flame tree
GROUP

ANNUAL REPORT 2023

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STRICTLY PRIVATE AND CONFIDENTIAL

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Vitamin C
Body & Face Lotion
WILLS
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Antiseptic Disinfectant
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EXTRA STRONG
DUAL POWER
Dishwashing Liquid
Zoe Naturals
Floral Fantasy
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Crystal Clear Shampoo
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SECTION 1

COMPANY INFORMATION

Overview

In our pursuit of building world-class African brands, Flame Tree Group is dedicated to collaborating with partners and harnessing their expertise and experience. We are committed to fostering agility and excellence throughout our organization while upholding our strong culture and values within a framework of compliance.

The 2023 Annual Report and Financial Statements serve as a transparent reflection of our endeavors to realize our objectives. Covering the fiscal year from January 1st January to December 31st, 2023, this report offers a comprehensive insight into the value we deliver to our stakeholders and our broader impact on society.

With a focus on transparency, accountability, and sustainability, we disclose both our achievements and challenges. Through detailed graphs and tables, we provide stakeholders with material and comparable information, empowering them to assess our performance and hold us to account for our actions. This report underscores our ongoing commitment to transparency, accountability, and sustainability while offering a clear overview of the value we contribute to stakeholders and society at large.

Chairman's statement

Dear fellow shareholders and partners

Flame Tree Group made strong progress towards the path of profitability, showing solid growth in sales, a recovery in margin of over 10 percent and a remarkable EBITDA of plus 420MmKES.
There are many reasons for optimism: Africa is the fastest-growing continent and is expected to account for one-quarter of the world's population by 2050. Currently 30% of the population is less than 35 years. EAC has 400M people, 25% of Africa. Regional integration would result in a market of 1.2Billion people with a G.D.P. of $3 Trillion USD. This all means more multinational corporations see a need to have a direct presence somewhere in sub-Saharan Africa.

During her recent visit to Kenya, the US Secretary of Commerce Hon. Gina Raimondo noted that Africa is playing an increasingly influential role in the global economy, culture, and politics:
"The narrative around Africa has changed completely. It is no longer the tired false narrative that it's a continent of challenges. The narrative is that it is a continent of opportunity and solutions".

In the same forum, the US Ambassador Meg Whitman referred to Kenya as an 'innovation nation', a nation of entrepreneurs. Investing in Africa and specifically Kenya, she said, offers opportunities to do good whilst growing your business and mentioned that in 2023 alone there were over 550 new deals worth over 15 billion USD in two way trade investments.

> The narrative around Africa has changed completely. It is no longer the tired false narrative that it's a continent of challenges. The narrative is that it is a continent of opportunity and solutions.
>
> - US Secretary of Commerce Hon. Gina Raimondo

Reflecting on 2023 and Anticipating 2024

The Ambassador also remarked on areas such as digital connectivity – the silicon Savannah project – and renewable energy as two of the main drivers to attract investment, and in this context, manufacturing is the backbone of social and economic development, promoting trade and creating jobs.
The attempt to transition away from fossil fuels is redrawing the energy map and giving new prominence to countries that can supply lithium, nickel, cobalt and copper. More than 90% of the energy in Kenya is already from renewable sources – geothermal, solar, wind, which makes it a very attractive investment point for companies to comply with their scope II & III green house emissions and goals.

I would now like to highlight the economic outlook and challenges for the coming years that affect our Company. Global growth is projected to be moderate, with sub-Saharan Africa showing slightly higher growth. Various factors such as China's slow growth, upcoming major elections, geopolitical conflicts, and local insecurities in Africa are influencing these projections.

The end of easy monetary policies due to the COVID-19 pandemic has led to increased inflation and higher interest rates, tightening economic conditions and impacting corporate debt servicing. This situation has posed significant challenges for FTG, particularly in securing favorable funding conditions.

The restructuring of our debt will enable the company to free up cash flow to continue growing and gaining market share in our current markets and in new ones. New projects are also in the pipeline, and we are considering potential partnerships to tap into the immense opportunities that Africa is creating and be one of the leading companies that will make the African transformation a reality, by generating new revenue streams with innovative solutions and products and creating jobs for our youth.

We look forward to a very prosperous 2024, we are ready for the hard work ahead and we remain very motivated by the new opportunities that arising in the Region.

May you our partners, loyal customers and suppliers also have, a very good year ahead,

Sincerely,

George Theobald
Chairman of the Board – FTG Holdings.

Chief Executive Officer's statement

Fellow Shareholders,

As I look back and reflect on 2023, a year marked by harrowing conflicts around the world, this was a year of execution for Flame Tree Group. We took decisive action to strengthen our core businesses, and I'm proud of the progress we made. We put the firm in a stronger position for 2024 and beyond, as we continued to execute on our growth strategy, coming out from the soaring prices of raw material that swept our margins in 2022 and led to us to duplicate our debt to finance working capital. From a business perspective 2023 performance showed a remarkable improvement and the EBITDA achieved marked a record in the company´s history: +421.4 million Ksh (+410% vs LY); core business lines continued to show good growth rates: plastics +15.9% , FMCG lines +11.2%. Ethiopia came back after two difficult years showing an increase of revenue of almost 6 times vs LY and our packaging lines showed a growth as well 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, 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.

Net assets of the company continued to increase and showed an accumulated growth in the last 6 years of 61%. In the aftermath of the pandemic and the further strains of a changing world, economic & humanitarian crisis, weather shocks… our values have been driving us through every storm: our diverse backgrounds, cultures, and experiences, emphasize teamwork, trust and respect for others' perspectives and expertise. A working environment that encourages the free flow of ideas and the sharing of knowledge and creates a feeling of belonging. As Management we try to conduct ourselves in our professional and personal lives with authenticity and humility. We are also a culture of apprenticeship. We teach our colleagues who are just joining our teams how to conduct our business and pass down the values that define FTG. How we handle ourselves in difficult moments, our thought process, and our ability to innovate and strategize ways to overcome every challenge has been such a strong asset to our value creation and resilience as a company.

> A working environment that encourages the free flow of ideas and the sharing of knowledge and creates a feeling of belonging. As Management we try to conduct ourselves in our professional and personal lives with authenticity and humility

Highlights from 2023 and Predictions for 2024 and Beyond

Business Outlook

Oxford Economics insists: 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 scalation 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. Our Ethiopia entity is making solid progress on the road to recovery, 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.

As I write this letter, Kenya is still experiencing devastating effects from the heavy rains and floods throughout the country, and again, we remain committed to our shared values and will assist in the rebuilding of schools and housing for the most vulnerable through donations of school furniture, water tanks and other products as well as volunteering work from our staff. We must promote and live enduring human values like compassion, empathy, humility and respect for others so we can all contribute our share to the success and growth of Africa. I´m sure together we have a bright future ahead. I would also like to express my sincere gratitude to our clients, partners, suppliers and bankers for their continuous support. You are all a decisive part of our success.

Warm regards and best wishes to all,

Heril Bangera
Chief Executive Officer FTG Holdings.

About Flame Tree Group

The name "Flame Tree" holds profound significance both in Africa and globally. Found abundantly across various regions of Africa and beyond, the Flame Tree stands as a striking symbol of nature's grandeur. During its blooming season, these trees illuminate the forest with vibrant bursts of red, akin to candles casting a mesmerizing glow. Often referred to as the "Flame of Africa," this majestic tree evokes notions of stability and natural beauty. At Flame Tree Group, we draw inspiration from this emblematic tree as we strive to connect with the people of Africa through our diverse range of products. With a commitment to offering World-class quality goods manufactured in Africa for Africa, our brands enhance the daily lives of individuals across the continent.

OUR VISION

Creating world class African brands.

OUR MISSION

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

OUR CORE VALUES

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

Our Company Strategy

Maxime efficiency and productivity in our manufacturing processes

Continuous innovation to deliver new products to the market at competitive prices

Quality, professionalism and risk management

Deliver brand promise

Sustain growth & development

Maintain key personnel and train second level management to ensure a strong team aligned to company´s values

Consider long term financial sustainability in the company's future

Strategic Goals

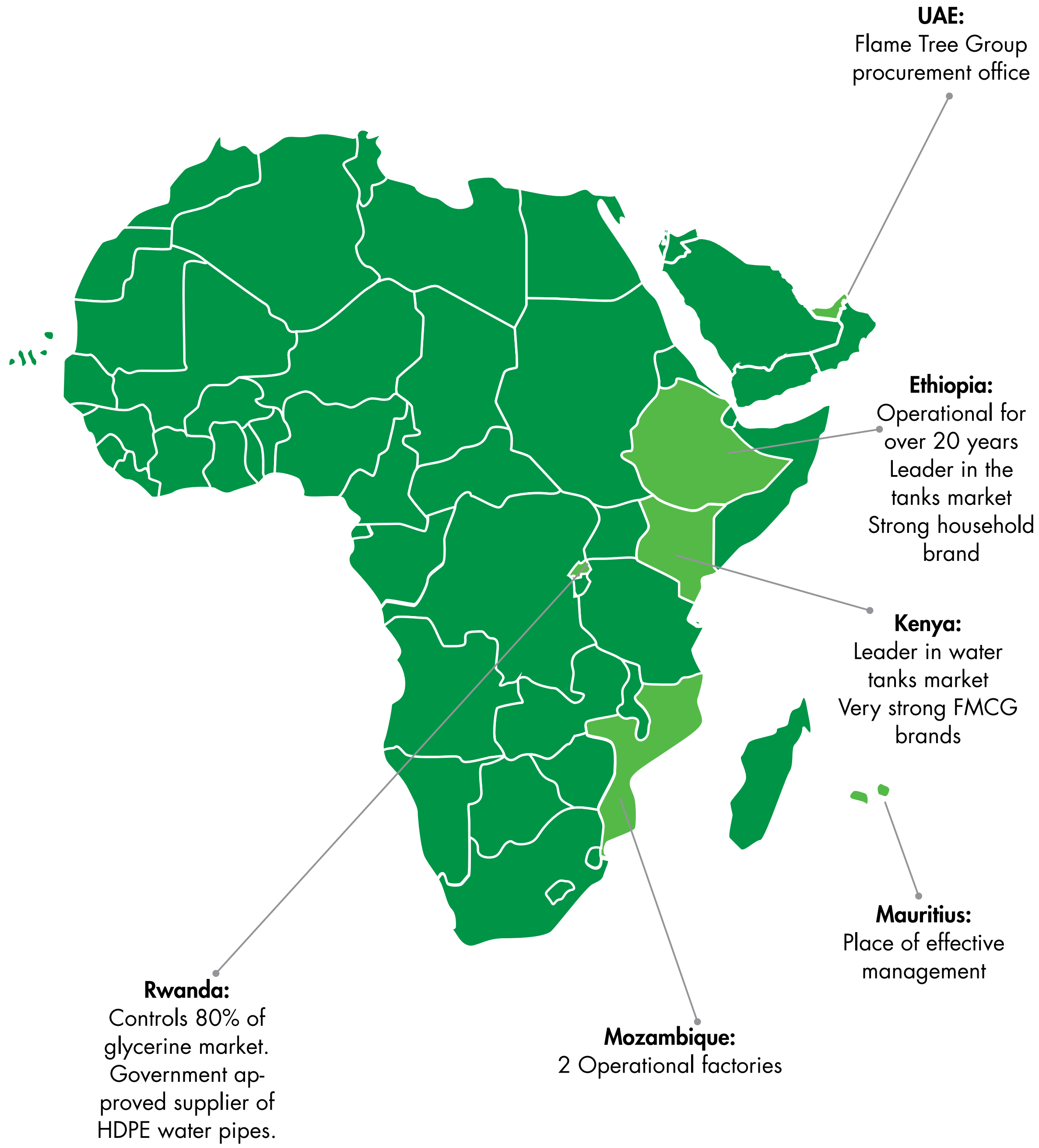
1 Grow business lines

2 Diversify product portfolio

3 Maintain higher levels of efficiency

4 Secure new sources of funding

Pan-African Footprint



KEY:

Flame Tree Group pan-african footprint

Company Structure

Water, Sanitation and Packaging

- 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

Nutrition

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

Retail and trading

- Cirrus International FZC, Dubai
- Buildmart Limited, Rwanda

Beauty

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

Support services

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

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.

Company Information

Board of Directors

Heril Bangera
Gilles Kichenin
Frank Ireri
Imalambaal Kichenin
George Theobald

Registered Office

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

Administrator and Company Secretary

JurisTax Ltd
Level 3, Ebene house, Hotel Avenue,
Ebene Mauritius.

Principal Bankers

SBM Bank Mauritius
SBM Bank Kenya
Diamond Trust Bank Kenya
ABSA Bank Kenya

Auditors

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

Tax Advisors

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

Nominated Advisor

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

Legal Governance Auditor

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

Corporate Governance Auditor

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

Company Registrars

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

ESG Consultant

Christine Gatakaa

Flame Tree Holdings Annual Report 2023

Board of Directors

GEORGE CARMICHAEL THEOBALD - CHAIRMAN

Bimb Theobald, a Tanzanian citizen with over 25 years of residency, serves as Chairman of Tatepa PLC. He's a respected businessman who spearheaded the Tatepa project, leading it to listing on the Dar es Salaam Stock Exchange. Additionally, he sits on the boards of Wakulima Tea Co LTD, Equity Bank Tz Ltd, Pamoja Holdings (Swiss), and Marginpar (Dutch). Theobald also chairs Nomad Tanzania Ltd., an eco-conscious tourism company with European stakeholders, and Flame Tree Group, listed on the Nairobi Stock Exchange.

HERIL COLBERT BANGERA - FOUNDER AND CEO

Heril Bangera founded the first subsidiary of the Issuer, Roto Moulders Limited, in 1989 and has played a pivotal role in the Group's growth since then. He oversees the overall management and strategic planning of the Group. With a Bachelor's Degree in Mechanical Engineering and over 30 years of business experience, Heril also completed the Owners Management Program at Strathmore University.

FRANK IRERI - NON-EXECUTIVE DIRECTOR

Frank Ireri, with over 30 years of diverse experience in auditing, consulting, and banking across multiple countries, held prominent roles at respected institutions like Deloitte, Citibank NA, Commercial Bank of Africa Ltd, Barclays Africa, and HF Group. Throughout his career, he chaired significant committees and boards, including those of the Kenya Bankers' Association Operations Committee, the Kenya Institute of Bankers, and the AIESEC Board of Advisors. Currently, he serves as Chairperson for Habitat for Humanity Kenya and holds board positions at Amref Flying Doctors, Amref Health Africa, Centum Real Estate Limited, Kenya Pipeline Company, and Kentegra LLC. In 2011, his contributions were recognized with the prestigious Elder of the Burning Spear (EBS) award by President Mwai Kibaki.

IMALAMBAAL KICHENIN - EXECUTIVE DIRECTOR

With over 20 years of industry experience, Nishi has been the driving force behind JurisTax. After teaching law and corporate administration for eight years, she founded JurisTax in 2008, leveraging her legal expertise. As the CEO, she leads the company's strategic vision and oversees daily operations, fostering a multi-boutique structure to empower leaders within the group. Nishi's passion for kickboxing reflects her commitment to a fit lifestyle and her "mind over matter" approach, which she applies to decision-making, keeping JurisTax at the forefront of finance and technology.

GILLES KICHENIN
- EXECUTIVE DIRECTOR

Gilles Kichenin boasts over 20 years of professional experience in financial and management consulting. He currently holds the position of financial and administrative director at Turquoise Capital Management Ltd and serves as the Director General at Akshar and Services Trading Ltd. Previously, he was the Chief Finance Officer of Apavou Group and held management roles at prominent regional businesses.

Jojo Plastics Ltd shines as a symbol of creativity and dependability in the field of packaging solutions. Offering a wide range of products for different sectors like food and drinks, beauty, medicine, and manufacturing, we are dedicated to delivering top-notch quality and ensuring customer contentment.

Senior Management Biographies

HERIL BANGERA
CHIEF EXECUTIVE OFFICER, FLAME TREE GROUP

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 CFO, FLAME TREE GROUP

Beatriz, who joined FTG in January 2019, brings a unique blend of expertise in commercial, financial, cultural, and political realms, particularly in aid development and agriculture. With over 20 years of finance experience, she holds a Master's in Business Administration from IESE Business School in Madrid, Spain, a Master's in Business Law from the University of Navarra in Pamplona, Spain, and a Bachelor's in Economics and Business Administration from the University of San Pablo CEU, Madrid. Beatriz has held key positions such as Chief Financial Officer for Africa and the Indian Ocean at CAMUSAT International and Finance Director at IBERDROLA Engineering (Kenya). Notably, she served as Group CFO and Corporate Business Transformation Director at ADVEO Group International (Spain), overseeing operations in six European countries with a turnover of Euro 1300 million. Beyond her professional achievements, Beatriz has led impactful initiatives in Kenya, focusing on education, hospital management, and agribusiness.

DEE-VONA QUADROS
GROUP HR MANAGER, FLAME TREE GROUP

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.

SONIA BANGERA,
MARKETING DIRECTOR, FLAME TREE GROUP

Sonia Bangera, a seasoned marketing professional with over 25 years of experience, currently holds the position of Group Marketing Director at Flame Tree Group. She excels in business development and strategy formulation. Sonia's academic background includes a Master's degree in Business Administration-Marketing from Mt. Carmel Institute in Bangalore and a Bachelor's degree in Computer Science from Bangalore University. This blend of education has equipped her with strategic thinking, leadership skills, and a deep understanding of the digital landscape. Her market insights and consumer connections have driven the success of various FMCG brands. At Flame Tree Group, Sonia leads digital and social media efforts across multiple countries, spearheading groundbreaking marketing campaigns that elevate the company's success.

SECTION 2

ENVIRONMENTAL SOCIAL GOVERNANCE REPORT 2023

As a responsible corporate entity, Flame Tree Group (FTG) is deeply committed to exceeding basic regulatory standards in our sustainability efforts. This involves investing in and implementing robust management systems that prioritize the health and safety of our employees. Our aim is to enhance competitiveness, resilience to disruptions, adaptability to change, unity in core values, and accountability in our treatment of both people and the environment through our Corporate Social Initiatives (CSI). Aligned with the United Nations Sustainable Development Goals (UNSDGs), our overarching sustainability objectives are structured around global sustainability pillars. These pillars include:

- Being a trusted corporate leader: We prioritize the development of trust as a corporate leader, ensure ethical value chains, and enhance accountability to communities.
- Fostering thriving communities and employment opportunities.
- Promoting a healthy environment: This involves monitoring carbon emissions, contributing to reforestation efforts, and achieving positive biodiversity outcomes.

Following the guidance outlined in the NSE ESG Disclosures Guidance Manual, we have defined our direction as a group committed to leading the charge in Social Value Creation. We actively engage in business activities that address social issues. Moreover, recognizing the increasing importance of non-financial information in evaluating corporate activities, we integrate our Environmental, Social, and Governance (ESG) perspective to align with societal needs, including the SDGs. This alignment ensures that our CSI initiatives are closely intertwined with our business strategies, thereby fostering growth not only for FTG but for society as a whole.

To bolster our ESG efforts, we have established an ESG team comprising ESG champions in each company, along with an ESG coordinator. This team is dedicated to streamlining and supporting comprehensive ESG data collection and documentation. Additionally, we have enlisted the expertise of an ESG consultant to guide us in adhering to ESG compliance measures and enhancing coherence between our ESG initiatives and other corporate activities.

Our ESG Targets

Flame Tree Group Environmental, Social and Governance Targets

Environmental

Development of an Environment and Social policy, including:

- Annual carbon reporting
- Reducing our carbon footprint by sourcing renewable energy
- Promoting circular solutions and minimising waste to landfill
- Reducing water usage through water harvesting and recycling efforts
- Reducing paper use across all our offices
- Deploying a plan for a responsible procurement approach

Social

Our company is committed to the following principles:

- All our employees receive training to acquire the technical skills necessary for their roles.
- We prioritise health and safety at work, aiming for zero accidents through continuous improvement.
- We strive for a 50:50 gender balance in our workforce.
- Our strong community engagement is demonstrated through our Corporate Social Investments.
- We conduct 100% quality assessments of our products to ensure the safety of our brands for our customers and consumers.
- We are dedicated to developing and aligning our human resources with the company's needs.

Governance

- Ensure the ESG agenda is integrated into the discussions of the Board of Directors and Management to promote a sustainable development mindset.
- Adhere to the FTG Code of Conduct, laws, and established policies. Conduct an annual review to strengthen the Code of Conduct and ensure compliance.
- Promote diversity in leadership.

Stakeholder Relationships

Engaging our Stakeholders

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

Engaging our Stakeholders

Stakeholder group	Stakeholder interest	Value is created and preserved through...	Engagement platforms
Employees **Metrics and key objectives that we monitor** • A culture that is client-centered and innovative. • A diverse and inclusive employee profile. • Employee attrition. • Employee satisfaction metrics.	• A working environment that encourages professional growth and high performance. • Motivated and skilled employees, together with efficient, innovative, and value-creating solutions, services, and operations, offer value to our customers.	• Employment opportunities in the countries in which we operate; • Rewarding employees for the value they add; • Embracing flexible working practices; • Encouraging our employees to embrace technological changes, further their careers, and improve our services and products; and • Our contribution to the transformation towards a more inclusive society through employment equity and gender equality.	• Learning & Development Programmes (through annual training); • Senior Management visits to touchpoints • Email engagements • KPIs appraisal and performance Review and Development Cycle) • Department Meetings, Senior Management Quarterly Engagements, Team Groups, Senior Management Offsite, and Department Offsite
Customers **Metrics and key objectives that we monitor** • Brand value • Customer satisfaction • Client complaints. • Impactful solutions that make a difference (e.g. aligned to UN SDGs).	• Unique and quality products to meet their needs. • Our customers remain key in driving up our sales, allowing us to fund our activities. Revenue rises as a result of acquiring more customers and strengthening existing relationships, while responsible business practices and world-class risk management prevent value loss.	• Developing innovative products that meet our customers' specific needs; • Understanding our customers' pain points; • Value-for-money products that are competitive and transparent in the pricing	• Marketing campaigns in TV, newspapers, and social media; Customer satisfaction survey; • In-shop promotions; • Product workshops and events; • Digital and online marketing platforms
Shareholders/ Investors **Metrics and key objectives that we monitor** • Net Asset Value per share growth. • ROE and cost-to-income ratios. • Price-to-book ratios. • Dividends paid • Relative share price performance. • AGM voting outcomes.	• Business continuity and expansion, including strategic investments, are made possible by the financial capital we obtain from equity and debt investors and retained earnings. • Enhanced corporate reporting to inform the assessment of risks and returns and improved performance of the Group.	• Boosting the Net asset value, dividends, returns, and share price; • Preserving a healthy balance sheet to guard against downside risk (such as the Covid-19 pandemic, and Ukraine-Russia War); • Sustainably investing in and expanding our operations; and • Adhering to good ESG practices that guarantee the long-term viability of the Group.	• Annual General Meeting, • Financial statements; • Media releases; • Investor Presentations. • Rolled out Oracle Net suite for financial & analytical reporting
Regulators/ Government **Metrics and key objectives that we monitor** • Effective delivery of compliance with regulatory change (meeting minimum regulatory requirements) • We are monitoring payment of corporate taxes.	• Tax Compliance • The economic and social development of the countries in which we operate depends on the tax we pay. • Good governance and compliance. • Reduction of systemic risks • We have to fully comply with the laws of the countries in which we operate.	• Embracing sustainable business practices and regulatory compliance; and • Working closely with regulators in times of crisis. • Contributing to government accounts through our corporate taxes and employees' taxes.	• Annual audits, Timely reports Corporate policies
Society **Metrics and key objectives that we monitor** We continuously work on building strong partnerships and relationships with our community through engaging in sustainable business activities and various CSR projects.	A business that serves the community better. We embrace our role in society as active builders of a thriving society.	Achieving positive economic, environmental, and social change through our SDG-aligned business activities; Being a valuable member of society as a consumer and supplier of goods and services; Making a difference through our CSR activities and partnerships.	• CSI investment programs; Volunteering programs

Material Matters

We recognise that Sustainability is not only good for business but is integral to the way we manufacture and distribute our products. This understanding provides insights on how to improve our engineering, operations, health, and safety management processes as well as the approach to ESG risks management and opportunity identification.

Risk	Importance	Issues we consider	Our approach	Opportunities
Environment	High	• The global transition to green energy. • Stricter environmental regulations. • Carbon emissions. • Biodiversity conservation & Land use.	• Switched to solar power energy • Installation of power factor correction equipment • Investment in recycling machinery in all our sites • Recycled material as part of our production inputs	• Cost savings through reduced energy costs • Improved efficiency as power factor corrections reduces energy waste. • **Recycling profits:** investment in recycling will create new revenue streams by processing and selling recycled materials. • Transitioning to solar power and using recycled materials reduce greenhouse gas emissions, contributing to global climate change.
Social	Medium to high	• Strained community relations • Shifting consumer behaviour • Data privacy, security and protection • Human capital and rights. • Occupational health and safety	Invested in Corporate Social Investments to support communities in countries of operation. Continuously work towards innovations to meet our customers' needs. Development of human capital through training and an effective appraisal system. Data protection policy implementation	Improved customer satisfaction, and loyalty, Improved employee relations. Improved return on sales, Sales growth, Return on assets Return on equity.
Governance	High	• Shareholder transparency • Risk management structure. • Bribery, Corruption, & Political Risk.	Whistleblowing policy Insider trading policy Corporate governance Audit Anti-corruption training	

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.

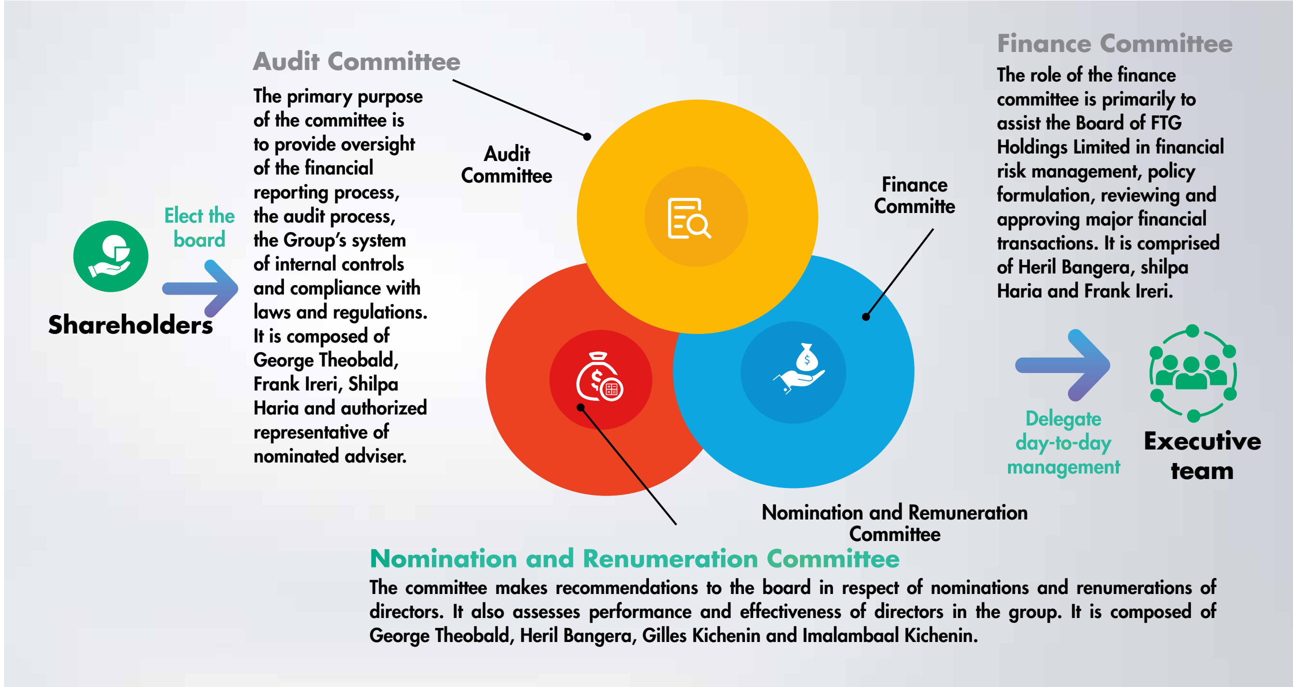
We also conducted our Corporate Governance Audit as mandated by the CMA, where we successfully scored 81.60/100, improving on our previous' mark.
Good corporate governance is regarded as critical to the success of the business of the Group and the board is unreservedly committed to applying the fundamental principles of good governance – transparency, integrity, accountability and responsibility - in all dealings by, in respect of and on behalf of the Group. The Board accordingly embraces the principles of good governance as set out in a number of governance frameworks including the Principles for Corporate Governance in Kenya.

The board develops and maintains reporting and meeting procedures for itself and its committees.
Regular board meetings are held once per quarter. Board meetings take place at the Group's offices unless otherwise decided by the board.
The Board may form committees of its members and may delegate any of its powers to any such committee. The frequency of the committee meetings are determined by the individualcommittee, as stated in the terms of reference for each committee.The quorum necessary for the transaction of the business of the board is at least three executive directors present either personally or by alternate. The Annual General Meeting of members elects directors on the basis of their professional competencies, personal qualities and the contribution they can make to the governance of the organization.

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

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

The Corporate Governance Framework



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

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

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

Composition of the Board of Directors

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

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

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

Board Effectiveness and Evaluation

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

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

Remuneration of the Directors

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

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

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

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

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

Responsibilities of the Board

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

The Board must specifically:

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

Board Committee

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

- **Audit Committee**

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

The composition of the committee is as follows:

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

Flame Tree Holdings Annual Report 2023

- **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	2,926,900	1.64
3	Dawid,Dominikus Johannes	2,605,200	1.46
4	Stanbic Nominees Ltd A/C Nr1030823	2,498,734	1.40
5	Kestrel Capital Nominee Services Limited A/C 8	1,551,060	0.87
6	Shah,Ramesh Chandra G.	1,448,933	0.81
7	Mwaniki,Njuki	1,173,800	0.66
8	Gichuki,Simon Gachira	1,012,330	0.57
9	Sbm Bank Nominees Ltd A/C 0042	958,210	0.54
10	Njeru,Constantine Rutere	957,200	0.54
11	Stanbic Nominees Limited A/C R88601	939,410	0.53
12	Burbidge,Edward Lyndon Lovell	414,130	0.23
13	Gacheru,Charles Kiai	332,523	0.19
14	Juma,Al-Noor Akbarali	275,200	0.15
15	Shah,Parit Narendra	235,000	0.13
16	Tole,Mwakio Peter	233,000	0.13
17	Standard Chartered Nominees A/C 9675C	231,904	0.13
18	Gadani,Rakesh Prakash	231,100	0.13
19	Standard Chartered Kenya Nominees Ltd A/C Ke004504	225,893	0.13
20	Khan,Imtiaz	205,810	0.12

Distribution of Shares as at 31-Dec-2023

No.	Range	Shares	Shares %	Shareholders	Shareholders %
1	1 - 500	194,587	0.11	1,241	58.07
2	501 - 5000	1,026,694	0.58	584	27.33
3	5001 - 10000	694,408	0.39	94	4.40
4	10001 - 100000	5,047,910	2.84	175	8.19
5	100001 - 1000000	8,295,688	4.66	35	1.64
6	>1000000	162,794,199	91.43	8	0.37
TOTALS		**178,053,486**	**100.00**	**2,137**	**100.00**

Shareholder Analysis by Domicile as at 31-Dec-2023

No.	Industry	Shares	Shares %	Shareholders	Shareholders %
1	East African Community Partner States Individuals	166,979,777	93.78	2,055	96.16
2	East African Community Partner States Institutions	5,272,935	2.96	65	3.04
3	Foreign Individual	3,302,040	1.85	16	0.75
4	Foreign Institutions	2,498,734	1.40	1	0.05
	Totals	**178,053,486**	**100.00**	**2,137**	**100.00**

The Director's Remuneration Report

FTGH is pleased to present the Director's remuneration report for the year ended 31 December 2023. 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 2023

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 2023, together with comparative figures:

Director's Remunaration 2023

	2023	2022	2021
Heril Colbert Bangera	27,875	23,876	23,058
Imalambaal Kichenin	72	72	72
Giles Kichenin	72	72	72

Non-Executive Directors	**Fixed Retainer**			**Sitting Allowance**		
-	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**
George Theobald	1465	1,294	1101	0	183	277
Frank Ireri	769	607	714	308	314	286

SECTION 3

Business Overview

Key Statistics 2023

Revenue Growth vs LY
11%

ROE (EBITDA)
6%

Net assets growth vs LY
2%

Recycled material
1,500 Tonnes

Total Staff
>986, 71% Men, 21% Women

Sales
4, 462, 993, 507

Margin
34.70%

Revenue growth last 3 years
53.33%

Net assets growth last 3 years
22%

Employees Trained
829

CSR Projects
>13

Flame Tree Holdings Annual Report 2023

Milestones 2023

We have kept busy through 2023 thinking up and launching various new products and installing new machines to increase our production.

RINO TANQUES: We now offer an expanded product line, including elegant flower planters, new drum sizes, road barriers, and wheeled garbage bins in various sizes.

JOJO PLASTICS: Acquiring the assets of Plastic Electricon Ltd has augmented our plastic production capacity by more than 30%, underscoring our dedication to meeting diverse customer requirements and reinforcing our status as a dependable supplier within the industry.

ROTO TANKS, KENYA: **Date stamp on our tanks:** We've implemented permanent date stamps on our tanks to enhance production tracking and warranty monitoring.

FLAME TREE AFRICA: We procured Double Head Volumetric Filling Machines (Gear Type) to boost productivity and enlarged warehouse storage to streamline operations, guaranteeing more efficient workflows and meeting increased sales requirements.

New Products Launched - 2023

FTG has launched a variety of new products through 2023. Leveraging our market experience and attentiveness to customer needs, we've developed innovative offerings across all our brands. For instance, Nature's Own spices now includes a new range of seasonings designed to enhance any dish with an extra kick. At Roto & Rino, we've tailored and designed products based on customer requests, and we've also created various garbage disposal bins to facilitate waste segregation and promote recycling towards a circular economy. Additionally, our Flame Tree brand has seen our new fragrance lotions become a popular choice, while Dual Power dishwash has been an instant success.

Roto Tanks Limited, Kenya

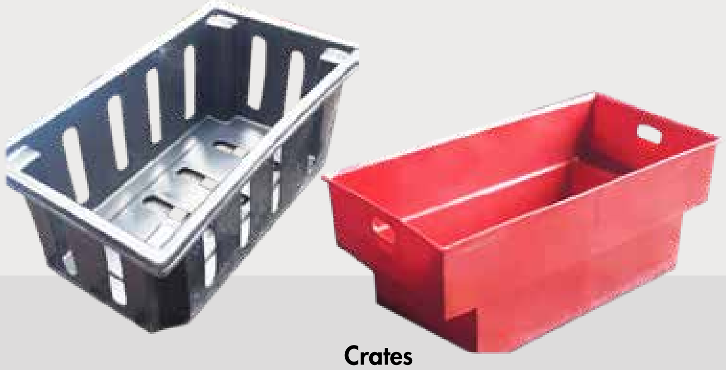
Dudu Tray

Mega Wheel Bin

Jerry cans of 40 litres and 100 litres

Open dust bin

Cattle trough



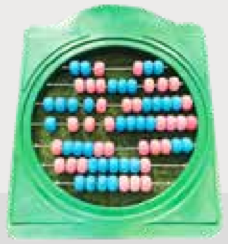
Crates

Recycling bins

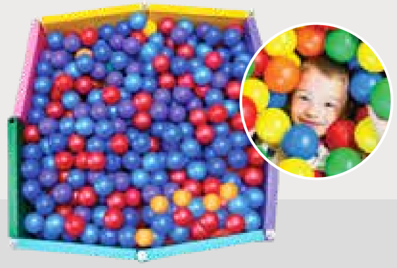
Road barriers

Polyplay

Swing climbers



Baffle balls



Toto Balls

ROTO PLC LTD, ETHIOPIA

2,000 litres and 1,000 litres horizontal water tanks

Jojo Plastics

Powder bottles

Agro chemicals bottles

Bleach bottles

Jojo basins

Flame Tree Africa Limited

Zoe Hand and body lotion | Alana -Vitamin C Face and body Lotions

Yours truly | Vintage crystal lace | Summer nights | Glycerine | Soothing lanolin dew | Cocoa butter | Milk | Glycerine

Alana -Vitamin C Face and body Lotions

Normal | with lanolin

Dual power Dishwashing Liquid

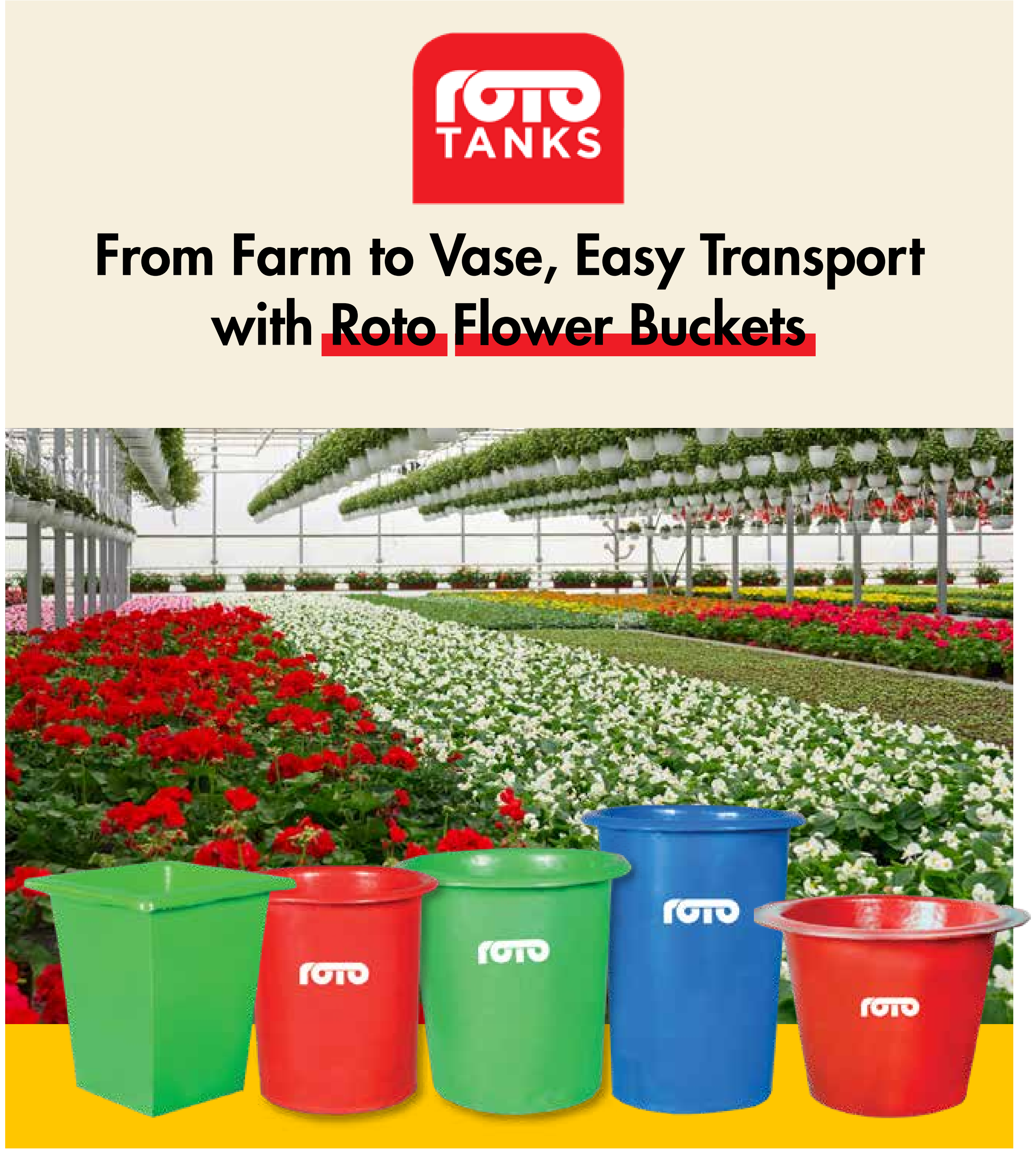
Available in: Freshness of lemon, freshness of orange and gentle on hands variants.

Chirag Africa Limited

Nature's Own Seasonings and Spice mixes

Chilli Lemon Seasoning | Periperi Seasoning | New Orleans Cajun Seasoning | Mexican Seasoning

Italian Seasoning | Lemon Garlic Seasoning | Lamb Masala Spice Mix | Pork Masala Spice Mix



Our Business Today

Water & Sanitation Sector

In 2023, the water and sanitation sector continued to be a vital focus for global development efforts, driven by the pressing need to address water scarcity, improve sanitation access, and ensure sustainable water resource management. With climate change and population growth exacerbating water scarcity the need of the hour is innovative strategies and investments in water recycling, improved irrigation, and water-efficient technologies.

Efforts to expand sanitation access has to continue, with investments in infrastructure and hygiene education. Integrating approaches to water management, acknowledging the interconnectedness of water, ecosystems, and human activities. Coordination across sectors ensures sustainable water use and environmental conservation.
Overall, in 2023, the water and sanitation sector continued to evolve in response to emerging challenges and opportunities, with a growing recognition of the need for holistic and sustainable approaches to water management and sanitation provision.

Kenya

Roto Moulders, Kenya stands as a premier manufacturer of water storage and sanitation solutions in East Africa, renowned for its unwavering commitment to quality. Amidst heightened industry competition, the company has steadfastly upheld its market presence. Roto Moulders witnessed a notable surge in sales volume, marked by a remarkable increase compared to the previous fiscal year. This growth, fueled by both direct customer sales and strategic below-the-line (BTL) marketing efforts, highlights the company's enduring commitment to delivering safe and dependable water storage solutions.

Despite the hurdles encountered in 2023, Roto Moulders' ability to maintain turnover reflects its resilience and adaptability. By persistently innovating, diversifying, and optimizing operations, we remain steadfast in our pursuit to expand market share and uphold our position as the foremost provider of top-quality water storage and sanitation solutions in East Africa.

Ethiopia

With about 126.5 million people (2023), Ethiopia is the second most populous nation in Africa after Nigeria, and one of the fastest-growing economies in the region, with an estimated 7.2% growth in FY2022/23. Reducing the incidence of conflict that has been having a substantial impact on lives, livelihoods, and infrastructure. The cessation of hostilities in the North in November 2022 is an important step in this direction. Ethiopia's water challenges requires a multi-faceted approach that includes improving infrastructure, enhancing water governance, promoting sustainable water management practices, and building resilience to climate change. Erratic rainfall patterns, prolonged droughts, and unpredictable weather events impact water availability, agricultural productivity, and livelihoods, particularly in rural areas where agriculture is the mainstay of the economy.

Roto water tanks play a crucial role in Ethiopia's efforts to address water scarcity and improve access to clean water, especially in rural and arid areas where access to piped water infrastructure is limited. Despite some setbacks, 2023 was a year of business consolidation for ROTO PLC. Entering the Building Material Suppliers (BMS) market posed a challenge due to strong competition. However, significant efforts to increase our presence in BMS stores paid off, leading to consistent business growth. At the beginning of the year, BMS accounted for a substantial portion of our revenue, and by year's end, this share had increased significantly, contributing to a stable and profitable business environment.

Our expansion into BMS stores across various regions and cities in Ethiopia not only boosted turnover but also expanded ROTO's presence across the country. Alongside this growth, we placed a strong emphasis on business integrity and fostering a positive team attitude. Collaborations with major NGOs also enhanced ROTO's brand image, helping to establish a reputation for quality and reliability. Looking ahead, 2024 is set to be a year of further consolidation for ROTO PLC. We expect to strengthen our market presence and increase retailer confidence in our products, ultimately benefiting end-users. There's growing optimism for Ethiopia's future, with the country's entry into BRICS, a strategic partnership with Somaliland providing access to the Red Sea for trade, and the construction of the Renaissance Dam.

Rwanda

Rwanda's economy grew in the first three quarters of 2023 despite a challenging global environment and the recent floods that destroyed agricultural produce and infrastructure in April-May 2023. This is according to the 22nd edition of the Rwanda Economic Update (REU): Mobilizing Domestic Savings to Boost the Private Sector in Rwanda. The report adds that the services sector, sustained domestic demand, and the rebound of the industrial sector, contributed to the robust growth and the positive economic trajectory.

Rwanda has undertaken water & sanitation projects across the country to improve water sustainability. The program development objective is to improve access to water supply and sanitation services in the targeted dist ricts of Rwanda. As a key service provider Roto plays a key part in building and supporting these projects. This will include strengthened, water resources management, and operational performance of water and sanitation. The program will strengthen the resilience of the populations against climate change and variability.

Mozambique

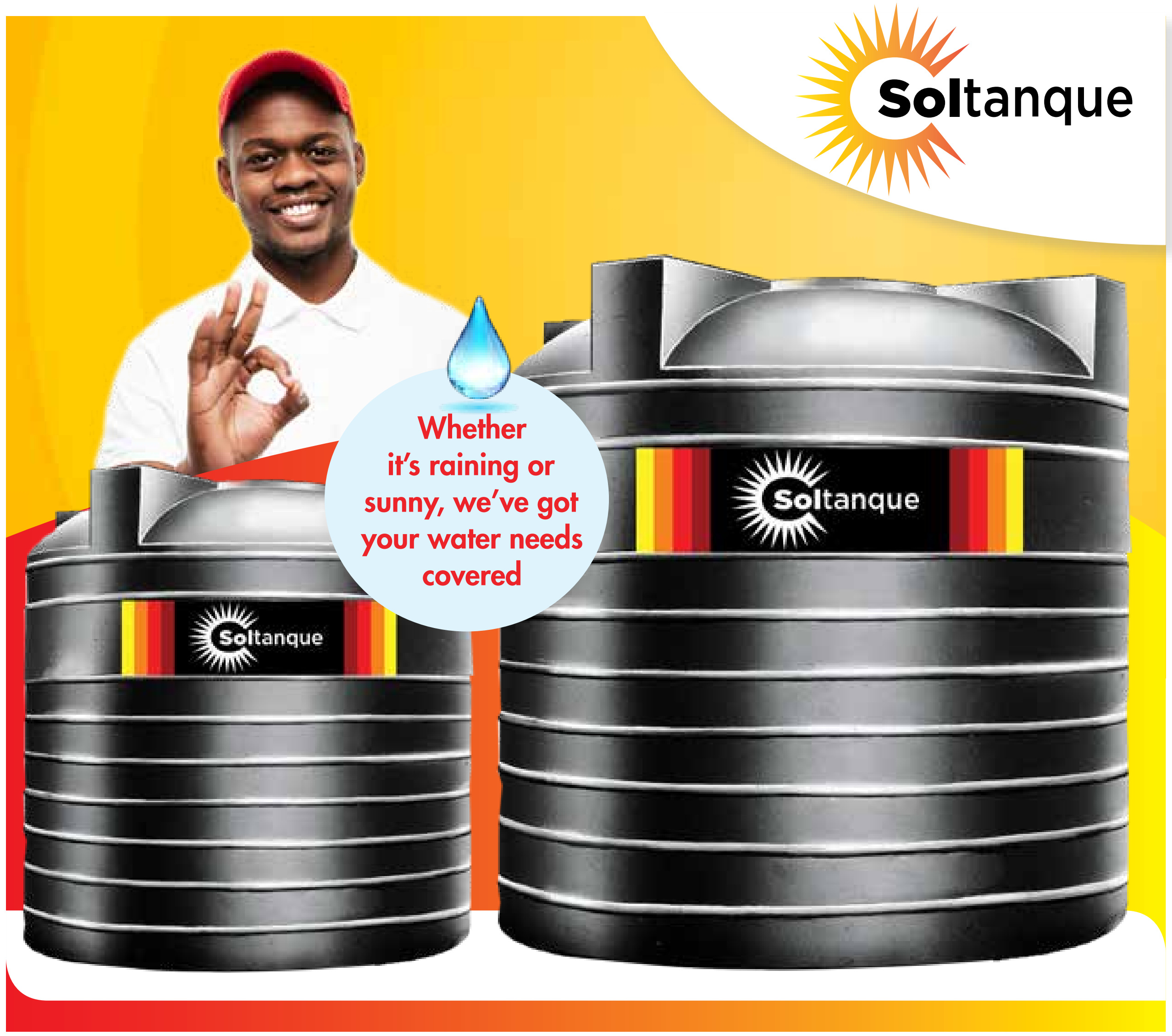
Economic recovery gained momentum in 2023. The economy grew in 2023, primarily driven by the start of Liquified Natural Gas (LNG) production at the Coral South offshore facility. Strong growth in agriculture and services, particularly transport, also contributed to the economy's expansion, offsetting the impact of lower manufacturing and construction activity. Inflation reached a five-year high of 9.8% in 2022 and moderated to 7.1% in 2023 as global commodity prices subsided.

Rino Plastic tanks play a vital role in addressing water storage needs in Mozambique. As a country prone to seasonal variations in rainfall and facing challenges in water access and management, plastic tanks offer a practical solution for both urban and rural communities.

In Mozambique's agricultural sector, plastic tanks are essential for storing water used in irrigation, helping farmers to manage water resources efficiently and increase crop yields, particularly in areas prone to drought.

Our tanks are ideal for remote areas where access to traditional materials like concrete may be limited. They come in various sizes to suit different needs, from small household tanks to larger industrial-scale reservoirs.

Furthermore, plastic tanks contribute to environmental sustainability by promoting rainwater harvesting and reducing reliance on groundwater sources. They are also resistant to corrosion and rust, ensuring long-term reliability even in challenging environmental conditions.



Health & Beauty

Building upon the momentum from 2022, the global beauty market exhibited exceptional dynamism in the latest period, recording a notable growth of +8%. This surge was propelled by a convergence of factors, including robust appreciation in mature markets and remarkable advancements in emerging markets. The global cosmetics market remains resilient despite economic and geopolitical challenges. Consumer expectations now extend beyond quality and innovation to include meaning in their purchases. +8% Global beauty market growth in 2023€270 Bn Estimated market of more than €270 Bn.

The Beauty & Personal Care Industry is one of the fastest growing industries in Kenya having grown by 400 percent in four years from KSH 26 billion in 2019 to over KSH 100 billion in 2023. Kenyan consumers are increasingly embracing natural and organic beauty products, driven by a growing awareness of sustainability and health-consciousness. Attributed to the influx of young consumers entering the market, fueled by the generational shift. The sector is booming. Additionally, the influence of social media, international trends, and the rise of eCommerce significantly shape consumer behavior in the beauty industry. As trends from various regions propagate, they continue to reshape and redefine daily beauty and care routines worldwide.

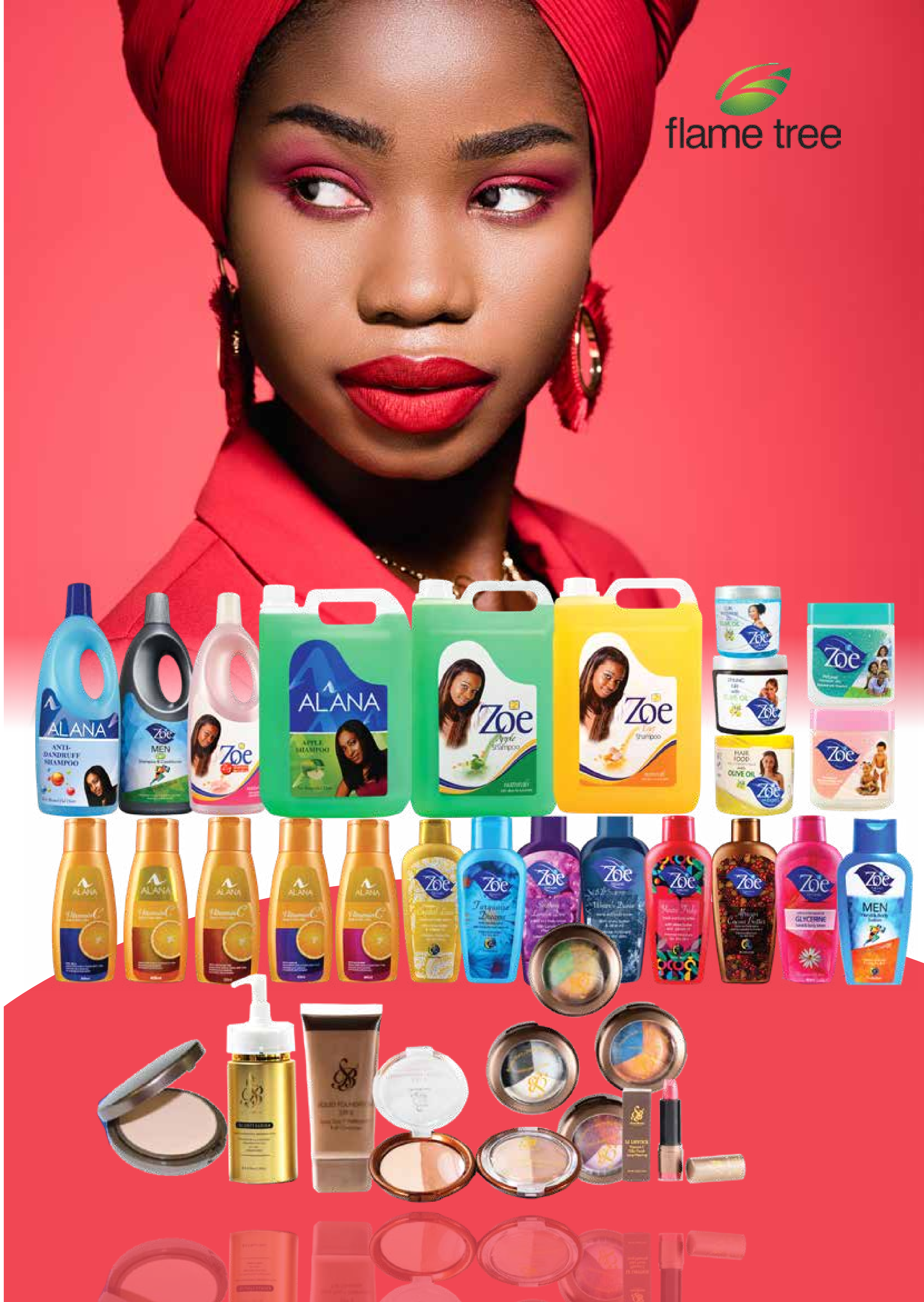
Flame Tree Africa Limited

Flame Tree Africa had a strong year, with substantial growth that outpaced the industry. Over the past three years, we've doubled our turnover in the Kenyan market, driven by impressive growth in modern trade and general trade. A key factor in this success has been the launch of our new fragrance-based lotions. Our existing variants continue to be customer favorites, while new ones introduced in 2023 have received a warm welcome, contributing to our growth. We also relaunched our Alana brand with a fresh look and a trendy Vitamin C formula, which has been well-received.

Our Zoe lotion has outperformed our nearest competitor in several areas, showcasing the strength of our brands. Historically, lotions accounted for the vast majority of our revenue, but we've seen success with our diversification efforts. Recent product launches now contribute significantly to our sales. "Wills" and "Loosafe," introduced in late 2021, have shown promising growth, with "Wills" becoming one of the top brands in the antiseptic category. At the end of 2023, we launched a new brand, "Wills Dual Power," marking our entry into the dishwashing category. Flame Tree has experienced growth across various sales channels, becoming a top local brand in modern trade. Our branding and promotional efforts have helped us secure significant shelf space, leading to increased market presence and sales.

Flame Tree Brands Limited

In 2023 we achieved significant growth compared to 2022. Our cosmetics segment grew by 15%, and our food item segment experienced a remarkable 158% increase. Throughout the year, we launched several new SKUs, including Loosafe, Zoe-Handwash 500 ml, Cookies, Happy's Crisps in foil and clear packs, Chevda, Peanuts, and various spices in 50 gm and 100 gm packages. We dramatically increased our supermarket footprint, expanding from a handful of locations in Kigali in 2022 to a much larger network. Outside Kigali, our distribution also grew considerably, with multiple new outlets added to our portfolio. We're targeting a significant increase in Loosafe sales, aiming to grow from a modest start in 2022 to a substantial figure by the end of this year, having already achieved a promising level. Likewise, our petroleum jelly sales have seen considerable growth, reaching a strong average after starting from a much lower baseline. With these impressive strides, we are optimistic about significant improvements in 2024.



Food Sector

In 2023, The spice market in Kenya remains diverse, providing a rich selection of essential spices integral to Kenyan dishes. Commonly used spices such as cumin, coriander, turmeric, and cardamom are prized for their ability to enhance the flavor and aroma of traditional Kenyan meals. Kenya's snack and spice market continue to thrive as a vibrant and diverse industry, offering consumers a wide array of products to choose from. Snacks and spices hold a significant place in Kenyan cuisine, enjoyed by individuals of all ages and backgrounds.

The growing middle class in Kenya continues to drive demand for premium snack and spice products in 2023. Consumers are increasingly inclined to invest in high-quality, unique, and healthy snack options, as well as premium spice blends and seasonings. Despite the high level of competition within Kenya's snack and spice market, both local and international players are actively vying for market share, reflecting the industry's dynamic and competitive nature.

Chirag Africa Limited

In 2023, Team Chirag embarked on a mission with the theme "Break the Barriers," signaling our commitment to overcoming obstacles and achieving exponential growth. Building on this theme, we strategically expanded our distribution network by introducing three new distributors in key locations such as Nakuru, Eldoret, and Kisumu. This initiative aims to enhance our market reach and better serve our consumers across various retail outlets. At Chirag Africa, we prioritize maintaining superior quality, taste, and standards across our product range to outshine competitors. To uphold this commitment, we conducted seven sensory tests, including trials for new products, ensuring our offerings remain at the forefront of excellence and competitiveness.

Introducing new products is integral to staying competitive and projecting an image of dynamism. In line with this strategy, Chirag Africa launched six variants of Seasonings, Lamb Masala (the only product of its kind in Kenya), Mchuzi Mix, and Pork Masala under our Nature's Own brand. Additionally, we introduced three sizes of Happy's Chilli Boom Boom crisps in foil packs, aligning with market trends favoring this packaging format. Furthermore, to capitalize on market dynamics, we ventured into the foil packs category with the introduction of Chevda under the Honeycomb brand.

To fortify our brand presence, Chirag Africa actively participated in various public events, including ASK Ground, Sir Muslim Hall, South Indian Food Festival, among others, showcasing our diverse product portfolio and engaging with consumers. Despite market challenges, Chirag achieved a commendable growth in local sales compared to the previous year. Notably, our Nature's Own brand experienced a remarkable growth, while Happy Peanuts saw an impressive growth. Moreover, our export sales also witnessed positive growth, reflecting our continued expansion into international markets. Investing in employee development remains a priority at Chirag Africa. In 2023, we conducted 20 training sessions covering various categories such as soft skills, technical skills, and mandatory training, all of which received positive feedback from our team. Additionally, to foster team spirit and strengthen bonds, we celebrate the birthdays of our employees every month, fostering a supportive and cohesive work environment.

Buildmart

Buildmart, a hardware trading depot with three strategically located branches across Rwanda, stands as a leading provider of hardware products in the region. Our extensive product range encompasses a variety of essential items, including Beta tanks and HDPE pipes. In response to the diverse needs of our customers, we offer a comprehensive selection of HDPE pipes, ranging from PN8 to PN25, and HDPE diameters ranging from 25 to 110. This expanded range addresses the specific requirements of our local market, ensuring that customers have access to the right products for their projects.

At Buildmart, we are unwavering in our commitment to delivering exceptional service to our customers. We prioritize easy availability of materials, competitive pricing, and a responsive customer experience, with the aim of achieving 100% customer satisfaction. With these guiding principles at the forefront of our operations, we are confident in our ability to make significant strides in the years ahead. We remain dedicated to serving the needs of our customers and contributing to the growth and development of Rwanda's hardware industry.

Cirrus

Cirrus International FZC, our esteemed general trading company operating in the Middle East, specializes in providing top-quality plastic raw materials and related products customized to meet the unique needs of our clientele. With over three decades of industry expertise under our belt, we have established ourselves as a trusted and dependable partner for both clients and suppliers alike.

At Cirrus International FZC, we are committed to delivering exceptional value to our customers by meticulously sourcing high-quality products at competitive prices. Our strategic approach to procurement enables us to consistently meet the diverse requirements of our clientele while maintaining cost-effectiveness. As leaders in our field, we take immense pride in our reputation for reliability and excellence on the international stage. Our dedication to upholding the highest standards of service and product quality underscores our unwavering commitment to the success and satisfaction of our valued customers.

PolyPlay
Great Fun For Every One

Promote Sustainability with Our Durable School Desks!

Polyplay

The Global Playground Equipment market is expected to grow at a CAGR of 7.0% during 2023-2030, reaching USD 9652.077 million by 2030. Trends include inclusive design for diverse abilities, sustainability, and integration of technology for enhanced play experiences. Driven by rapid urbanization, the sector presents substantial growth opportunities.

Schools and recreational areas are increasingly recognizing the significance of outdoor play in fostering the holistic development of children's social, emotional, and cognitive skills. To support this initiative, we continuously enhance our facilities to provide a comprehensive play experience for children of all ages and abilities. Our play structures are meticulously designed to cater to diverse age groups, ensuring inclusivity and enjoyment for all.

In addition, we have developed state-of-the-art climbers and jungle gyms specifically designed to challenge the physical endurance of teenagers and young adults, offering engaging activities that promote fitness and agility.

Responding to customer demands, we have tailored our playstations to accommodate water park settings, introducing water splash systems for wet play areas such as swimming pools. This innovation enhances the play experience by incorporating refreshing water elements into the recreational environment.

Furthermore, our expansion into the education furniture sector has prompted schools to reconsider their furniture choices. Our eco-friendly desks and chairs offer a sustainable alternative to traditional wooden furniture, reducing the direct impact on global warming caused by deforestation. Crafted from recyclable plastic and metal, our furniture boasts durability and longevity with minimal maintenance requirements. Not only does this furniture contribute to environmental sustainability, but it also ensures the safety of children by eliminating the risk of injuries from wooden splinters.

ALANA

VITAMIN C
Face & Body Lotion

EFFECT

3
- Brightens Skin & Evens Skin Tone
- Repairs Sun Damage
- Intensive Antioxidant

Employee Development

At Flame Tree Group, we conduct trainings throughout the year to inculcate new skills in our employees. In 2023, we successfully facilitated 93 trainings with Chirag Africa topping the list with 19 trainings. Our best trainer in the year was Shukla Balachandra, General manager, Chirag Africa Limited.

Trainings 2023

First-Aid Training, Chirag Africa Ltd.

Personal Finance Training, Flame Tree Africa Ltd.

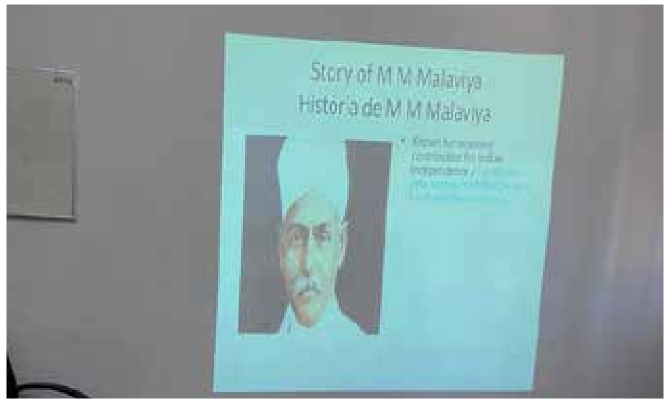
Computer Skills Training, Flame Tree Group

Importance of Training, Flame Tree Group

Make Your Bed Training, Flame Tree Group

Social Media Training, Flame Tree Group

Stock and Inventory - Jojo Plastics Ltd.



Innovation Training - Rino Tanques Lda - Mozambique

Positive Attitude Training, Flame Tree Group

Positive Attitude on Selling, Jojo Plastics Ltd.

Technical and Tank Maintenance, Rino Tanques Lda, Mozambique

Flame Tree Holdings Annual Report 2023

MS Powerpoint Training - Roto Moulders Ltd

Sales Planning - Roto Moulders Ltd

How to develop marketing strategy Training, Roto Ltd, Rwanda

Effective Communication Training, Roto Moulders Ltd.

Flame Tree Holdings Annual Report 2023

Leadership Talk by Flame Tree Group

Staff Workout

Community Engagements

On February 4, 2023, Roto Moulders Ltd completed the donation of two 10,000-liter water tanks for a borehole project in Kiwalwa Village, Taita Taveta.

On April 13, 2023, Roto Moulders Ltd donated a 10,000-liter tank to the Missionaries of Charity Home of Peace in Kasarani.

Flame Tree Africa Ltd, Come Together Widows and Orphans Organization, and Pastor Dorcas Rigathi, the Deputy President's wife, hosted a pre-Valentine dinner at Safari Park Hotel & Casino for widows and widowers. Needy attendees received Zoe lotion or Zoe scented glycerin, leaving with smiles.

Polyplay handed over a donation of 20 desks and chairs to Riaciina Primary school in Mbere, Embu county on 22nd March 2023.

Flame Tree Holdings Annual Report 2023

On 6th April 2023, Flame Tree Africa Ltd, donated Zoe lotions to Gachororo Primary school in Juja and handed over a hamper to the school principal together with the senior teacher.

Jojo Plastics Ltd, in partnership with Makueni County and ICRAF, initiated a project to uplift people from semi-arid areas of Kalawa and Kibwezi by donating 10,000-liter and 5,000-liter tanks.

On May 26, 2023, Polyplay Ltd donated 22 desks and chairs to Kerwa Primary School in Embu County for grade seven students transitioning to middle school.

On May 20th, 2023, Flame Tree Group's housekeeping team visited Father's Shelter Children's Home, located in Githurai Kimbo, founded by Mrs. Mary Njuguna in 2017. The home provides shelter for over 20 boys and girls. Flame Tree Group and its group companies donated Kshs. 118,250, used to purchase essential items such as 30 mattresses, bed sheets, blankets, a large cooking pot, sodas, biscuits, snacks, and sweets, benefiting the children's well-being.

Flame Tree Africa Ltd presented Zoe lotions to the winners of the Girls Football Tournament held in Maasai Mara, Kenya, on April 29th and 30th, 2023.

On June 15, 2023, Rino Tanques, Lda, Mozambique donated a 1,000-liter tank to 16th June Complete Primary School, represented by company staff Lilia Novela, Ventakesh Gondral, and Helia Guane.

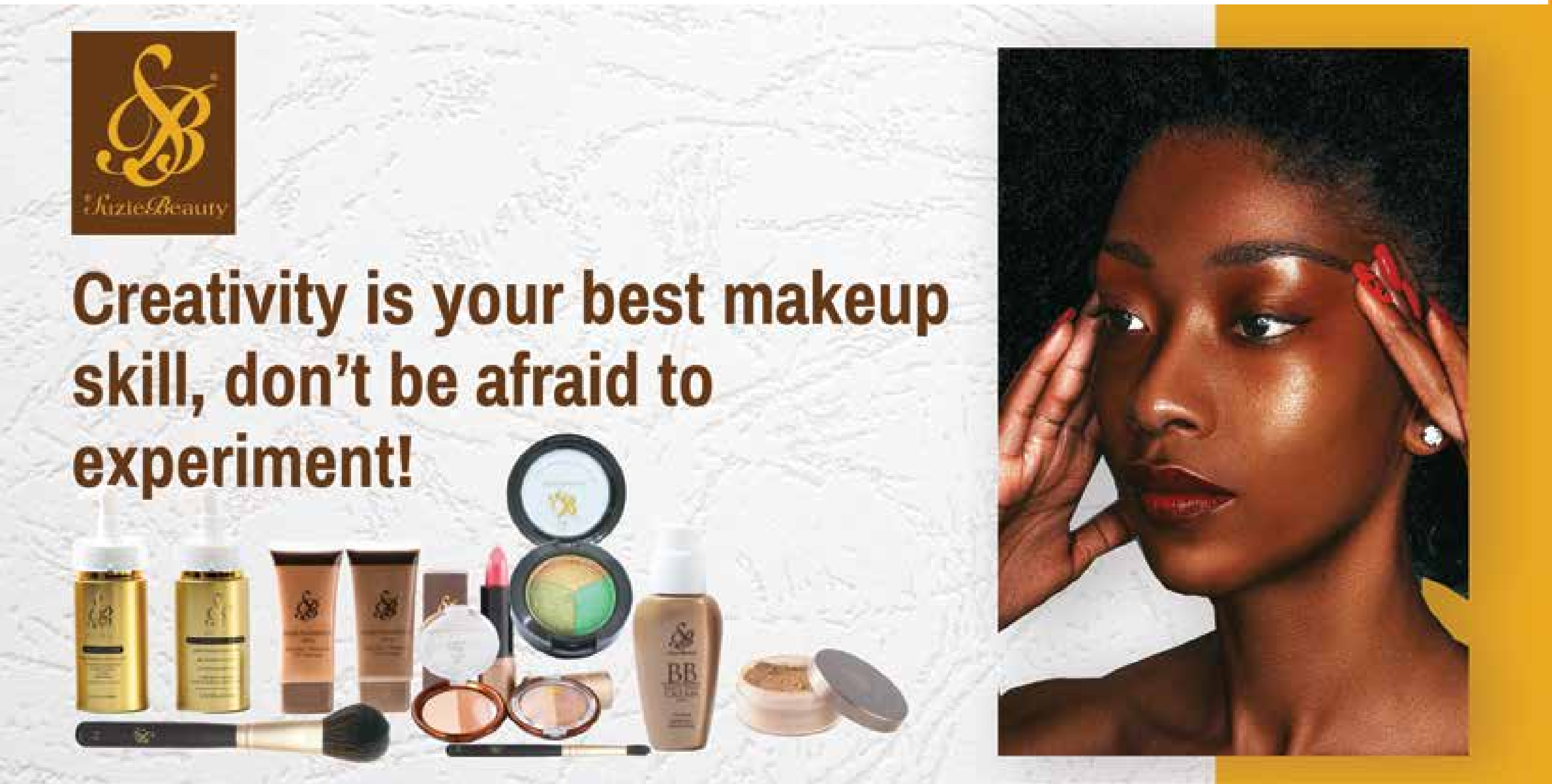
Flame Tree Holdings Annual Report 2023

On June 3, 2023, Roto Moulders Ltd in Kenya donated two 5,000-liter tanks to Amani Secondary and Kaplamai Primary School in Mau Kuresoi South, promoting water harvesting during the rainy season. They also joined Give CBO in tree planting for environmental conservation.

Polyplay donated Queen Boma blocks and Toto balls to Kenya Kesho school for girls on 5th September 2023.

Roto Moulders staff participated in a charity campaign at Mt. Longonot to support the education of visually impaired children.

On November 6th, 2023, Beatriz Meijide, our Chief Finance Officer, visited Lobur Mission in Turkana, a remote region near Ethiopia, where the Missionaries of San Pablo are leading water, agriculture, and education projects. Roto's donated water tanks have significantly benefited the community.



flame tree
GROUP

SECTION 4

Financials FY-2023

FTG Holdings Ltd
Consolidated and Separate Financial Statements

For the Year Ended 31 December 2023

Contents

Group Information

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

Report of the Directors

The Directors are pleased to present their report on the business of FTG Holdings Ltd (the "Company") along with the consolidated and separate financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2023.

Principal Activities and Operations

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

Business Review

During the year ended 31 December 2023, the Group's revenue increased by 11% up to Shs. 4.463 million. The margin went up from 25% in 2022 to 35% in 2023, adding additional 10 p.p. which reflects the downward trend in the pricing of raw materials, which despite the devaluation of the Kenyan Shilling, allowed the Group to come back to its normal margins. This has contributed greatly to the EBITDA increase from 82.7MM in 2022 to 421.4MM in 2023 (+410%).

On the downside, the finance costs have remained very high, due to higher debt linked to the raw materials price increase in 2022 that led the Group to duplicate the working capital lines to finance stock. Also the impact of the sharp depreciation of the Kenyan Shilling in 2023 has led to higher finance costs and exchange rate losses. However, the Group managed to decrease the Net debt/EBITDA ratio from 15.9 in 2022 to 3.8 in 2023. Working capital days remain quite low, at 74 days, with faster collection cycles than payment to suppliers.

Key Perfomance Indicators

	Group		Company	
	2023	2022	2023	2022
Revenue (Shs)	4,462,993,507	4,026,016,240	-	-
Gross profit (Shs)	1,547,897,927	976,179,611	-	-
Gross profit margin (%)	35%	24%	-	-
(Loss) before tax (Shs)	(61,437,923)	(265,729,030)	(35,437,083)	(13,022,700)
Tax (shs)	(13,217,979)	50,757,134	-	-
(Loss) for the year (Shs)	(74,655,902)	(214,971,896)	(35,437,083)	(13,022,700)
Net assets (Shs)	1,310,424,622	1,285,679,012	157,329,706	192,766,789

Directors' report (continued)

Principal Risks and Uncertainties

Overall sales increased across all business lines: Water, Sanitation and Packaging reported +16% increase and FMCG +11,2%. Ethiopia came back strongly after a difficult 2022 due to dollar unavailavility, and reported +588% sales growth, Mozambique also achieved growth, Kenya +11,5% and Rwanda remained at par with prior year.

This growth enabled to offset the high prevailing inflation and interest rates as well as the depreciation of the local currencies against the US dollar (KES depreciated from 123 KES/USD January 2023 to over 160 KES/USD at the end December 2023). However, prices of raw materials started to gradually drop, enabling the Group to achieve good margins and generate cashflows that have been mostly dedicated to pay off debt and finance costs of loans taken taken the year before, when raw material prices were extremely high.

The main priority of the Group is to reduce debt and finance costs and keep developing new products for the consumers and expanding our existing business lines. By the end of 2024, the Group will be able to invest again in new projects and additional capacity, to accelerate the growth and market share specially in FMCG and specialized markets in the water, sanitation and packaging division.

Volatile international markets affected by macroeconomic and global conflicts, like the Ukraine or Palestine wars, directly affect the shipping costs and prices of raw materials, which we are exposed to. The depreciation of the Kenyan shilling against the USD and related cost of debt, also may put pressure on the Group's cashflows in case of high debt, however, actions have been taken to mitigate these factors.

The Group has diversified the suppliers of raw materials, especially polymers, from different regions in the world, in order to mitigate the impact of any price increase, even if we have seen already important reductions in the costs of our main raw materials.

Sales are well aligned with the group's Strategic Business Plan and financial projections and margin improved over 10 basic points. In terms of expenses, there was an increase of +21% in overheads, which includes +21M in depreciation costs and +22% in sales and marketing expenses (mainly in FMCG promotions, advertising, travel expenses and staff costs). Logistics costs increased +16%, driven by higher transport costs and staff related costs. Administrative costs increased as well due to transport, salaries and professional fees. Finance costs increased +39% up to 266.8MM, as a result of the higher working capital funding debt taken in 2022 and progressive increase of interests rates. Impact of exchange rate losses was 72.9M, mainly as a result of the depreciation of the Kenya Shilling.

Dividend

The Directors do not recommend the declaration of a dividend for the year (2023: 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 generate any revenue or sales on its own.

Directors' report (continued)

Subsidiaries

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

Entity	Country of incorporation	Holding	No.of shares	Value
Roto Moulders 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	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 Limited	Rwanda	100%	99	612,612
Flame Tree Brands Limited	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%	417,717	130,019,804
Cirrus International FZC	UAE	100%	199	4,710,887
Total				**577,093,954**

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

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

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 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, Kisumu, Carrefour, and online through Jumia and its own web page.

Happys Golden Foods Limited

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

Rex Industries Limited

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

Jojo Plastics Limited

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

Chirag Africa Limited

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

Polyplay Limited

Polyplay was acquired in 2017. It offers one of the most extensive collections of outdoor and indoor play lines and school plastic furniture 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.

Rino Tanques Lda

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

Flame Tree Mozambique Lda

Flame Tree Mozambique LDA 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.

Directors' report (continued)

Overall Performance

Below tables show the Group overall performance for the year ended 31 December 2023:

Activity	% Turnover total	%Gross profit total	% Operating profit total	% PBT
	Total	**Total**	**Profit total**	**Total**
Manufacturing	95%	95%	93%	138%
Trade	5%	5%	20%	-90%
Holding	0%	0%	-13%	52%
Region				
Africa	95%	95%	80%	
Middle East	5%	5%	20%	

Director Fees

There was no payment due to any director as at 31 December 2023.

Contracts with subsidiaries

The Company did not have any contract of significance with its subsidiaries and shareholders at 31 December 2023.

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.

Directors' report (continued)

Stated capital and Debts of subsidiaries, the parent and its branch

The below table shows the Company's and its subsidiaries debts as at 31 December 2023:

Subsidiary companies	Bank Debt/ loans Shs	< 1 year Shs	>1 year < 2 years Shs	>2 years < 3 years Shs	> 3 years Shs	Interco debt Shs
Roto Moulders Limited	952,819,114	369,362,724	175,036,917	42,500,682	365,918,791	(15,976,298)
Polyplay Limited	2,558,205	-	2,558,205	-	-	(15,597,349)
Jojo Plastics Limited	132,172,171	121,793,357	10,378,814	-	-	9,244,521
Happy Golden Foods Limited	35,923	-	35,923	-	-	9,025,514
Flame Tree Africa Limited	17,001,524	15,240,876	1,760,648	-	-	59,018,288
Chirag Africa Limited	4,030,439	4,030,439	-	-	-	124,609,666
Rex Industries Limited	-	-	-	-	-	9,362,786
Rino Tanques LDA	-	-	-	-	-	-
Flame Tree Mozambique LDA	-	-	-	-	-	38,302,542
Roto Private Limited Company	89,998,076	-	17,999,615	17,999,615	53,998,846	102,242,995
Build Mart Limited	-	-	-	-	-	1,083,000
Flame Tree Brands Limited	-	-	-	-	-	14,813,899
Roto Limited	18,702,300	18,702,300	-	-	-	30,959,411
Cirrus International FZC	-	-	-	-	-	(8,721,333)
The parent company and its branches	**Bank Debt loans Shs**	**< 1 year Shs**	**>1 year < 2 years Shs**	**>2 years < 3 years Shs**	**> 3 years Shs**	**Interco debt Shs**
FTG Holdings Mauritius, parent company	-	-	-	-	-	727,697,526
FTG Holdings Mauritius, Kenya branch	1,304,508	-	1,304,508	-	-	-

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:

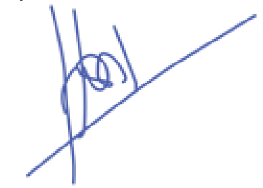
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards (IFRSs) have been followed, subject to any material departures disclosed and explained in the consolidated and separate financial statements; and
- 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 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.

Independent auditor

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

By order of the Board



Mr. Heril Bangera
Director
Date: 26 April 2024

Secretary's certificate

JurisTax

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

We, JurisTax Ltd, certify to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of FTG Holdings Ltd under the Mauritius Companies Act 2001 for the year ended 31 December 2023.

Mr. Yaasin Udhin
For and on behalf of JurisTax Ltd
Secretary

Date: 26 April 2024

JurisTax Ltd
Level 3, Ebene House, Hotel Avenue, 33 Cybercity, Ebene, 72201, Republic of Mauritius
Tel: (+230) 465 5526 | (+230) 5943 5526 | Fax: (+230) 468 1886 | Email: contact@juristax.com | Website: www.juristax.com
BRN: C08080123 | VAT: 20455368

Flame Tree Group Holdings
Consolidated and separate financial statements for the year ended 31 December 2023

Crowe

Crowe ATA
2nd Floor, Ebene Esplanade
24, Bank Street, Cybercity
Ebene 72201, Mauritius
Main +230 467 8684
+230 466 2992
Fax +230 467 7478
www.crowe.com/mu

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 includes the financial statements of its subsidiaries together referred as the "Group" and as set out on pages 18 to 56, which comprise the consolidated and separate statements of financial position as at 31 December 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements 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 2023, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Mauritius Companies Act 2001.

Basis for opinion

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

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FTG Holdings Ltd

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

Key audit matters

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

(a) Impairment of investment in subsidiaries – Company

The Company measures its investments in its subsidiaries at cost less impairment in the separate financial statements of the Company.

As at 31 December 2023, the following of the Company's subsidiaries are in a net liabilities position:
- Flame Tree Mozambique, Lda
- Rino Tanques, Lda

Management uses impairment analysis based on financial projections as discounted in its assessment of whether an impairment provision is required to be made.

In view of the significance of the investments and the above, we consider investment impairment to be a significant key audit matter.

How our audit addressed the Key Audit Matter

Our procedures in relation to the impairment assessment of the investment in the subsidiaries included, among others:
- Assessing the appropriateness of management's accounting for investments in the subsidiaries;
- Understanding management's process for identifying the existence of impairment indicators in respect of the investment in the subsidiaries and evaluating the effectiveness of such process;
- Where indicators of impairment have been identified, assessing the reasonableness of the recoverable amount of the subsidiaries and obtaining from management its financial position and future prospects;
- Assessing the reasonableness of key inputs and assumptions used by management in their estimation of recoverable amount; and
- Assessing the ability of the subsidiary to continue as a going concern.

(b) Valuation of property, plant and equipment - Group

The Group has property, plant and equipment with aggregate carrying values of Shs 1,731,165,113, representing 43% of the total assets of the Group as at 31 December 2023.

Management has used latest independent valuation reports in their assessment and believe no impairment provision is required as the fair valuation provides a better reflection of the carrying amounts in the current market.

How our audit addressed the Key Audit Matter

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; and
- 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.

Flame Tree Group Holdings
Consolidated and separate financial statements for the year ended 31 December 2023

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FTG Holdings Ltd

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

Key audit matters (Continued)

(c) Trade debtors' recoverability - Group

As at 31 December 2023, the Group has trade receivables which represents a significant portion of the total assets of the Group.

The recoverability of trade receivables and the level of provisions for impairment of receivables are considered to be a significant risk due to the pervasive nature of these balances to the financial statements, and the importance of cash collection with reference to the working capital management of the business.

Management regularly monitors the debt collection with the average credit period for collection maintained at less than two months.

How our audit addressed the Key Audit Matter

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; and
- Considered the consistency of judgments regarding the recoverability of trade receivables made year on year to consider whether there is evidence of management bias through discussion with management on their rationale and obtaining evidence to support judgement areas.

Other information

The directors are responsible for the other information. The other information comprises the directors' report, statement of directors' responsibilities, the secretary's certificate 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;

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FTG Holdings Ltd

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

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

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FTG Holdings Ltd

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

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: 26 April 2024

Ebene, Mauritius

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

		Group		Company	
		2023	2022	2023	2022
	Note(s)	Shs	Shs	Shs	Shs
Revenue	16	4,462,993,507	4,026,016,240	-	-
Cost of sales	17	(2,915,095,580)	(2,999,688,341)	-	-
Gross profit		**1,547,897,927**	**1,026,327,899**	**-**	**-**
Other operating income	18	-	-	7,013,689	30,081,525
Selling and distribution expenses	32	(474,895,948)	(393,695,540)	(264,520)	(245,475)
Administrative expenses	32	(565,108,530)	(480,775,884)	(38,264,741)	(37,687,533)
Other operating expenses	32	(229,588,131)	(191,207,108)	(142,724)	(735,786)
Operating profit/(loss)	**19**	**278,305,318**	**(39,350,633)**	**(31,658,296)**	**(8,587,269)**
Finance costs	21	(339,743,241)	(226,378,397)	(3,778,787)	(4,435,431)
Loss before taxation		**(61,437,923)**	**(265,729,030)**	**(35,437,083)**	**(13,022,700)**
Current tax	22	(9,199,710)	(4,892,818)	-	-
Deferred tax	22	(4,018,269)	55,649,952	-	-
Loss for the year		(74,655,902)	(214,971,896)	(35,437,083)	(13,022,700)
Other comprehensive income:					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
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)	-	-
Other comprehensive income for the year net of tax		**99,401,512**	**310,598,408**	**-**	**-**
Total comprehensive income/(loss) for the year		**24,745,610**	**95,626,512**	**(35,437,083)**	**(13,022,700)**
Basic earnings per share					
Earnings per share -– loss	33	(0.42)	(1.21)	(0.20)	(0.07)
Earnings per share -– On total comprehensive income/loss	33	0.14	0.54	(0.20)	(0.07)

The accounting policies and notes on pages P22 to P55 form an integral part of the consolidated and separate financial statements.

Report of the independent auditor - pages P11 to P16.

Consolidated and separate statements of financial position

		Group		Company	
		2023	2022	2023	2022
Assets	Note(s)	Shs	Shs	Shs	Shs
Non-current assets					
Property, plant and equipment	3	1,731,165,113	1,549,238,828	32,775	35,499
Right-of-use assets	4	57,155,115	45,718,029	-	-
Goodwill	5	71,851,809	71,851,809	-	-
Intangible assets	6	186,982,768	165,366,931	36,353,059	30,676,826
Investments in subsidiaries	10	-	-	577,093,954	577,093,954
		2,047,154,805	**1,832,175,597**	**613,479,788**	**607,806,279**
Current assets					
Inventories	8	882,382,994	793,933,541	-	-
Trade and other receivables	9	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	11	131,927,780	73,330,717	9,207,975	535,044
		1,964,146,367	**1,704,128,720**	**355,001,329**	**385,624,578**
Total Assets		**4,011,301,172**	**3,536,304,317**	**968,481,117**	**993,430,857**
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
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)
		1,310,424,622	1,285,679,012	157,329,706	192,766,789
Liabilities					
Non-Current Liabilities					
Borrowings	13	684,080,999	196,258,994	761,253,694	653,813,822
Lease liabilities	14	61,667,676	51,019,168	-	-
Trade and other payables	15	-	-	13,281,527	-
Deferred tax	7	64,890,440	53,867,120	-	-
		810,639,115	**301,145,282**	**774,535,221**	**653,813,822**
Current liabilities					
Trade and other payables	15	854,057,724	762,018,782	18,421,625	12,999,200
Borrowings	13	547,309,427	843,060,887	18,179,731	25,335,885
Lease liabilities	14	3,759,955	4,053,773	-	-
Bank overdrafts	11	485,110,329	340,346,581	14,834	108,515,161
		1,890,237,435	1,949,480,023	36,616,190	146,850,246
Total Liabilities		**2,700,876,550**	**2,250,625,305**	**811,151,411**	**800,664,068**
Total Equity and Liabilities		**4,011,301,172**	**3,536,304,317**	**968,481,117**	**993,430,857**

The consolidated and separate financial statements and the notes on pages 23 to 56, were approved by the board of directors on 26th April 2024 and were signed on it behalf by:

Director

Director

The accounting policies and notes on pages P22 to P55 form an integral part of the consolidated and separate financial statements.

Report of the independent auditor - pages P11 to P16.

Flame Tree Group Holdings
Consolidated and separate financial statements for the year ended 31 December 2023

Consolidated and separate statements 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 2022	146,894,092	152,450,453	3,665,461	(49,598,335)	347,121,399	589,519,430	1,190,052,500
Other comprehensive income	-	-	-	(57,670,361)	368,268,769	-	310,598,408
(Loss) for the year	-	-	-	-	-	(214,971,896)	(214,971,896)
As at 31 December 2022	146,894,092	152,450,453	3,665,461	(107,268,696)	715,390,168	374,547,534	1,285,679,012
As at 01 January 2023	146,894,092	152,450,453	3,665,461	(107,268,696)	715,390,168	374,547,534	1,285,679,012
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)
As at 31 December 2023	**146,894,092**	**152,450,453**	**4,303,168**	**(101,256,891)**	**805,746,945**	**302,286,855**	**1,310,424,622**

The accounting policies and notes on pages P22 to P55 form an integral part of the consolidated and separate financial statements.

Report of the independent auditor - pages P11 to P16.

Statement of changes in equity

Company	Share capital Shs	Share premium Shs	Accumulated losses Shs	Total Shs
As at 01 January 2022	146,894,092	152,450,453	(93,555,056)	205,789,489
Loss for the year	-	-	(13,022,700)	(13,022,700)
As at 31 December 2022	146,894,092	152,450,453	(106,577,756)	192,766,789
As at 01 January 2023	146,894,092	152,450,453	(106,577,756)	192,766,789
Loss for the year	-	-	(35,437,083)	(35,437,083)
As at 31 December 2023	**146,894,092**	**152,450,453**	**(142,014,839)**	**157,329,706**

The accounting policies and notes on pages P22 to P55 form an integral part of the consolidated and separate financial statements.

Report of the independent auditor - pages P11 to P16.

Flame Tree Group Holdings
Consolidated and separate financial statements for the year ended 31 December 2023

Consolidated and separate statements of cash flows

		Group		Company	
	Notes	2023 Shs	2022 Shs	2023 Shs	2022 Shs
Operating activities					
Cash generated from/(used in) operations	23	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	24	(36,477,948)	(9,502,048)	-	-
Net cash (used in)/from operating activities		**(69,837,404)**	**(290,468,603)**	**22,565,773**	**(35,853,539)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(126,741,865)	(69,831,030)	-	-
Proceeds from sale of property, plant and equipment	3	25,593,803	3,749,743	-	-
Acquisition of investment in subsidiary		-	-	-	(31,562,562)
Purchase of intangible assets	6	(22,902,970)	(42,825,982)	(5,676,233)	(11,534,170)
Net cash used in investing activities		**(124,051,032)**	**(108,907,269)**	**(5,676,233)**	**(43,096,732)**
Cash flows from financing activities					
Proceeds from/(repayment of) borrowings	13	192,070,545	411,083,530	100,283,718	62,348,677
Payments of principal portion of the lease liability	14	(19,934,934)	(21,850,039)	-	-
Net cash from/(used in) financing activities		172,135,611	389,233,491	100,283,718	**62,348,677**
Net movements in cash and cash equivalents		**(21,752,825)**	**(10,142,381)**	**117,173,258**	**(16,601,594)**
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)	-	-
Cash and cash equivalents at end of the year	**11**	**(352,971,836)**	**(266,805,151)**	**9,193,141**	**(107,980,117)**

The accounting policies and notes on pages P22 to P55 form an integral part of the consolidated and separate financial statements.

Report of the independent auditor - pages P11 to P16.

Notes to the consolidated and separate financial statements

General 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 Material accounting policy information

The material 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	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.

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.

Flame Tree Group Holdings
Consolidated and separate financial statements for the year ended 31 December 2023

Notes (cont.)

1.0 Material accounting policy information (continued)

1.3 Critical judgements in applying accounting policies

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

In the application of the accounting policies, the directors are required to make the judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Measurement of expected credit losses (ECL)

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

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

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

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

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

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

Notes (cont.)

1.0 Material accounting policy information (continued)

Useful lives of property, plant and equipment and intangible assets (continued)

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will represent a significant increase in credit risks (Stage 2) and contractual payments that are more than 90 days overdue will represent credit impairments (Stage 3). The Group uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions.

Impairment of trade and other receivables

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

Useful lives of property, plant and equipment and intangible assets

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

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

- **Control of consolidated entities -** the directors of FTG Holdings Ltd have assessed whether or not the Group had and has control over each of the entities whose financial statements have been consolidated. In making their judgement, the directors considered for each entity, the shareholders of each entity and the level of influence of the directors 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).
- **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. The directors are satisfied that no provision for impairment for goodwill as at 31 December 2023, on the basis that Chirag Africa Limited and Flame Tree Africa Limited have been growing well on sales YoY and the directors are confident the FMCG business will keep frowing and reporting profit in the coming years.

Notes (cont.)

1.0 Material accounting policy information (continued)

1.3 Critical judgements in applying accounting policies (continued)

- **Impairment of intangibles - I**ntangibles 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, the directors believe that the intangible assets will be able to generate future cash flows.
- **Impairment of investment in subsidiaries**

  The directors have 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%

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.

Notes (cont.)

1.0 Material accounting policy information (continued)

1.4 Property, plant and equipment (continued)

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.

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

Flame Tree Group Holdings
Consolidated and separate financial statements for the year ended 31 December 2023

Notes (cont.)

1.0 Material accounting policy information (continued)

1.6 Financial instruments (continued)

- 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 Group based on their specific classifications. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

Notes (cont.)

1.0 Material accounting policy information (continued)

1.6 Financial instruments (continued)

- ### 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 (cont.)

1.0 Material accounting policy information (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.

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 (cont.)

1.0 Material accounting policy information (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 asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

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

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

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

1.11 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the group in which they are declared.

1.12 Employee benefits

Short-term employee benefits

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

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

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

Flame Tree Group Holdings
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Notes (cont.)

1.0 Material accounting policy information (continued)

1.13 Revenue from contracts with customers

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

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

i) Sales of goods are recognised upon delivery of products and customer acceptance.

1.14 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 a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

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

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes (cont.)

1.0 Material accounting policy information (continued)

1.15 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.

Notes (cont.)

2.0 New Standards and Interpretations

2.1 Adoption of new and revised International Financial Reporting Standards (“IFRSs”)

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023.
Their adoption has not had any material impact on the disclosure or on the amount reported on the consolidated and separate financial statements.

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.

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 profit nor taxable profit.

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.

Notes (cont.)

2.0 New Standards and Interpretations (cont.)

2.1 Adoption of new and revised International Financial Reporting Standards ("IFRSs") (cont.)

New and amended IFRS Accounting Standards that are effective for the current year (contnued)

Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules

The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the Group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

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.

IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

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

The Group does not have any contracts that meet the definition of an insurance contract under IFRS 17.

Notes (cont.)

2.0 New Standards and Interpretations (cont.)

2.1 Adoption of new and revised International Financial Reporting Standards ("IFRSs") (cont.)

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these consolidated and separate financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective,

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 21	Lack of Exchangeability

The directors do not expect that the adoption of the Standards listed above will have a material impact on the consolidated and separate financial statements of the Group in future periods, except if indicated below.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent 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 directors anticipate that the application of these amendments may have an impact on the Group's consolidated and separate financial statements in future periods.

Notes (cont.)

2.0 New Standards and Interpretations (cont.)

2.1 Adoption of new and revised International Financial Reporting Standards ("IFRSs") (cont.)

New and revised IFRS Accounting Standards in issue but not yet effective (continued)

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The directors anticipate that the application of these amendments may not have an impact on the Group's consolidated and separate financial statements in future periods.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures — Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The directors anticipate that the application of these amendments may have an impact on the Group's consolidated and separate financial statements in future periods.

Flame Tree Group Holdings
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Notes (cont.)

2.0 New Standards and Interpretations (cont.)

2.1 Adoption of new and revised International Financial Reporting Standards ("IFRSs") (cont.)

New and revised IFRS Accounting Standards in issue but not yet effective (continued)

Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate. The directors anticipate that the application of these amendments may/may not have an impact on the Group's consolidated and separate financial statements in future periods.

Amendments to IAS 21—Lack of Exchangeability

The amendments in Lack of Exchangeability (Amendments to IAS 21) amend IAS 21 to specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.

The amendments specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.

The amendments require the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The pronouncement also includes a new appendix with application guidance on exchangeability and a new illustrative example. The amendments also extend to conforming amendments to IFRS 1 which previously referred to, but did not define, exchangeability. The directors anticipate that the application of these amendments may have an impact on the Group's consolidated and separate financial statements in future periods.

Notes (cont.)

3.0 Property, plant and equipment

	2023			2022		
	Cost or revaluation	Accummulated depreciation	Carrying Value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings	746,393,697	(20,580,295)	725,813,402	703,222,976	(37,228,913)	665,994,063
Plant and machinery	1,207,290,854	(377,908,282)	829,382,572	1,035,377,330	(307,090,647)	728,286,683
Furniture, fixtures and equipment	44,446,175	(27,325,977)	17,120,198	60,063,138	(31,285,396)	28,777,742
Motor vehicles	262,701,500	(110,706,887)	151,994,613	213,287,328	(103,742,131)	109,545,197
Computers	14,292,362	(9,351,932)	4,940,430	27,738,957	(13,055,671)	14,683,286
Leasehold land	4,861,608	(2,947,710)	1,913,898	4,861,608	(2,909,751)	1,951,857
Total	**2,279,986,196**	**(548,821,083)**	**1,731,165,113**	**2,044,551,337**	**(495,312,509)**	**1,549,238,828**

Reconciliation of property, plant and equipment - Group - 2023

	Carrying amount at start of year	Additions	Disposals	Revaluations	Translation on cost	Depreciation-charge	Translation on accumulated depreciation	Carrying amountat end of year
Land and buildings	665,994,063	3,744,891	(6,063,326)	-	45,489,156	(17,133,712)	33,782,330	725,813,402
Plant and machinery	728,286,683	110,164,879	(17,744,980)	92,752,000	(13,258,375)	(67,238,342)	(3,579,293)	829,382,572
Furniture, fixtures and equipment	28,777,742	5,793,930	(19,228)	-	(21,391,665)	(5,088,134)	9,047,553	17,120,198
Motor vehicles	109,545,197	5,384,512	(1,766,269)	-	45,795,929	(22,637,078)	15,672,322	151,994,613
Computers	14,683,286	1,653,653	-	-	(15,100,248)	(1,533,542)	5,237,281	4,940,430
Leasehold land	1,951,857	-	-	-	-	(37,959)	-	1,913,898
	1,549,238,828	**126,741,865**	**(25,593,803)**	**92,752,000**	**41,534,797**	**(113,668,767)**	**60,160,193**	**1,731,165,113**

Notes (cont.)

3.0 Property, plant and equipment

Reconciliation of property, plant and equipment - Group - 2022

	Carrying amount at start of year	Additions	Disposals	Revaluations	Translation adjustments	Depreciation	Carrying amount at end of year
Land and buildings	411,969,191	9,172,831	-	248,806,704	-	(3,954,663)	665,994,063
Plant and machinery	619,442,897	41,624,444	-	116,790,964	11,502,859	(61,074,481)	728,286,683
Furniture, fixtures and equipment	29,015,223	2,389,352	(1,326,498)		793,627	(2,093,962)	28,777,742
Motor vehicles	121,751,712	10,323,407	(3,769,332)	2,671,101	264,147	(21,695,838)	109,545,197
Computers	5,157,989	6,320,996	-	-	5,635,842	(2,431,541)	14,683,286
Leasehold land	2,009,709	-	-	-	-	(57,852)	1,951,857
	1,189,346,721	69,831,030	(5,095,830)	368,268,769	18,196,475	(91,308,337)	1,549,238,828

Property, plant and equipment (Company)

	Carrying amount at start of year	Additions	Disposals	Adjustment	Impairment	Depreciation	Carrying amount at end of year
Office equipment	35,499	-	-		-	(2,724)	32,775

Right-of-use assets - Group	Land and Buildings Shs	Plant and machinery Shs	Total Shs
Cost			
At start of year	114,437,881	14,563,044	129,000,925
Additions	38,029,673	-	38,029,673
At end of year	152,467,554	14,563,044	167,030,598
Depreciation			
At start of year	73,448,557	9,834,339	83,282,896
Charge for the year	25,271,629	1,320,958	26,592,587
At end of year	98,720,186	11,155,297	109,875,483
Carrying amount as at 31 December 2023	**53,747,368**	**3,407,747**	**57,155,115**
Carrying amount as at 31 December 2022	**40,989,324**	**4,728,705**	**45,718,029**

Notes (cont.)

5.0 Goodwill - Group

Reconciliation of goodwill

Goodwill - Group		2023 Shs	2022 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

	2023			2022		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Trademarks	83,350,000	-	83,350,000	83,350,000	-	83,350,000
Software	17,448,768	(2,217,070)	15,231,698	15,611,006	(929,937)	14,681,069
Work in progress	88,401,070	-	88,401,070	67,335,862		67,335,862
	189,199,838	(2,217,070)	186,982,768	166,296,868	(929,937)	165,366,931

Intangible assets - Company

	2023			2022		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Software	7,938,144	(476,856)	7,461,288	6,485,911	(476,856)	6,009,055
Work in progress	28,891,771	-	28,891,771	24,667,771	-	24,667,771
	36,829,915	(476,856)	36,353,059	31,153,682	(476,856)	30,676,826

Reconciliation of intangible assets - Group - 2023

	Opening balance Shs	Additions Shs	Amortisation Shs	Total Shs
Trademarks	83,350,000	-	-	83,350,000
Software	14,681,069	1,837,762	(1,287,133)	15,231,698
Work in progress	67,335,862	21,065,208	-	88,401,070
	165,366,931	22,902,970	(1,287,133)	186,982,768

Notes (cont.)

7.0 Deferred tax liabilities

	Group		Company	
	2023 Shs	2022 Shs	2023 Shs	2022 Shs
Deferred tax	(64,890,440)	(53,867,120)	-	-

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	(64,890,440)	(53,867,120)	-	-

8.0 Inventories

	Group		Company	
	2023 Shs	2022 Shs	2023 Shs	2022 Shs
Raw materials, components	828,423,114	684,637,243	-	-
Goods in transit	53,959,880	109,296,298	-	-
	882,382,994	793,933,541	-	-

9.0 Trade and other receivables

Non-current				
Trade receivables - related parties	-	-	110,687,843	372,413,149
Loan receivables - related parties	-	-	231,476,981	-
Loan receivables - shareholders	18,624,239	-	901,302	-
Loan receivables - directors	6,705,560	-	-	-
	25,329,799	-	343,066,126	372,413,149

Current				
Trade receivables	877,785,985	754,705,921	-	-
ECL impairment provision	(173,008,905)	(131,411,317)	-	-
Net trade receivables	704,777,080	623,294,604	-	-
Deposits and other receivables	74,755,268	80,623,902	131,407	-
Prepayments	41,398,110	14,942,582	270,411	367,799
Insurance claims receivable	28,864,316		-	-
TDS receivables	-	148,544	-	148,545
Advances	-	10,422,000	-	10,422,000
Value Added Tax (VAT) recoverable	48,245,949	78,616,768	2,108,744	1,738,041
Employee costs in advance	8,688,881	6,951,494	216,666	-
	906,729,604	814,999,894	2,727,228	12,676,385
Total trade and other receivables	**932,059,403**	**814,999,894**	**345,793,354**	**385,089,534**

Notes (cont.)

9.0 Trade and other receivables (cont.)

The aged analysis of these trade receivable is as follows:	2023 Shs	2022 Shs
Less than 1 year	587,531,618	528,651,036
More than 1 year	117,245,462	94,643,568
	704,777,080	623,294,604

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 due.

10. Investment in subsidiaries

Investments held by the Group which are measured at cost less impairment, are as follows:			Group		Company	
			2023 Shs	2022 Shs	2023 Shs	2022 Shs
Investment in subsidiaries			-	-	577,093,954	577,093,954
Amount invested and capitalised by subsidiaries						
Roto Moulders Limited	Kenya	100%	-	-	95,580,900	95,580,900
Flame Tree Africa Limited	Kenya	100%	-	-	158,502,683	158,502,683
Happy 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%	-	-	130,019,804	130,019,804
Rino Tanques LDA	Mozambique	100%	-	-	10,296,555	10,296,555
Flame Tree Mozambique LDA	Mozambique	100%	-	-	71,734	71,734
Cirrus International FZC	United Arab Emirates	100%	-	-	4,710,887	4,710,887
Impairment			-	-	(32,219,000)	(32,219,000)
			-	-	577,093,954	577,093,954

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Notes (cont.)

11. Cash and cash equivalents

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

	Group		Company	
	2023 Shs	2022 Shs	2023 Shs	2022 Shs
Cash and cash equivalent				
Cash in hand and at bank	131,927,780	73,330,717	9,207,975	535,044
Bank overdraft	(485,110,329)	(340,346,581)	(14,834)	(108,515,161)
	(353,182,549)	(267,015,864)	9,193,141	(107,980,117)

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 year 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	
	2023 Shs	2022 Shs	2023 Shs	2022 Shs
Share capital	146,894,092	146,894,092	146,894,092	146,894,092
Share premium	152,450,453	152,450,453	152,450,453	152,450,453
	299,344,545	299,344,545	299,344,545	299,344,545
Issued				
Ordinary	299,344,545	299,344,545	299,344,545	299,344,545

13. Borrowings

Non-current	Group		Company	
	2023 Shs	2022 Shs	2023 Shs	2022 Shs
Shareholders loan (Note 28)	-	(12,168,075)	788,009	788,009
Directors' loan	-	1,877,574	-	-
Bank loans	684,080,999	206,549,495	1,304,508	3,019,224
Loans from related parties (Note 28)	-	-	759,161,177	650,006,589
	684,080,999	196,258,994	761,253,694	653,813,822

Notes (cont.)

13. Borrowings (cont.)

Current	Group 2023 Shs	Group 2022 Shs	Company 2023 Shs	Company 2022 Shs
Bank loans	529,129,696	817,725,002	-	-
Commercial paper	18,179,731	25,335,885	18,179,731	25,335,885
	547,309,427	843,060,887	18,179,731	25,335,885
Total borrowings	**1,231,390,426**	**1,039,319,881**	**779,433,425**	**679,149,707**

FTG Holdings Ltd works with different banks, SBM being the main banking partner. The cost of capital with SBM is the base lending rate +3.1% for Kenya Shillings loans and + 1.3% for USD loans. That has translated to yearly interests from 14.75% to 18.7% for loans in Kenya Shillings and 7.5% for loans in USD. The debt is secured by a charge on all the assets of the Group, a general debenture on assets and a personal guarantee from the main shareholder.

Commercial paper borrowings are unsecured and repayable at an interest rate between 14% and 18%. The loans from shareholders and related parties are unsecured, interest free and not repayable within the next twelve months.

14. Lease liabilities

	Group 2023 Shs	Group 2022 Shs	Company 2023 Shs	Company 2022 Shs
Current	3,759,955	4,053,773	-	-
Non-current	61,667,676	51,019,168	-	-
	65,427,631	55,072,941	-	-
The total cash outflow for leases in the year was:				
Payments of principal portion	19,934,934	21,850,039	-	-
Interest paid on lease liabilities	9,580,244	9,739,988	-	-
	29,515,178	31,590,027	-	-

15. Trade and other payables

Non-current				
Trade payables - related parties	-	-	12,143,996	-
Other payables - related parties	-	-	1,137,531	-
	-	-	13,281,527	-
Current				
Trade payables	703,792,858	629,123,200	8,518,648	7,552,790
Accruals and other payables	150,264,866	132,895,582	9,902,977	5,446,410
	854,057,724	762,018,782	18,421,625	12,999,200
	854,057,724	762,018,782	31,703,152	12,999,200

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Notes (cont.)

16. Revenue

Revenue from contract with customers

	Group 2023 Shs	Group 2022 Shs	Company 2023 Shs	Company 2022 Shs
Local sales	3,814,917,467	3,109,088,821	-	-
Export sales	583,605,667	803,722,299	-	-
Other sales	64,470,373	113,205,120	-	-
	4,462,993,507	4,026,016,240	-	-

17. Cost of sales

Opening inventories	793,933,541	685,659,674	-	-
Purchases	2,240,946,217	2,520,710,705	-	-
Other direct costs (Note 17.1)	762,598,816	587,251,503	-	-
Closing inventories	(882,382,994)	(793,933,541)	-	-
	2,915,095,580	2,999,688,341	-	-

17.1 Other direct costs

	Group 2023 Shs	Group 2022 Shs	Company 2023 Shs	Company 2022 Shs
Fuel and gas	120,311,454	100,696,599	-	-
Electricity and water	139,867,481	105,863,532	-	-
Factory salaries and wages	245,209,958	189,657,288	-	-
Employer pension contributions	1,728,302	1,396,111	-	-
Employer housing levy contributions	160,919	-	-	-
Other production costs	255,320,702	189,637,973	-	-
	762,598,816	587,251,503	-	-

18. Other operating wages

Administrative cost recharge	-	-	7,013,689	30,081,525
	-	-	7,013,689	30,081,525

Notes (cont.)

19. Operating (loss)/profit

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

	Group		Company	
	2023 Shs	2022 Shs	2023 Shs	2022 Shs
Audit fees	7,116,461	7,070,333	2,667,294	2,397,089
Remuneration, other than to employees				
- Administrative and managerial services	23,623,175	41,330,992	1,634,651	2,620,172
- Consulting and professional services	12,437,521	15,484,207	2,826,437	5,838,498
Employee costs (Note 20)	420,763,374	330,665,347	27,965,059	24,833,657
Depreciation expense				
- property, plant and equipment (Note 3)	113,668,767	91,308,337	2,501	2,501
- right-of-use assets (Note 4)	26,592,587	22,760,082	-	-
Amortisation of intangible assets	1,287,133	210,713	-	-

20. Employee costs

Salaries and wages

- Sales and distribution	193,173,865	128,112,015	-	-
- Management and administration	179,635,453	130,985,709	27,965,059	24,833,657
Staff medical	193,762	-	-	-
Staff rent	14,093,236	8,670,261	-	-
Staff welfare	14,901,316	56,196,299	-	-
Staff training	913,865	5,412	-	-
Staff uniforms	948,521	69,218	-	-
Work permits	6,698,368	4,923,318	-	-
Housing levy - employer contributions	2,166,356	-	-	-
Pension contributions				
- National Social Security Fund (NSSF)	4,144,983	830,039	-	-
- Rwanda Social Security Board (RSSB)	2,876,824	559,204	-	-
- National Institute of Social Security (INSS)	538,434	153,354	-	-
- Social Security Contributions (SDE 11%)	478,391	160,518	-	-
	420,763,374	330,665,347	27,965,059	24,833,657

The average number of persons employed during the year, by category, were:

	Group		Company	
	2023 Number	2022 Number	2023 Number	2022 Number
Production	555	534	-	-
Sales and distribution	318	306	-	-
Management and administration	94	90	3	3
	967	930	3	3

Notes (cont.)

21. Finance costs

	Group		Company	
	2023 Shs	2022 Shs	2023 Shs	2022 Shs
Foreign exchange loss	72,913,617	34,690,297	172,133	220,531
Interest on lease liabilities (Note 14)	9,580,244	9,739,988	-	-
Bank overdraft interest	46,636,473	35,513,047	-	-
Interest on bank loans	192,880,767	129,089,203	-	-
Interest on commercial papers	3,606,729	4,214,900	3,606,654	4,214,900
Charges on letters of credit	14,125,411	13,130,962	-	-
	339,743,241	226,378,397	3,778,787	4,435,431

22. Taxation

Major components of the tax expense

Current				
Current tax	9,199,710	4,892,818	-	-
Deferred tax	4,018,269	(55,649,952)	-	-
	13,217,979	**(50,757,134)**	**-**	**-**
Profit/(loss) before tax	(61,437,923)	(265,729,030)	(35,437,083)	(13,022,700)
Tax calculated at a tax rate of 30% (2022:30%)	-	-	-	-

The deferred tax arose due to the differences between the carrying amount of assets /liability and their tax base. The deferred tax for 2023 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.

23. Cash generated from/(used in) operations

	Group		Company	
	2023 Shs	2022 Shs	2023 Shs	2022 Shs
Profit/(loss) before tax	(61,437,923)	(265,729,030)	(35,437,083)	(13,022,700)
Adjustments for:				
Depreciation - property, plant and equipment	113,668,767	91,519,050	2,724	2,501
Amortisation of intangible assets	1,287,133	210,713	-	-
Depreciation on right-of-use asset	26,592,587	30,542,876	-	-
Reversal of excess depreciation	-	(2,741)	-	(2,741)
Finance costs	339,743,241	226,378,397	3,778,787	4,435,431
Changes in working capital:				
Inventories	(88,449,453)	(108,273,867)	-	-
Trade and other receivables	(117,059,509)	(159,093,098)	39,296,180	(27,047,513)
Trade and other payables	92,038,942	129,859,542	18,703,952	4,216,914
	306,383,785	(54,588,158)	26,344,560	(31,418,108)

Notes (cont.)

24. Tax paid

	Group		Company	
	2023 Shs	2022 Shs	2023 Shs	2022 Shs
Balance at beginning of the year	(9,502,048)	17,255,338	-	-
Current tax for the year recognised in profit or loss	(9,199,710)	(4,892,818)	-	-
Balance at end of the year	(17,776,190)	(21,864,568)	-	-
	(36,477,948)	(9,502,048)	-	-

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 former 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.

28. Related party transactions

	Group		Company	
Outstanding balances	2023 Shs	2022 Shs	2023 Shs	2022 Shs
Loans to/(from) shareholders	18,624,239	12,168,075	(788,009)	(788,009)
Trade and other payables - subsidiaries	-	-	(13,281,527)	-
Loans from subsidiaries	-	-	759,161,177	650,006,589
Amount due from subsidiaries	-	-	110,687,843	372,413,149

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.

Notes (cont.)

29. Financial instruments and risk management (continued)

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 2023 and 31 December 2022 were as follows:

	Group		Company	
	2023 Shs	2022 Shs	2023 Shs	2022 Shs
Borrowings (Note 13)	1,231,390,426	1,051,487,956	779,433,425	679,149,707
Bank overdrafts (Note 11)	485,110,329	340,346,581	14,834	108,515,161
Total borrowings	1,716,500,755	1,391,834,537	779,448,259	787,664,868
Less: Cash and cash equivalents (Note 11)	(131,927,780)	(73,330,717)	(9,207,975)	(535,044)
Net borrowings	1,584,572,975	1,318,503,820	770,240,284	**787,129,824**
Equity	1,310,424,622	1,285,679,012	157,329,706	192,766,789
Gearing ratio	121%	103%	490%	408%

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.

Notes (cont.)

29. Financial instruments and risk management (continued)

Credit risk (continued)

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.

The outstanding debt over sales is 14% and the Days sales outstanding, DSO is 49 days vs 48 days in previous year. The 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. The Group has a team of credit controllers and outsourced debt collectors to ensure payments are received as expected. Our client base is quite diversified: hardware shops, NGO, supermarkets, public institutions, schools, hospitals.

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

	2023			2022		
Group	Gross carrying amount	Credit loss allowance	Amortised cost/fair value	Gross carrying amount	Credit loss allowance	Amortised cost/fair value
Trade receivables (Note 9)	877,785,985	(173,008,905)	704,777,080	754,705,921	(131,411,317)	623,294,604
Cash and cash equivalents (Note 11)	131,927,780	-	131,927,780	73,330,717	-	73,330,717
	1,009,713,765	(173,008,905)	836,704,860	828,036,638	(131,411,317)	696,625,321

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.

Notes (cont.)

29. Financial instruments and risk management (continued)

Liquidity risk (continued)

Group	2023 Carrying amount	2022 Carrying amount
Non-current liabilities		
Borrowings (Note 13)	684,080,999	196,258,994
Lease liability (Note 14)	61,667,676	51,019,168
Current liabilities		
Trade and other payables (Note 15)	854,057,724	762,018,782
Lease liability (Note 14)	3,759,955	4,053,773
Borrowings (Note 13)	547,309,427	843,060,887
Bank overdraft (Note 11)	485,110,329	340,346,581

Foreign currency risk

Foreign currency sensitivity analysis

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

Market risk

- **Foreign exchange risk**

  The Group operates in various jurisdictions and is exposed to foreign exchange risk arising from various currency exposures. The risk arises from assets and liabilities in the statement of financial position and future transactions.
  Risk management is carried out by the management under policies approved by the Board of directors. 'Management identifies, evaluates and hedges financial risks in close co-operation with various departmental 'heads. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

  The table below summarises the effect on post-tax profit had the Kenya Shilling weakened by 10% against various currencies, with all other variables held constant. If the Kenya Shilling strengthened against each currency, the effect would have been the opposite.

Group	UAE Dirham Shs	Other currencies Shs	Total Shs
Effect on profit - Decrease			
Year ended 31 December 2023	14,194,460	144,545	14,339,005
Year ended 31 December 2022	2,895,497	(15,040,486)	(12,144,989)

Notes (cont.)

29. Financial instruments and risk management (continued)

Foreign currency sensitivity analysis (continued)

Market risk (continued)

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 year would have been lower by amounts shown below, this arising mainly as a result of higher interest expense on variable borrowings.

30. Fair value measurement

A number of assets and liabilities included in the Group and the Company's consolidated and separate financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group and the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- **Level 1:** Quoted prices in active markets for identical items (unadjusted);
- **Level 2:** Observable direct or indirect inputs other than Level 1 inputs; and
- **Level 3:** Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the year in which they occur.
The following tables set out the fair values of assets and liabilities that are analysed by the level in the fair value hierarchy into which each fair value measurement is categorised:

The Group	Level 1 Shs	Level 2 Shs	Level 3 Shs	Total Shs
Assets				
Loan receivables	-	-	25,329,799	25,329,799
Cash and cash equivalents	-	-	131,927,780	131,927,780
Total	**-**	**-**	**157,257,579**	**157,257,579**

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Notes (cont.)

30. Fair value measurement (cont.)

The Group	Level 1 Shs	Level 2 Shs	Level 3 Shs	Total Shs
Liabilities				
Borrowings	-	-	1,231,390,426	1,231,390,426
Bank overdrafts	-	-	485,110,329	485,110,329
Total	**-**	**-**	**1,716,500,755**	**1,716,500,755**
The Company				
Assets				
Loan receivables	-	-	232,378,283	232,378,283
Cash and cash equivalents	-	-	9,207,975	9,207,975
Total	**-**	**-**	**241,586,258**	**241,586,258**
Liabilities				
Trade and other payables	-	-	31,703,152	31,703,152
Borrowings	-	-	779,433,425	779,433,425
Bank overdrafts	-	-	14,834	14,834
Total	**-**	**-**	**811,151,411**	**811,151,411**

The fair values of trade and other receivables, trade and other payables and lease liabilities approximate their carrying values due to their short-term nature.

31. 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.

- FTG Holdings Ltd has a low net debt EBITDA ratio (x 3.8 and reducing) and in Q4 2022 the banking facility with SBM was renewed to finance the growth of the Group as well as the working capital.
- 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.
- **Assets:** The subsidiary's property, plant and equipment were revalued in 2022 by an independent valuer, with the effect of revaluation reflected in the 2022 Group figures . The Group has acquired thereafter new machines, equipment and vehicles to diversify the products offered, insource some productive process and increase capacity. All new acquisitions have been properly valued by independent assesors, and the value has been incorporated in the books. Properties in Rwanda, Kenya and Ethiopia has been properly revalued as well. 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.

Notes (cont.)

32. Detailed classification of expenses

SELLING AND DISTRIBUTION	Group		Company	
	2023	2022	2023	2022
	Shs	Shs	Shs	Shs
Commission expenses	7,193,994	4,559,432	264,520	230,464
Excise duties	76,009,160	50,148,288	-	-
Rent expense	17,963,311	26,779,088	-	-
Promotion and marketing expenses	136,436,012	109,451,042	-	15,011
Transport and freight expense	230,618,005	192,516,466	-	-
Postage and courier expenses	-	79,285	-	-
Impairment on trade receivables	6,675,466	5,238,621	-	-
	474,895,948	**388,772,222**	**264,520**	**245,475**

Administrative Expenses

Administration and management fees	23,623,175	41,330,992	1,634,651	2,620,172
Audit fees	7,116,461	7,070,333	2,667,294	2,397,089
Legal, professional and consulting fees	12,437,521	15,484,207	2,826,437	5,838,498
Travelling and entertainment	-	-	694,845	-
Telephone, postage, courier and internet	10,000,865	4,324,341	248,430	-
Employees costs (Note 20)	420,763,374	330,665,347	27,965,059	24,833,657
Bank charges	11,753,794	9,871,055	-	312,520
Memberships and subscriptions	830,852	75,399	-	-
Printing and stationery	5,179,100	4,040,986	-	-
Fines and penalties	2,848,378	5,327,613	27,436	8,725
Standard levy	1,402,459	3,032,220	-	
Motor vehicle running expense	16,653,183	13,800,881	-	-
Donations	151,171	180,589	-	-
Miscellaneous expenses	32,990,432	29,323,441	1,841	-
Licenses and permits	12,435,918	13,893,274	1,612,215	852,880
Cleaning expenses	523,055	6,365	-	-
Electricity and water	974,420	675,232	-	-
Office expenses	5,424,372	6,596,927	586,533	5,908
	565,108,530	**485,699,202**	**38,264,741**	**37,687,533**

Flame Tree Group Holdings
Consolidated and separate financial statements for the year ended 31 December 2023

Notes (cont.)

32. Detailed classification of expenses (cont.)

Other Operating Expenses

	Group		Company	
	2023	2022	2023	2022
	Shs	Shs	Shs	Shs
Depreciation on property, plant and equipment	113,668,767	91,519,050	2,724	2,501
Depreciation on right-of-use asset	26,592,587	22,760,082	-	-
Amortisation of intangible assets	1,287,133	-	-	-
Insurance	22,112,737	19,641,542	140,000	733,285
Factory rent expense	17,011,869	12,939,002	-	-
Fuel and gas	625,832	-	-	-
Security charges	6,938,437	6,401,501	-	-
Repairs and maintenance	40,886,773	37,088,280	-	-
Local conveyances	463,996	418,454	-	-
Medical expenses	-	167,733	-	-
Training expenses	-	271,464	-	-
	229,588,131	**191,207,108**	**142,724**	**735,786**

33. Basic earnings per share

	2023	2022	2023	2022
	Shs	Shs	Shs	Shs
Basic earnings per share				
Total number of shares	178,053,486	178,053,486	178,053,486	178,053,486
Total profit/(loss) for the year	(74,655,902)	(214,971,896)	(35,437,083)	(13,022,700)
Total comprehensive for the year	24,745,610	95,626,512	(35,437,083)	(13,022,700)
Earning per share – On profit/(loss) for the year	(0.42)	(1.21)	(0.20)	(0.07)
Earnings per share – On total comprehensive income / (loss) for the year	0.14	0.54	(0.20)	(0.07)

34. Realised revaluation reserve

During the year, the Group has adjusted the difference between the accounting profit and tax depreciation, less deferred tax arising from Roto Private Limited Company (Ethiopia) amounting to Shs 2,395,223 (ETB 870,155).

35. Events after the reporting date

There have been no significant events after the reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 December 2023.

Notice of AGM

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

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Date: 23rd May, 2024

To: The Shareholders of the Company

From: JurisTax Ltd, Secretary

Subject: Notice of the Tenth Annual General Meeting of Shareholders of the Company to be held on Tuesday, 25th June 2024 at 11:00 A.M (Kenyan Time).

The company proposed to conduct the Tenth 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 Tenth Annual General Meeting of the Shareholders of the Company will be held via electronic communication on Tuesday, 25th June 2024 at 11:00 A.M (Kenyan Time) to transact the following business:

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

2. To read the notice convening the meeting;

3. To receive the auditor's report and consider the adoption of the financial statements for the year ended 31December 2023;

4. Election of the Board of Directors

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

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

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

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

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

6. Appointment of Auditors

   To consider the re-appointment of Crowe ATA as the auditors of the Company who have expressed their willingness to continue in office for the financial year ending 31 December, 2024 and to authorize the Directors to fix their remuneration in accordance with Section 196 of the Companies Act 2001.

7. Any Other Business

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

Quorum Requirement:

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

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

By order of the Board

For and on behalf of JurisTax Ltd
Secretary

FTG Holdings Limited
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Note:

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

   (a) Through the web portal:

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

   (b) Unstructured Supplementary Service Data (USSD)

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

   The registration to the virtual AGM shall be open on 1st June 2024 at 09:00 hours and shall close on 22nd June 2024 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 Friday, 21st June 2024 at 17:00 hours. Any shareholder appointing a proxy must provide the phone number, Identity Card Number and e-mail address of the proxy on the proxy form. Any proxy registration that is rejected

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will be communicated to the shareholder concerned no later than 22nd June 2024 at 17.00 hours to allow time to address any issues;

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

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

5. Shareholders having questions prior to the virtual AGM date should address them to the Company via email on agmftg@flametreegroup.com by indicating their names, CDSC Account and phone number. All questions received by 18th June 2024 will be responded to and answers shall be made available in the Company's website www.flametreegroup.com

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

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

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

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

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

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

Proxy Form

I / We, ...

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

hereby appoint: ....

of ....

or failing whom ....

.... of

....

As my / our proxy, to vote for me / us and on my / our behalf at the Virtual Annual General Meeting of the Company to be held on 25th June 2024 at 11:00 a.m and at any adjournment thereon.

Number of Shares held ....

Account number of member ....

Signed this .... day of 2024

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 20th June 2024 at 17:00Hrs.

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CONTACT US:
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