	-	99,401,512
Transfer of realised revaluation reserve (Note 34)	-	-	-	-	(2,395,223)	2,395,223	-
Loss for the year	-	-	-	-	-	(74,655,902)	(74,655,902)
<b>As at 31 December 2023</b>	<b>146,894,092</b>	<b>152,450,453</b>	<b>4,303,168</b>	<b>(101,256,891)</b>	<b>805,746,945</b>	<b>302,286,855</b>	<b>1,310,424,622</b>

**Consolidated and separate statements of cash flows**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>
<b>Operating activities</b>				
Cash generated from/(used in) operations	306,383,785	(54,588,158)	26,344,560	(31,418,108)
Finance costs	(339,743,241)	(226,378,397)	(3,778,787)	(4,435,431)
Tax paid	(36,477,948)	(9,502,048)	-	-
<b>Net cash (used in)/from operating activities</b>	<b>(69,837,404)</b>	<b>(290,468,603)</b>	<b>22,565,773</b>	<b>(35,853,539)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(126,741,865)	(69,831,030)	-	-
Proceeds from sale of property, plant and equipment	25,593,803	3,749,743	-	-
Acquisition of investment in subsidiary	-	-	-	(31,562,562)
Purchase of intangible assets	(22,902,970)	(42,825,982)	(5,676,233)	(11,534,170)
<b>Net cash used in investing activities</b>	<b>(124,051,032)</b>	<b>(108,907,269)</b>	<b>(5,676,233)</b>	<b>(43,096,732)</b>
<b>Cash flows from financing activities</b>				
Proceeds from/(repayment of) borrowings	192,070,545	411,083,530	100,283,718	62,348,677
Payments of principal portion of the lease liability	(19,934,934)	(21,850,039)	-	-
<b>Net cash from/(used in) financing activities</b>	<b>172,135,611</b>	<b>389,233,491</b>	<b>100,283,718</b>	<b>62,348,677</b>
<b>Net movements in cash and cash equivalents</b>	<b>(21,752,825)</b>	<b>(10,142,381)</b>	<b>117,173,258</b>	<b>(16,601,594)</b>
Cash and cash equivalents at the beginning of the year	(266,805,151)	(245,123,816)	(107,980,117)	(91,378,523)
Effects of foreign currency translations	(64,413,860)	(11,538,954)	-	-
<b>Cash and cash equivalents at end of the year</b>	<b>(352,971,836)</b>	<b>(266,805,151)</b>	<b>9,193,141</b>	<b>(107,980,117)</b>