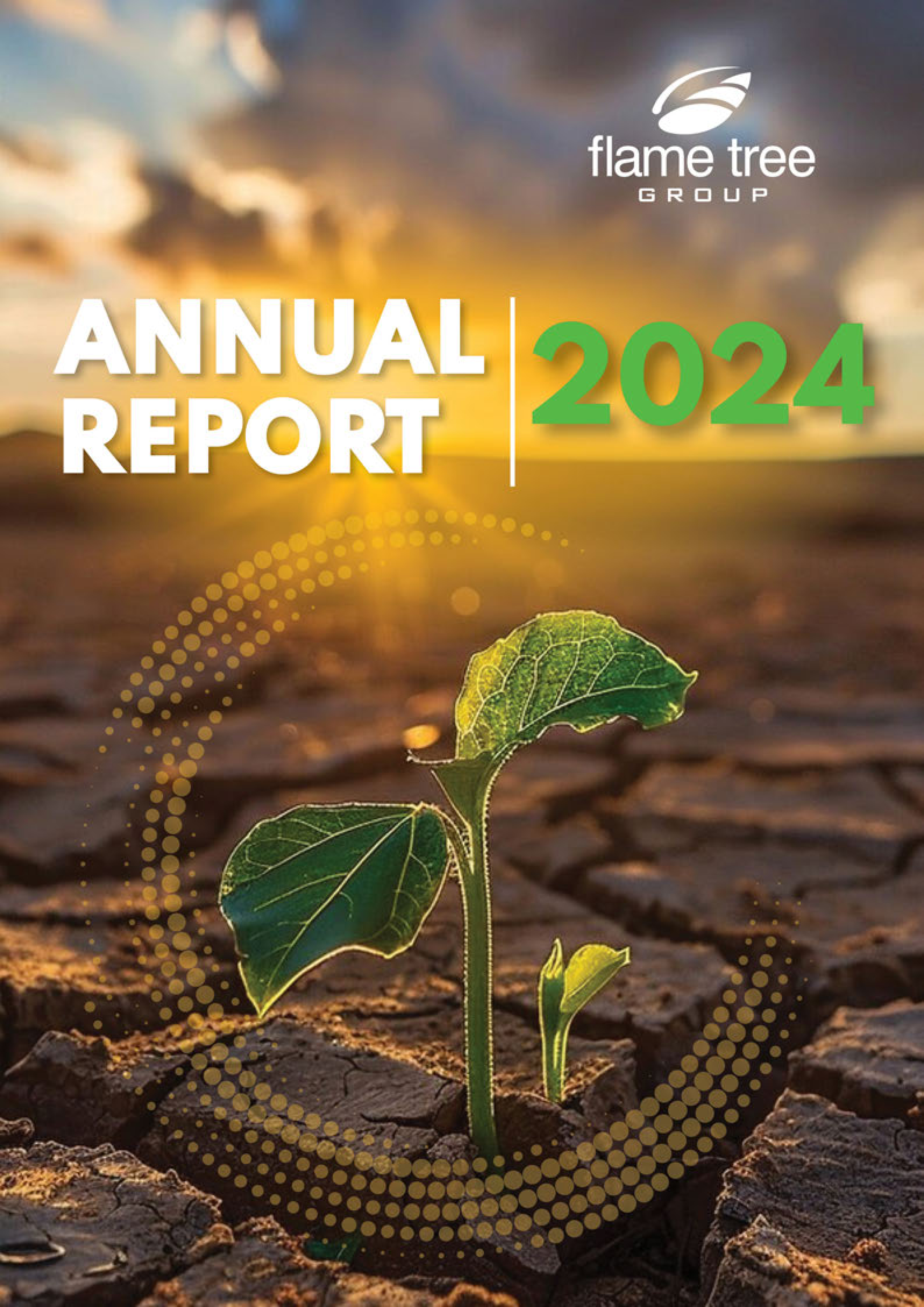
flame tree
GROUP
ANNUAL
REPORT
2024

ROTO TANKS
JOJO Tank
RINO Tanques
Beta TANKS
Soltanque

PolyPlay Great Fun For Every One
BOMA BLOCKS Building Leaders Block by Block
TOTO BALLS

WILLS
Total Active LooSafe Superstrength
DUAL POWER

Happy's golden
Chigs
Honey Comb
gonuts
NATURE'S OWN

ALANA
Zoe
S B

REX INDUSTRIES LTD.
CIRRUS
BM Buildmart

Company Information

Board of Directors

Heril Bangera
Frank Ireri
George Theobald
Gilles Kichenin (resigned on 30th August 2024)
Imalambaal Kichenin (resigned on 30th August 2024)
Deven Auracootee (appointed on 30th August 2024)
Bishwarnath Bachun (appointed on 30th August 2024)

Administrator and Company Secretary

St Lawrence Management Ltd
2nd Floor, C&R Court, 49 Labourdonnais Street,
Port-Louis, Mauritius

Auditors

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

Nominated Advisor

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

Corporate Governance Auditor

KNM Law Associates LLP
P.O. Box 64858 – 00620
Nairobi, Kenya

Registered Office

St Lawrence Management Limited
2nd Floor, C&R Court, 49 Labourdonnais Street, Port-Louis, Mauritius
Tel: (230) 213 7000 I Fax: (230) 212 4175
www.stlawrencemanagement.com

Principal Bankers

SBM Bank Mauritius
SBM Bank Kenya
Diamond Trust Bank Kenya
Mauritius Commercial Bank

Tax Advisors

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

Legal Governance Auditor

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

Company Registrars

ESCROW Financial Solutions Registrars Ltd
P.O.Box 6341-00100,
Nairobi, Kenya.

ESG Consultant

Christine Gatakaa


Beta
Soltanque
Happy's
Salted
Sour Cream & Onion
Spicy Twist
ITALIAN
PERIPERI
PILAU MASALA
THYME
Zoe
ALANA
LooSafe
MATTE LIPSTICK
MADE HEAVIER
Cookies
CINNAMON
ORIGINAL
PolyPlay
JOJO Tank

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Introduction

Kenya's macroeconomic environment in 2024 remained moderately stable, providing a mixed backdrop for business growth. The economy recorded a real GDP growth rate of 4.7%, supported by recovery in agriculture, transportation, manufacturing, and financial services. Inflationary pressures, tight credit markets, and geopolitical headwinds persisted, but the country maintained its growth trajectory. The manufacturing sector, a cornerstone of Flame Tree Group's operations, grew by 2.8% in real terms and contributed 7.3% to GDP. Growth in manufacturing output accelerated to 4.4%, largely driven by increased production in food and non-food industries, including rubber and plastic products. Despite a 12% decline in credit to the sector from commercial banks, targeted financing and increased investment in industrial zones offered important buffers. These trends validate Flame Tree Group's continued focus on local production, supply chain agility, and innovation across its manufacturing portfolio.

At Flame Tree Group, our mission—to build world-class African brands—is driven by strong partnerships, deep market insight, and a commitment to operational excellence. We continue to foster agility, innovation, and efficiency across all areas of the business, while upholding the highest standards of integrity, corporate governance, and compliance.

The 2024 Annual Report and Financial Statements offer a transparent and comprehensive account of our performance for the financial year ended December 31, 2024. This report reflects the value we deliver to shareholders, employees, customers, and communities, while reinforcing our broader contribution to social and economic development across Africa. Guided by our core values and long-term strategic vision, we are committed to accountability, sustainability, and continuous improvement. We present this report as a balanced reflection of our achievements, challenges, and the lessons learned along the way.

Through detailed analysis, financial data, and visual insights, we provide relevant and measurable information that empowers stakeholders to assess our progress, compare year-on-year performance, and hold us to account. This report reaffirms our dedication to responsible, ethical business and highlights the impact of our brands, partnerships, and operations across the region.


Zoe
Naturals

Chairman's Letter – FY2024

Dear Fellow Shareholders and Partners,

As we close our 2024 financial year accounts, the global economy continues to navigate a period of significant transition. While inflation has eased in many markets, and several central banks have begun lowering rates, the aftershocks of recent global crises from pandemics to war continue to ripple through supply chains, commodity markets, and political institutions.

In this volatile environment, I am pleased to report that Flame Tree Group has delivered a strong and disciplined performance, returning to profitability, achieving record EBITDA, and reinforcing its role as a sustainable regional manufacturer with purpose.

Global & Regional Economic Context

The world economy showed modest growth in 2024, driven by slowing inflation, resilient consumption, and recovering trade. The IMF projects global growth at 3.0%, with Sub-Saharan Africa expected to grow by 3.8% in 2025 and 4.2% in 2026, a slight downgrade from earlier expectations, reflecting trade tensions, fiscal tightening, and geopolitical volatility.

Projections suggest that while oil prices may decline due to oversupply and subdued demand, natural gas prices are expected to rise, influenced by increased consumption and export growth. Energy prices continue to influence the cost of our polymer-based raw materials, as well as transportation and logistics across East Africa.

In the United States, President Donald Trump's administration has introduced a new wave of tariffs and tightened trade rules targeting key partners including China, Mexico, and Canada. Goldman Sachs has adjusted its U.S. growth forecast downward to 1.3% for 2025, citing the drag of protectionist policies on business confidence and investment.

The U.S. dollar has weakened by over 8% year-to-date, hitting a three-year low, as markets react to increased fiscal deficits and shifting capital flows. A weaker dollar may ease the cost of imported inputs, but global investors remain cautious amid policy uncertainty. In Europe, meanwhile, growth remains subdued at 0.8%, weighed down by a strong euro and sluggish industrial output.

Closer to home, the implications for East Africa are mixed. A softer dollar could lower the cost of fuel, polymers, and other imported raw materials. However, continued volatility in global commodity markets and currency movements requires ongoing vigilance. At FTG, we've taken proactive steps to adapt our sourcing, financing, and pricing strategies accordingly.

East Africa: Opportunity Amid Constraints

Regionally, East Africa continued to show structural resilience. Kenya's inflation dropped from 6.9% to 2.8%, interest rates began to ease, and the country attracted renewed investor confidence through successful bond issuances and FX reserve accumulation.These gains, however, were partially offset by the April floods and mid-year protests, which briefly slowed logistics and domestic consumption.

Yet the fundamentals remain sound. Medium-term projections for Kenya, Rwanda, and Ethiopia remain robust, fueled by population growth, regional integration, digital transformation, infrastructure investment, urbanization, and increased demand for affordable consumer goods and clean water solutions all key areas of FTG's strategy.

Resilience Through Strategy and Leadership

FTG's performance in 2024 was not only a recovery it was a strategic reaffirmation of our long-term vision. At a time when many manufacturers across the continent struggled with inflationary costs, interest rate burdens, and volatile demand, FTG maintained discipline, protected margins, and reinvested in capacity.

FTG's performance in 2024 was not only a recovery it was a strategic reaffirmation of our long-term vision

This was not by chance. It was the result of disciplined execution, sound financial management, and a leadership team deeply attuned to market realities. The Group invested in efficiency, deepened local sourcing, and brought new capacity online especially through Jojo Plastics in Kenya and Rino Tanques in Mozambique.

Such agility and foresight are what distinguish long-term winners from short-term survivors. This combination of entrepreneurial drive and prudent governance that has won the confidence of our stakeholders and positioned FTG as a leading example of how African companies can compete and thrive in complex environments.

Our Commitment to Sustainability

At FTG, sustainability is not an afterthought it's part of our operating model and leadership culture. This year marks the third consecutive year we publish a comprehensive ESG Report, reflecting our deepening commitment to environmental, social, and governance performance. Our progress is anchored by clear KPIs, which are measured and reviewed monthly across divisions, helping us stay accountable and focused on long-term impact.

Beyond environmental metrics, we are also proud of the diverse, talented, and youthful team that drives our business forward every day. FTG is a dynamic blend of experienced leadership and new-generation professionals, bringing fresh energy, creativity, and discipline into our decision-making processes. This combination fosters innovation and ensures that we continue evolving as both a modern business and a responsible corporate citizen.

These efforts reflect a broader mission to be not just a manufacturer, but a force for good in Africa's growth story. Our team embraces sustainability not as a slogan, but as a principle integrated into every business unit.

Looking Ahead

As we enter 2025, the global economy faces an evolving policy landscape, unpredictable commodity cycles, and geopolitical realignments. But within every challenge lies opportunity. As global attention returns to Africa, and as new partnerships and trade corridors emerge, companies like FTG that are rooted locally and ambitious globally will play a central role.

FTG is well-positioned with a resilient platform, strong leadership, regional relevance, and a growing brand portfolio. We are confident in the company's ability to remain agile, pursue sustainable growth, and continue building world-class African brands.
To our shareholders, customers, partners, and communities thank you for your unwavering support.

Sincerely,

George Theobald
Chairman of the Board
FTG Holdings

Letter from the CEO – FY2024

As I reflect on the year 2024, I do so with renewed optimism and deep pride in what Flame Tree Group has achieved. We entered the year navigating the ripple effects of inflation, tight credit, social unrest, and climate shocks and emerged stronger, leaner, and back to profitability.

We delivered a record EBITDA of KES 618 million, up +47% from the previous year, and a net profit of KES 201.8 million, reversing the loss posted in 2023. Our gross margin expanded by 4.5 points to 39.2%, the highest in our history. This recovery was possible thanks to enhanced factory efficiencies, improved procurement, and a stabilizing macroeconomic environment that favored local production.

Our plastics division led the way, with +5.6% revenue growth, supported by strategic investment and innovation. Jojo Plastics in Kenya scaled production capacity by over 30% following the acquisition of Plastic Electricon's assets. Rino Tanques in Mozambique introduced new product lines including road barriers and bins, while Ethiopia strengthened its offering of large-capacity tanks, regaining momentum after prior disruptions.

Navigating Headwinds

Despite the operational gains, the burden of high interest rates remained. In Kenya, lending rates peaked at 21.7%, contributing to a +43% increase in finance costs across the Group. Roto Moulders paid over KES 263 million in interest and repaid KES 410 million in net debt, together representing more than 40% of its total sales highlighting the importance of our ongoing efforts to optimize our capital structure and improve financing efficiency.

Nonetheless, we managed to hold steady on revenues at KES 4.463 billion, even amid April's devastating floods and mid-year Gen Z protests. Net Debt/EBITDA ratio improved to 2.8x, down from 3.8x in 2023 and a peak of 15.9x in 2022 a clear sign of stronger financial resilience and tighter working capital controls.

Our People, Purpose & Community

FTG continues to be defined by its culture inclusive, agile, and socially driven. We nurtured our internal culture through Kaizen practices, team development, and open communication. We believe in leadership with humility, playfulness, and purpose.

Our CSR work reached new heights this year:

- Over 70 water tanks were donated to schools, shelters, and health facilities.
- More than 4,000 trees were planted in Nakuru and Taita Taveta Counties.
- Partnerships with organizations like Mama Doing Good and Come Together Widows & orphans deepened our impact at the grassroots level.

These actions reflect our broader ESG vision to build a sustainable, community-anchored company that delivers economic and social returns.

Outlook for 2025 and Beyond

Kenya's economic outlook is steadily improving: inflation dropped to 2.8%, the Kenyan Shilling appreciated by ~20%, and reserves climbed to USD 9 billion, restoring market confidence. However, global volatility continues from Red Sea shipping threats to energy shocks and extreme weather. Our strategy for 2025 focuses on:

- Debt optimization and diversified funding
- Investment in innovation, automation, and new product ranges
- Market expansion and new partnerships
- Strengthening our environmental and social footprint

Africa remains the most promising frontier. With a young, fast-growing population, and rising demand for infrastructure, FMCG goods, and sustainable solutions, we are well positioned to serve our continent through world-class African brands.

To our shareholders, customers, employees, suppliers, and banking partners thank you for your continued trust. Together, we're building something resilient, relevant, and deeply rooted in African potential.

Warm regards,

Heril Bangera
Chief Executive Officer
FTG Holdings

NATURE'S OWN

EXPERIENCE PURE FLAVOR WITH NATURE'S OWN!

Premium Seasonings, Spices, and Aromatic Herbs!

AROMA & TASTE GUARANTEED

COMPANY OVERVIEW

The name Flame Tree was thoughtfully chosen for its powerful symbolism across Africa and beyond. Known for its vivid red blossoms that light up landscapes like glowing candles, the Flame Tree—often called the "Flame of Africa"—evokes strength, beauty, and enduring stability. At Flame Tree Group, this iconic symbol inspires our vision and values. Just as the tree connects diverse environments with its striking presence, we strive to connect with communities across Africa through a diverse portfolio of high-quality, locally made products. Proudly crafted in Africa for Africa, our trusted brands enrich everyday lives and contribute to the continent's growth and resilience

At Flame Tree Group, we draw inspiration from this iconic symbol as we forge meaningful connections with communities across Africa. Through our diverse portfolio of brands, we offer world-class, high-quality products proudly made in Africa, for Africa. Each of our brands is designed to meet the everyday needs of our people—enriching lives, creating value, and celebrating the spirit of African innovation and resilience.

OUR MISSION

Spreading the Flame Tree Group Spirit of Building Africa through our Brands

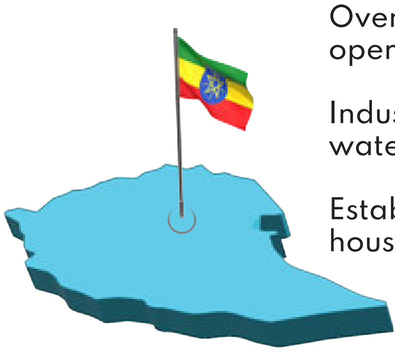
OUR CORE VALUES

- COMMITMENT
- INTEGRITY
- RESPECT & HUMILITY
- TEAMWORK
- CONTINUOUS IMPROVEMENT

OUR VISION

Creating World Class African Brands

Pan-African Footprint



ETHIOPIA:
Over 20 years of successful operations

Industry leader in the water tanks market

Established and trusted household brand

UAE:
Flame Tree Group procurement office

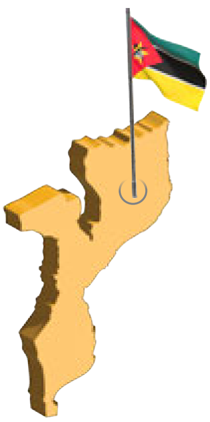
KENYA:
Market leader in the water tanks industry

Home to a portfolio of highly reputable and trusted FMCG brands

RWANDA:
Commands a dominant 80% share of the glycerine market

Recognized by the government as an accredited supplier of high-quality HDPE water pipes

MAURITIUS:
Location of Effective Management and Strategic Oversight



MOZAMBIQUE:
Operates two fully functional manufacturing facilities

Our Strategy

- RETAIN KEY STAFF, TRAIN SUCCESSORS TO UPHOLD VALUES
- DELIVER BRAND PROMISE
- ONGOING INNOVATION TO LAUNCH AFFORDABLE NEW PRODUCTS
- LONG TERM FINANCIAL SUSTAINABILITY
- SUSTAIN GROWTH & DEVELOPMENT
- QUALITY, PROFESSIONALISM AND RISK MANAGEMENT
- MAXIME EFFICIENCY AND PRODUCTIVITY

Strategic Goals

1. GROW BUSINESS LINES
2. DIVERSIFY PRODUCT PORTFOLIO
3. MAINTAIN HIGHER LEVELS OF EFFICIENCY
4. SECURE NEW SOURCES OF FUNDING

Company Structure

FLAME TREE GROUP COMPANY STRUCTURE

Beauty

Flame Tree Africa Ltd, Kenya
Flame Tree Brands Ltd, Rwanda
Flame Tree Mozambique Lda, Mozambique

Support Services

FTG Holdings Ltd, Mauritius
FTG Holdings Ltd, Kenya

Retail & Trading

Cirrus International FZC, Dubai
Buildmart Limited, Rwanda

Water, Sanitation & 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 Ltd, Kenya
Happys Golden Foods Ltd, Kenya

Enriching Lives Through our Brands

The name Flame Tree was thoughtfully chosen for its rich symbolism in Africa and beyond. This remarkable tree, found across various regions of the continent and the world, is one of nature's most striking spectacles. When in bloom, its vivid red flowers light up the landscape like glowing candles, earning it the name "Flame of Africa." It evokes a sense of strength, beauty, and enduring stability rooted in nature.

At Flame Tree Group, we draw inspiration from this iconic symbol as we forge meaningful connections with communities across Africa. Through our diverse portfolio of brands, we offer world-class, high-quality products proudly made in Africa, for Africa. Each of our brands is designed to meet the everyday needs of our people—enriching lives, creating value, and celebrating the spirit of African innovation and resilience.

Our Brands

FOOD & NUTRITION

Chips, Honey Comb, gonuts, Nature's Own, Happy's golden

CHILD PLAY

PolyPlay, BOMA Blocks, TOTO Balls

WATER, SANITATION AND PACKAGING

Toto Tanks, Jojo Tank, Rino Tanques, Rex Industries Ltd, Soltanqu, Beta Tanks

HEALTH & BEAUTY

Dual Power, Zoe, Alana, LooSafe Toilet Cleaner, Wills, cErro, Sylva

TRADE

BM Buildmart, flame tree, Cirrus


C THE DIFFERENCE
ALANA
Vitamin C
Body and Face Lotion
Face & Body Lotion
ALANA
Vitamin C
Body & Face Lotion
200ml
400ml

OUR ENVIRONMENTAL SOCIAL GOVERNANCE REPORT 2024

Board of Directors

GEORGE CARMICHAEL THEOBALD - CHAIRMAN

Bimb Theobald, a long-term Tanzanian resident with over 25 years in the country, is a seasoned businessman and Chairman of Tatepa PLC, which he led to listing on the Dar es Salaam Stock Exchange. He also chairs Nomad Tanzania Ltd. and Flame Tree Group, and sits on the boards of Wakulima Tea Co. Ltd, Equity Bank Tanzania, Pamoja Holdings (Switzerland), and Marginpar (Netherlands). His leadership spans finance, agriculture, tourism, and international business.

HERIL COLBERT BANGERA - FOUNDER AND GROUP CEO

Heril Bangera founded Roto Moulders Limited in 1989, laying the foundation for what would become the Flame Tree Group. With over 30 years of business experience and a background in Mechanical Engineering, he leads the Group's overall management and strategic direction. He is also an alumnus of the Owners Management Program at Strathmore University.

FRANK IRERI - NON-EXECUTIVE DIRECTOR

Frank Ireri has over 30 years of international experience in auditing, consulting, and banking, with senior roles at Deloitte, Citibank NA, Commercial Bank of Africa, Barclays Africa, and HF Group. He has chaired key industry bodies such as the Kenya Bankers' Association and the Kenya Institute of Bankers. He currently chairs Habitat for Humanity Kenya and serves on several boards, including Amref Health Africa, Centum Real Estate, Kenya Pipeline Company, and Kentegra LLC. In 2011, he received the Elder of the Burning Spear (EBS) award for his service to the financial sector.

IMALAMBAAL KICHENIN - EXECUTIVE DIRECTOR

With over 20 years of industry experience, Imalambaal Kichenin founded JurisTax in 2008, following an eight-year career in legal and corporate administration education. As CEO, she leads the firm's strategic direction and oversees operations, championing a multi-boutique structure that nurtures leadership and innovation across the group. Her disciplined, "mind over matter" mindset shaped in part by her passion for kickboxing continues to drive JurisTax's growth and position at the intersection of finance and technology.

(Resigned on 30th August 2024)

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. (Resigned on 30th August 2024)

BACHUN (BOB) BISHWARNATH - EXECUTIVE DIRECTOR

Mr. Bishwarnath, a Fellow of the Chartered Association of Certified Accountants (FCCA), brings 38 years of experience in banking, auditing, fund administration, and corporate governance. His distinguished career includes roles at Deutsche Bank (Mauritius & Jersey), PricewaterhouseCoopers, and executive leadership at MITCO, a CIEL Group subsidiary. He has led assignments for the World Bank and IMF in Africa and currently serves as Managing Director of St Lawrence Management Limited. A member of the Society of Trust and Estate Practitioners (STEP), he also sits on several boards in Mauritius and internationally. His expertise will enhance strategic direction and governance within the Company. (Appointed on 30th August 2024)

MR. DEVEN AURACOOTEE - EXECUTIVE DIRECTOR

Mr. Auracootee has over 15 years of experience in financial services, corporate administration, and compliance. His career includes serving as a Senior Company and Trust Administrator and Money Laundering Reporting Officer at TK OLAM Ltd. He has also led teams at JurisTax Ltd and St Lawrence Management Limited, where he was promoted to Assistant Manager in 2023. Mr. Auracootee holds a Master's degree in Business Administration with a specialization in Financial Services from the Open University of Mauritius. His expertise in regulatory compliance, trust management, and leadership will add significant value to the Board. He was appointed on 30th August 2024.

Senior Management Biographies

HERIL BANGERA
CHIEF EXECUTIVE OFFICER, FLAME TREE GROUP

Heril 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 CHIEF FINANCIAL OFFICER, FLAME TREE GROUP

Beatriz joined FTG in January 2019, bringing with her a distinctive blend of expertise spanning commercial, financial, cultural, and political spheres, with a strong focus on aid development and agriculture. With over two decades of experience in finance, she holds an MBA from IESE Business School in Madrid, a Master's in Business Law from the University of Navarra in Pamplona, and a Bachelor's in Economics and Business Administration from the University of San Pablo CEU in Madrid. Beatriz has held several high-level roles, including Chief Financial Officer for Africa and the Indian Ocean at CAMUSAT International and Finance Director at IBERDROLA Engineering (Kenya). She also served as Group CFO and Corporate Business Transformation Director at ADVEO Group International (Spain), where she oversaw operations across six European countries, managing a turnover of €1.3 billion. In Kenya, Beatriz has championed transformative initiatives in education, hospital management, and agribusiness. She currently serves on the board of Saint Mary's Hospital and is an active Committee member in various categories at the Kenya Association of Manufacturers (KAM).

DEE-VONA QUADROS
GROUP HUMAN RESOURCES MANAGER, FLAME TREE GROUP

Dee-Vona joined Flame Tree Group in 2016 and serves as a senior Human Resources Executive, committed to fostering a high-performance culture grounded in diversity, strategic goal alignment, and workforce optimization. She holds a Master's degree in Human Resources and Project Management, along with a Bachelor's degree in Commerce with a focus on Banking and Finance. Dee-Vona brings a wealth of experience from her previous roles at Aggreko International Projects Ltd, where she served as an HR Specialist for East Africa and Eritrea, and later as HR Manager across East Africa, Mozambique, and Eritrea. She also held the position of Assistant Finance Administrator and HR Officer at Johnnic Communications, further strengthening her expertise in both financial and human capital management.

SONIA BANGERA,
MARKETING DIRECTOR, FLAME TREE GROUP

Sonia Bangera, a seasoned marketing professional with over 25 years of experience, currently serves as the Group Marketing Director at Flame Tree Group. Renowned for her strengths in business development and strategic planning, Sonia combines a robust academic background—holding an MBA in Marketing from Mt. Carmel Institute in Bangalore and a Bachelor's degree in Computer Science from Bangalore University. This unique blend of education has empowered her with strategic foresight, strong leadership capabilities, and a keen understanding of the digital ecosystem. Her market insights and deep consumer connections have been instrumental in the success of numerous FMCG brands. At Flame Tree Group, Sonia leads digital and social media initiatives across multiple countries, driving innovative marketing campaigns that amplify the company's growth. She continuously adapts to the dynamic social media landscape, developing forward-thinking strategies to engage customers in fresh, impactful ways.

RAHUL RASHIK SHAH
COMMERCIAL MANAGER, FLAME TREE GROUP

Rahul R. Shah is an accomplished Commercial Manager with over 15 years of experience in the plastic industry. Known for his strategic insight and financial acumen, Rahul has played a key role in driving profitability, streamlining operations, and fostering sustainable growth in highly competitive markets.

Rahul holds a degree in Accounting and Finance from a leading UK university and is a certified member of the Chartered Institute of Management Accountants (CIMA). His educational background, combined with extensive industry experience, has equipped him with a unique blend of commercial, financial, and operational expertise.

Throughout his career, Rahul has successfully managed cross-functional teams, negotiated major contracts, and implemented financial controls that have significantly improved bottom-line performance. His deep understanding of market dynamics and supply chain complexities within the plastic sector has made him a trusted advisor and a valuable asset to his organization.


RINO
TRANSFORM YOUR SPACE WITH OUR PLANTERS!
RINO

Corporate Governance

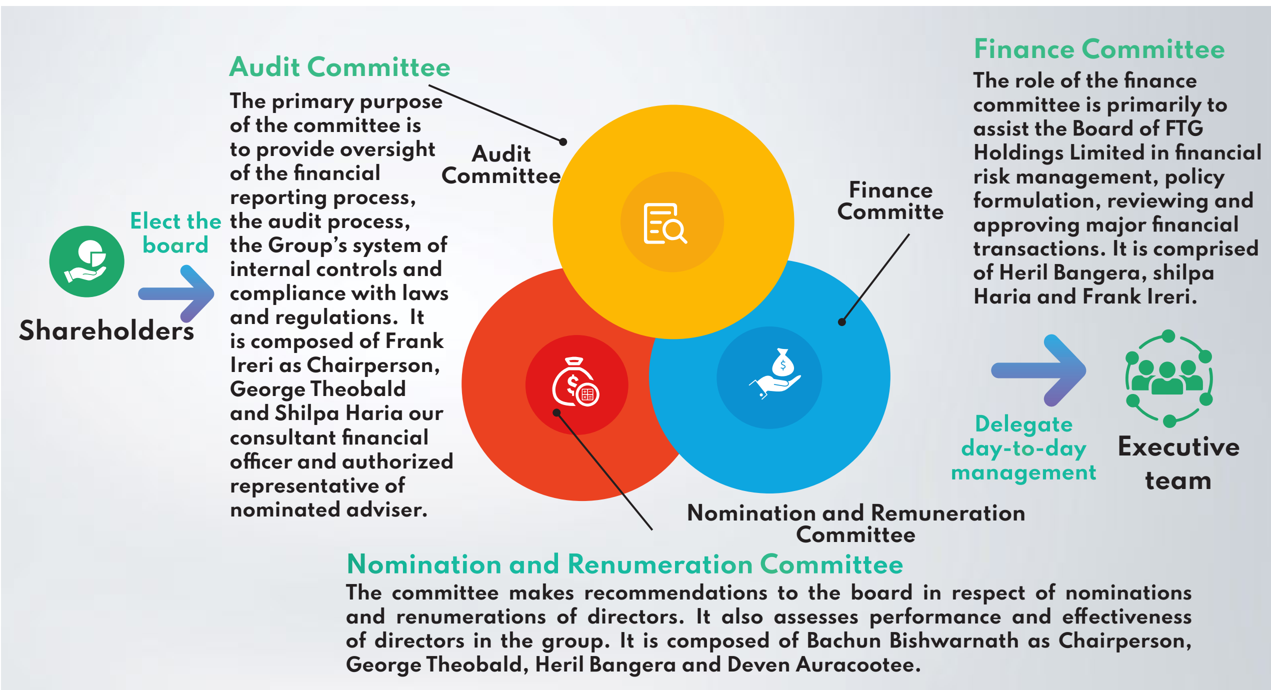
Governance is the means by which the affairs of an institution are directed and managed thereby promoting corporate accountability and business aptness to achieve an optimal shareholder value, whilst simultaneously taking into consideration the interests of other stakeholders. It is premised on the principles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

Corporate Governance Framework



During the year the company transitioned its Company Secretary role from JurisTax Ltd to St Lawrence Management Limited, effective 30th August 2024. Along with this change, the company's registered office address moved from Ebene House in Cybercity to C&R Court, Port Louis, Mauritius (annexure on page 34)

Ms. Edna Adala, a member of the Institute of Certified Secretaries (ICS) in Kenya, is recognized for her good standing with the institute. She performs secretarial duties at Annual General Meetings (AGMs) in Kenya, ensuring compliance with governance standards and corporate regulations

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.

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.

FTG Holdings Ltd's Board of Directors has formally confirmed that there are no known insider dealings within the company. This declaration further solidifies the company's commitment to transparency, regulatory compliance, and ethical business practices while fostering market confidence and investor trust.

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 primary purpose of the committee is to provide oversight of the financial reporting process, the audit process, the Group's system of internal controls and compliance with laws and regulations. It is composed of Frank Ireri as Chairperson, George Theobald and Shilpa Haria our consultant financial officer and authorized representative of nominated adviser. Shilpa also advises us on corporate matters.

  FTG Holdings held three audit committee meetings during the financial year 2024 attended by all the committee members, These meetings focused on key financial discussions;

  - Review of consolidated financial statements for the year ended 31st December 2023
  - Review of consolidated financial statements for the half year ended 30th June 2024
  - Discussion on budget 2025 and the landing of budget 2024

These meetings align with the audit committee's oversight responsibilities ensuring financial integrity and strategic planning

- **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. It is comprised of Heril Bangera, shilpa Haria and 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. It is composed of Bachun Bishwarnath as Chairperson, George Theobald, Heril Bangera and Deven Auracootee.

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.

Embedding Ethics into Strategy and Operations

At Flame Tree Group, our Code of Ethics is a foundational pillar that guides every aspect of our operations and strategic decisions. It outlines the values and standards expected of all employees, management, and partners, promoting a culture of integrity, accountability, and respect. In 2024, we continued to integrate the Code of Ethics into our day-to-day operations by ensuring it is reflected in employee onboarding, training programs, performance evaluations, and supplier engagement processes.

Our leadership team champions ethical behavior through regular communication and by setting a clear example, ensuring alignment between our business practices and ethical standards.

We have established internal mechanisms including confidential reporting channels and a zero-tolerance policy for misconduct to ensure adherence and to respond effectively to any breaches. These efforts have strengthened trust among stakeholders and reinforced our commitment to operating responsibly and sustainably across all regions where we do business.

Internal Audit Function

Flame Tree Group recognizes the critical role of the internal audit function in promoting transparency, risk management, and operational efficiency. Our internal audit department operates independently and reports directly to the Audit and Risk Committee of the Board. This ensures objectivity and reinforces the integrity of our governance framework. In 2024, the internal audit function continued to assess the effectiveness of internal controls, compliance with policies, and risk mitigation strategies across all subsidiaries and operational units.

Regular audits were conducted based on a risk-based audit plan approved by the Audit and Risk Committee, with key findings and recommendations discussed with management and tracked through to resolution.The internal audit team also supported process improvements by identifying opportunities for operational efficiency and cost savings while ensuring alignment with the Group's ethical standards and strategic goals. Through this function, we continue to strengthen our accountability, support informed decision-making, and enhance value for our stakeholders.

The company is in the process of filing its annual corporate governance reporting template for issuers of securities to the public, aligning with the Capital Markets Authority (CMA) recommendations in Kenya. This reporting ensures transparency, accountability, and compliance with regulatory standards.

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	Name of Holder	Shares	%Holding
1	BANGERA,HERIL COLBERT	149,577,242	84.01
2	MUKUMBU,JAPHETH MULINGE	2,914,900	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	SBM BANK NOMINEES LTD A/C 0042	958,210	0.54
9	STANBIC NOMINEES LIMITED A/C R88601	939,410	0.53
10	GICHUKI,SIMON GACHIRA	871,630	0.49
11	BURBIDGE,EDWARD LYNDON LOVELL	414,130	0.23
12	OCHIENG,ERIC ODUOR	343,300	0.19
13	GACHERU,CHARLES KIAI	332,523	0.19
14	JUMA,AL-NOOR AKBARALI	275,200	0.15
15	TOLE,MWAKIO PETER	233,000	0.13
16	STANDARD CHARTERED NOMINEES A/C 9675C	231,904	0.13
17	GADANI,RAKESH PRAKASH	231,100	0.13
18	STANDARD CHARTERED KENYA NOMINEES LTD A/C KE004504	225,893	0.13
19	SHAH,VASANTI MAHENDRA KUMAR	224,900	0.13
20	KHAN,IMTIAZ	205,810	0.12

Distribution of Shares as at 31-Dec-2024

No.	Range	Shares	Shares %	Shareholders	Shareholders %
1	1 - 500	229,938	0.13	1,439	59.96
2	501 - 5000	1,113,276	0.63	637	26.54
3	5001 - 10000	713,614	0.40	96	4.00
4	10001 - 100000	5,298,996	2.98	182	7.58
5	100001 - 1000000	8,927,793	5.01	39	1.63
6	>1000000	161,769,869	90.85	7	0.29
TOTALS		**178,053,486**	**100.00**	**2,400**	**100.00**

Shareholder Analysis by Domicile as at 31-Dec-2024

No.	Industry	Shares	Shares %	Shareholders	Shareholders %
1	East African Community Partner States Individuals	166,860,906	93.71	2,316	96.50
2	East African Community Partner States Institutions	5,392,106	3.03	67	2.79
3	Foreign Individual	3,301,740	1.85	16	0.67
4	Foreign Institutions	2,498,734	1.40	1	0.04
	Totals	**178,053,486**	**100.00**	**2,400**	**100.00**

The Director's Remuneration Report

FTGH is pleased to present the Director's remuneration report for the year ended 31 December 2024. 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.

Director's Remuneration as Key Management for the Year Ended 31 December 2024

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 2024

	2024	2023	2022
Heril Colbert Bangera	25,666	27,875	23,876
Imalambaal Kichenin	72	72	72
Giles Kichenin	72	72	72
Bishwarnath Bachun	39	0	0
Deven Auracootee	39	0	0

Non -Executive Directors	**Fixed Retainer**			**Sitting Allowance**		
	2024	2023	2022	2024	2023	2022
George Theobald	1,311	1465	1,294	0	0	183
Frank Ireri	769	769	607	308	308	314

CMA Letter

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Tel: +254 (0) 20 2264900
Email: corporate@cma.or.ke
Web:www.cma.or.ke

CAPITAL MARKETS AUTHORITY
Promoting the Integrity and Growth of the Capital Markets

Our Ref: CMA/CMD/236

December 23, 2024

Mr. Heril Bangera
Chief Executive Officer
Flame Tree Group Holdings Limited
Off Enterprise Road, Opposite Road A, Industrial Area
P.O. Box 27621 – 00506
NAIROBI

Dear Mr. Bangera,

RE: REQUEST FOR APPROVAL OF CHANGES IN THE BOARD OF DIRECTORS AND COMPANY SECRETARY OF FLAME TREE GROUP HOLDINGS LTD

We refer to your letter dated December 18,2024, and the attached draft public announcement.

The Authority notes the following changes in the Company, effective August 30,2024:

i. Change of Company Secretary from JurisTax Limited to St Lawrence Management Limited;
ii. Resignation of Mr. Soubramanien Gilles Pierre Kichenin and Mrs. Imalambaal Kichenin as Directors of the Board; and
iii. Appointment of Mr. Bishwarnath (Bob) Bachun and Mr. Deven Auracootee as Executive Directors to the Board of Directors.

Further, we have reviewed the draft public announcement to be issued by Flame Tree Group Holdings Ltd and hereby approve it for publication. This approval is in accordance with Regulation 80(2) of the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023.

Yours Sincerely,

Daniel Warutere
DIRECTOR, MARKET OPERATIONS

We promote and facilitate the development of orderly, fair and efficient capital markets in Kenya
All correspondence should be addressed to the Chief Executive.

Empowering Communities with Purpose

At Flame Tree Group, our brands are more than just products. They are solutions designed to uplift communities, enhance sustainability, and improve everyday life across Africa. Each brand in our portfolio plays a vital role in addressing real challenges while driving positive environmental and social impact. Access to clean water remains a pressing issue in many parts of Africa. Roto Tanks and Jojo Plastics provide durable and sustainable water storage solutions, helping households, businesses, and institutions secure a vital resource for daily life.

In the beauty and personal care sector, we recognize the importance of self-care, confidence, and economic empowerment. Our brands Zoe, Cerro, Alana Skin, and Siora offer high quality, locally made products that cater to diverse skin and hair needs. By sourcing responsibly and supporting local employment, we ensure that our beauty brands not only enhance well-being but also create sustainable livelihoods for many.

Through each of our brands, we remain committed to creating social value, reducing our environmental footprint, and driving sustainable growth. Whether it is through innovative water solutions, ethically made beauty products, or durable construction materials, Flame Tree Group continues to champion ESG principles.
Our ESG Commitments

At Flame Tree Group, sustainability is not just an initiative; it is a fundamental part of our business philosophy. We are committed to integrating environmental stewardship, social responsibility, and strong governance into every aspect of our operations. Our ESG strategy is designed to drive long-term value, enhance stakeholder trust, and contribute to a more sustainable future for the communities we serve.

Environmental Stewardship

Our environmental strategy is centered on responsible resource management, reducing our carbon footprint, and fostering circular economies. We are committed to reducing our environmental footprint through:

- **Carbon reduction and energy efficiency:** Transitioning to renewable energy, installing solar panels, and optimizing energy efficiency across operations.
- **Circular economy and waste management:** Increasing recycling capabilities and implementing waste minimization strategies.
- **Water conservation:** Investing in rainwater harvesting and wastewater treatment to promote responsible water usage.
- **Sustainable procurement:** Prioritizing eco-friendly raw materials and responsible sourcing practices.

Social Responsibility and Inclusion

At the heart of our operations is a commitment to improving lives, fostering diversity, and promoting economic empowerment. Our key social impact commitments include:

- **Workplace diversity and Inclusion:** Striving for gender balance, increasing female representation, and promoting equal opportunities.
- **Employee training and development:** Over 500 employees trained in areas such as ESG, machine operations, safety, and leadership development.
- **Health and Safety:** Zero workplace injuries reported due to stringent safety protocols.
- **Community engagement:** Supporting education, healthcare, and access to clean water through impactful CSR initiatives.

Governance for Sustainable Growth

Strong governance is the foundation of sustainable business. We uphold:

- **ESG integration in Leadership:** Embedding ESG priorities into board-level decision-making.
- **Ethical business practices:** Zero tolerance for corruption, reinforced by our Code of Conduct and Anti-Bribery Training.
- **Risk management and compliance:** Adhering to international regulations and implementing transparent corporate policies.

Stakeholder Engagement and Value Creation

Stakeholder engagement is central to our sustainability strategy. By understanding and addressing the expectations of our key stakeholders, we create long-term value and foster strong, mutually beneficial relationships. Our engagement approach aligns with ESG principles and global best practices, ensuring that we meet regulatory, ethical, and operational expectations while driving sustainable business growth.

Stakeholder Engagement and Value Creation

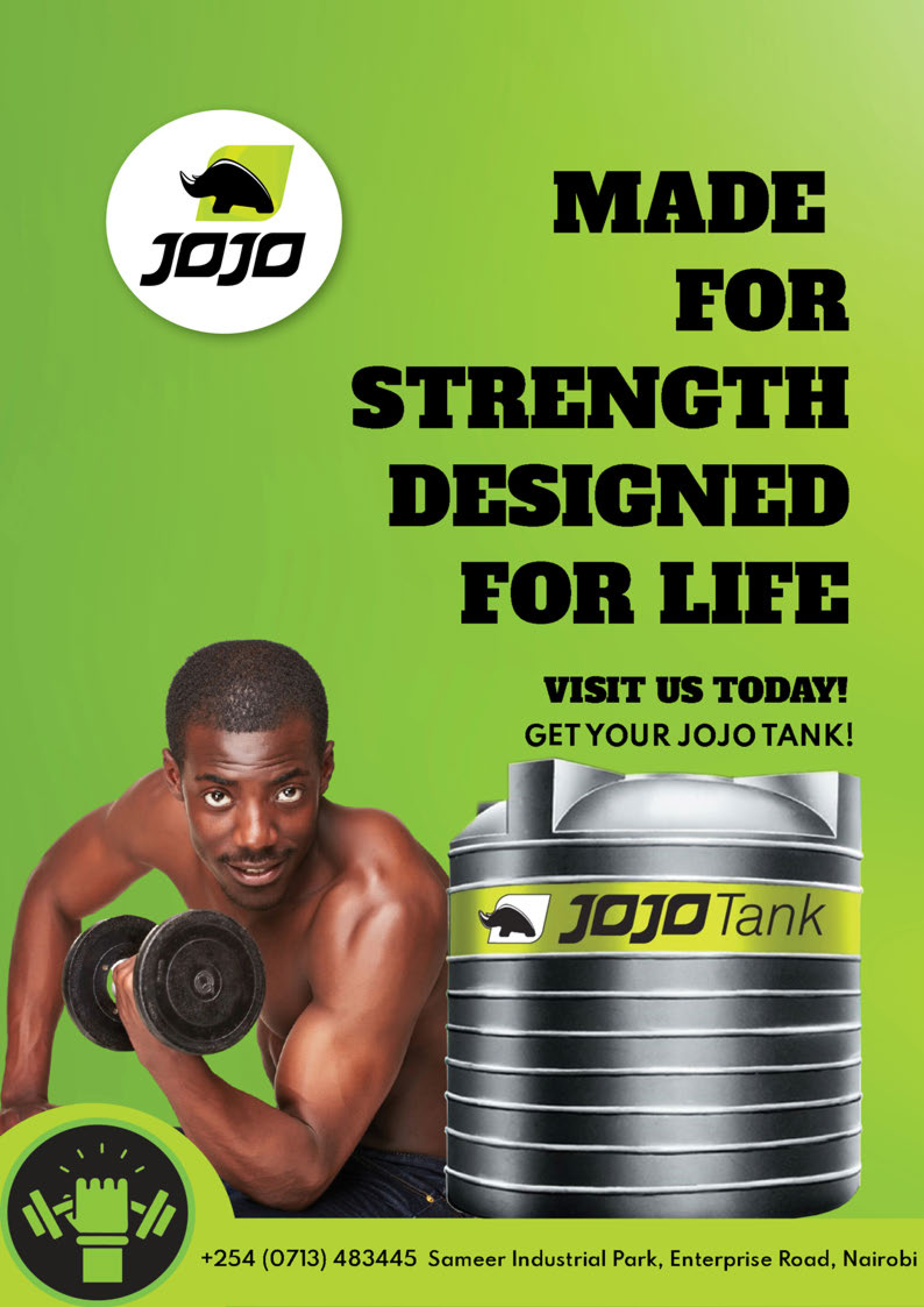
Stakeholder Group	Key Interests	Value Creation	Engagement Platforms
Employees	- A diverse and inclusive work environment. - Career growth and professional development. - Employee satisfaction and retention. - A culture of innovation and client-centered service.	- Fostering a high-performance workplace that encourages professional development and career progression. - Providing competitive compensation and rewards for employees' contributions. - Supporting flexible work arrangements to enhance work-life balance. - Promoting technological adaptation and skills development through ongoing training. - Advancing gender equality and employment equity, ensuring an inclusive and diverse workforce.	- Learning and Development Programs (annual training sessions). - Senior Management visits to operational touchpoints. - Performance reviews and KPI assessments. - Departmental meetings and leadership forums. - Quarterly Senior Management engagements. - Team-based collaboration platforms and offsite strategy meetings.
Customers	- High-quality and innovative products. - Value for money and transparent pricing. - Customer satisfaction and brand trust. - Resolution of complaints and improved service experience.	- Developing customer-centric products tailored to market needs. - Implementing responsible business practices and ethical pricing. - Strengthening customer relationships through proactive engagement. - Enhancing customer experience through sustainable and innovative solutions aligned with United Nations Sustainable Development Goals (UN SDGs).	- Marketing campaigns (TV, newspapers, and social media). - Customer satisfaction surveys. - In-store promotions and loyalty programs. - Workshops and product education events. - Digital and e-commerce platforms for engagement.
Shareholders and Investors	- Return on investment (ROI) and return on equity (ROE). - Business expansion and financial sustainability. - Risk management and resilience strategies. - Transparent financial reporting and governance.	- Strengthening financial sustainability through prudent capital allocation and strategic investments. - Maintaining a healthy balance sheet to withstand economic shocks. - Enhancing corporate reporting for risk and performance transparency. - Upholding strong ESG practices, ensuring long-term business viability and shareholder trust.	- Annual General Meetings (AGMs). - Financial reports and investor briefings. - Media releases and corporate announcements. - Investor presentations and roadshows. - Deployment of Oracle NetSuite for financial and analytical reporting.
Regulators and Government	- Compliance with national and industry regulations. - Corporate tax contributions and responsible business practices. - Effective governance and ethical business conduct.	- Ensuring full regulatory compliance and governance best practices. - Supporting economic development through corporate tax payments and employment creation. - Collaborating with regulators to maintain transparency and accountability. - Strengthening business continuity plans to mitigate risks associated with economic and geopolitical uncertainties.	- Annual audits and financial reporting. - Regulatory engagement through compliance reports and meetings. - Corporate governance policies that align with ESG best practices. - Timely submission of tax and regulatory documentation.
Society and Communities	- Positive economic, environmental, and social impact. - Strong partnerships and community investment. - Sustainable and ethical business operations.	- Driving socio-economic development through impact-driven corporate social investment (CSI) programs. - Engaging in sustainable business practices that align with SDGs. - Supporting local communities through employment, skills development, and inclusive supply chains. - Promoting environmental responsibility through waste reduction, carbon footprint management, and resource efficiency initiatives.	- Corporate Social Investment (CSI) programs. - Employee volunteering and community engagement initiatives. - Partnerships with NGOs, local governments, and development organizations.

Our ESG Risk Areas and Opportunities

We recognize 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.

Our ESG Risk areas and opportunities

ESG Dimension	Key Risks	Opportunities & Strategic Actions
Environmental	- Transition to green energy & increasing regulatory pressure on emissions. - Stricter environmental laws on waste management, pollution, and resource use. - Carbon emissions contributing to climate change. - Biodiversity loss and land degradation.	- **Renewable Energy Investments:** Transitioning to solar power to lower emissions and reduce costs. - **Energy Efficiency Measures:** Installing power factor correction equipment to optimize energy usage. - **Circular Economy Initiatives:** Expanding recycling machinery to reduce plastic waste and create new revenue streams. - **Sustainable Procurement:** Using recycled materials in production to minimize environmental impact.
Social	- Strained community relations due to insufficient CSR initiatives. - Rapidly shifting consumer preferences toward sustainable and ethical products. - Data security and privacy risks in an increasingly digitalized world. - Employee well-being, fair wages, and diversity concerns. - Occupational health and safety hazards in manufacturing operations.	- **Strategic Community Investments:** Engaging in tree planting, school support, and water conservation initiatives. - **Customer-Centric Product Innovation:** Developing sustainable, high-quality, and affordable products. - **Employee Training & Development:** Conducting comprehensive upskilling programs for workforce enhancement. - **Workplace Safety Enhancements:** Strengthening zero-accident policies and employee health programs. - **Data Protection Measures:** Strengthening cybersecurity and governance frameworks to protect sensitive data.
Governance	- Regulatory non-compliance risks, including tax and financial reporting obligations. - Shareholder transparency and risk oversight challenges. - Exposure to corruption, bribery, and political risks in multi-jurisdiction operations.	- **ESG Integration in Governance:** Embedding ESG considerations into Board and Management decisions. - **Enhanced Risk Management Frameworks:** Conducting governance audits and compliance reviews. - **Strict anti-corruption policies:** Implementing whistleblowing mechanisms, anti-bribery training, and insider trading policies. - **Transparent Investor Relations:** Improving corporate disclosures and financial reporting for stronger stakeholder trust.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Employee Development

At Flame Tree Group, we prioritize continuous learning and capacity building. Throughout 2024, over 500 employees were equipped with essential skills through targeted training programs in ESG (Environmental, Social, and Governance), machine operations, workplace safety, and leadership development.

2023 Annual Sales Review & Recognition Ceremony

On Monday, 26th January 2024, Flame Tree Africa Limited held its Annual Sales Meeting to reflect on the achievements of 2023. Our CEO, Mr. Heril, addressed the team, expressing his appreciation for their dedication and outstanding performance throughout the year.

The event featured an insightful training session on Sales Planning, aimed at strengthening our sales strategies for the year ahead. As a highlight, team members were recognized and awarded for their exceptional contributions and achievements.

The Honor Roll: Celebrating 20 Years of Excellence – Hegde Balakrishna

On 20th February 2024, we proudly celebrated Hegde Balakrishna's 20-year milestone with Flame Tree Group.

We celebrate Hegde as a valued leader and thank him for his enduring service and outstanding legacy.

Roto Kenya, Staff Motivational Activity

The production team's top performers were formally recognized and awarded for their outstanding contributions during the months of January, March, April, May, June, and November 2024.

Community Engagements

2024 CSR Highlights – Flame Tree Group

At Flame Tree Group, our commitment to community is rooted in compassion, dignity, and shared humanity. In 2024, we made a tangible impact across East Africa by:

- Donating over 70 water tanks to schools, orphanages, and widows,
- Planting 4,000+ trees in support of environmental sustainability, and
- Supporting vulnerable groups with essential supplies.

Roto Moulders Partners with Mama Doing Good

On 16th January 2024, Roto Moulders pledged a donation of 50 water tanks to support the initiatives of Mama Doing Good, a program led by Her Excellency the First Lady, Rachel Ruto. This marked the launch of a promising partnership. The donation underscored Flame Tree Group's dedication to empowering communities and promoting sustainable progress. We extend our gratitude to Group CFO, Beatriz Meijide, for her pivotal role in making this collaboration possible.

Later, on 5th February 2024, Flame Tree Group formalized the partnership by signing an MOU with Mama Doing Good at State House. Our CFO was honored to attend a luncheon hosted by the President and First Lady of Kenya, held in recognition of the President of Poland and other distinguished guests reinforcing the power of strategic alliances in driving social transformation.

On Valentine's Day 2024, Flame Tree Group donated a 3,000L water tank to Amani Village of Hope in Yala, supporting their daily water needs with love.

On 14th March 2024, Flame Tree Africa Ltd supported a girls' sports outreach in West Pokot by awarding Alana hampers to all event winners.

On 30th March 2024, TOAK Free Enterprises held a youth sports event in Kisumu, where Zoe gift hampers were awarded to all winners.

On 16th April 2024, Rino Tanques Lda, Mozambique donated a 1,000-liter tank to Matola Government School to support student needs.

On 21st May 2024, Roto Moulders Ltd donated a 5,000-liter water tank to Ngeya Primary School, greatly enhancing drinking water storage for the pupils.

On 22nd May 2024, Jojo Plastics Ltd donated a 120-liter dustbin to Guluni Boys School to support proper waste management.

On June 15, 2024, Roto Moulders Ltd donated a 5,000-liter water tank to Arorwet Primary School, enhancing water storage for pupils. The same day, tree planting activities were conducted at both Arorwet Primary and Secondary Schools.

On 10th September 2024, Roto Moulders donated a 2,600-liter water tank to Habitat for Humanity in Nanyuki, supporting a vulnerable family living in a drought-affected area.

Flame Tree Group – HR Department CSR Activity

On 7th September 2024, staff from Flame Tree Africa Ltd, PolyPlay Ltd, Jojo Plastics Ltd, and Roto Moulders Ltd visited Little Sisters of the Poor in Kasarani, donating foodstuffs, diapers, soap, and other essentials.

Beyond the donations, the team volunteered in daily tasks such as cleaning, preparing meals, assisting the elderly, and more. We sincerely thank all staff for their generosity and teamwork in making this initiative a success.

On 18th October 2024, Roto Moulders and Earth Angel Nairobi donated a 2,000-liter tank to St. Stephens Blessed School in Githogoro Slum, providing pupils with safe drinking water and affirming our commitment to care and community.

In partnership with Friends of Hope, Roto donated a 5,000-liter water tank on 20th December 2024 in Mwihoko, Githurai, to support safe water access for students.

BUSINESS OVERVIEW

Management Commentary

Introduction

The year 2024 was a testament to Flame Tree Group's resilience, agility, and commitment to excellence.

Despite operating in an environment marked by economic headwinds, severe flooding in Kenya, Gen Z-led protests, and regional political instability, the Group delivered a strong performance across most business segments.

Financial Overview

Financially, we achieved a 47% increase in EBITDA, reaching KES 618 million, driven by operational efficiencies, margin recovery, and disciplined cost management.

Gross margins expanded to 39.2%, up from 34.7% the previous year, reflecting improved procurement strategies and increased productivity at our factories.

While overall sales remained flat, this was a strong outcome considering the temporary disruption of operations at Jojo Plastics and Flame Tree Africa due to the floods in Nairobi.

Profitability & Debt Reduction

Encouragingly, we recorded a net profit of KES 201.8 million, reversing the previous year's loss. Exchange rate gains (KES 43.8 million) and contained overhead growth (+0.8%) supported this turnaround.

Although finance costs increased to KES 382.4 million driven by high interest rates and prior inventory financing the Group significantly reduced its Net Debt/EBITDA ratio to 2.8, from 15.9 just two years ago.

Working Capital Efficiency

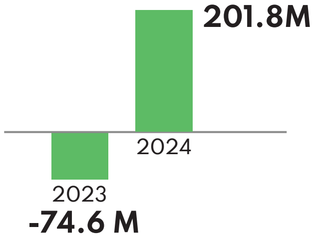
Operationally, we made meaningful progress in streamlining working capital.

Inventory levels were reduced by KES 183.8 million, while Days PayableOutstanding (DPO) was maintained.

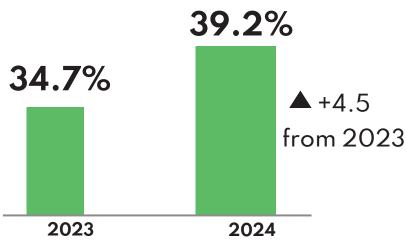
Days Sales Outstanding (DSO) rose slightly but remained at a healthy 14% of revenue.

Key Statistics 2024

NET PROFIT



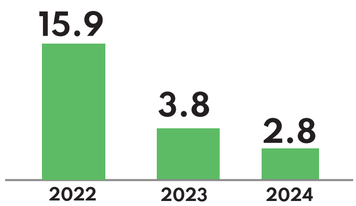
MARGIN



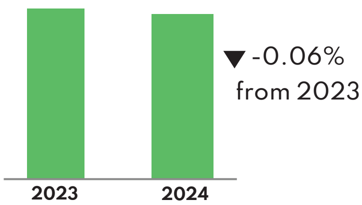
ROE EBITDA

50%

NET DEBT/EBITDA



SALES



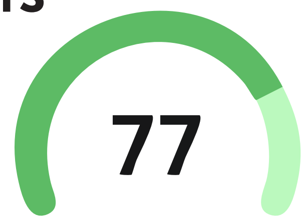
Stable performance

EBITDA OF THE YEAR

618M

+47% up

WORKING CAPITAL DAYS



INTEREST PAID

382,4MM

+43% up

RECYCLED

225,374.47 TONNES

TOTAL STAFF

1059 EMPLOYEES

CSR & SOCIAL IMPACT

4,000+ TREES PLANTED

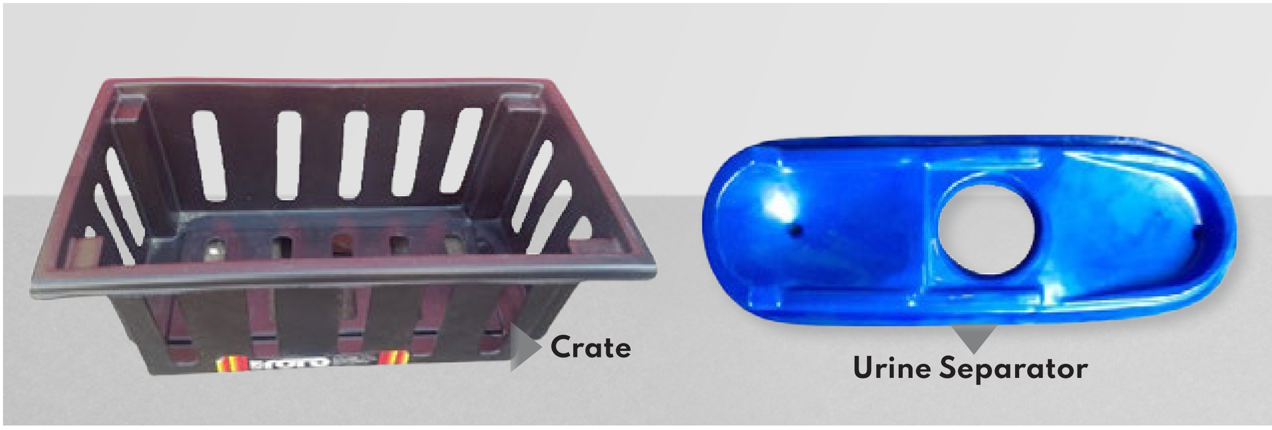
70+ TANKS DONATED

Products Introduced in 2024

In 2024, FTG launched a range of innovative products, drawing on our market experience and customer insights. Roto introduced a redesigned Cattle Trough, a new Urine Separator, a 250L Water Jerrycan, and a flower box. Zoe expanded its line with scented petroleum jelly options that complement its scented body lotions for a complete self-care experience.

We also improved user-friendly designs across our products, including Jojo's enhanced packaging solutions and Zoe Hair Shampoos and Conditioners, which received a modernized look to refresh the brand's image and increase shelf appeal. Additionally, we focused on improving product clarity, making it easier for customers to identify benefits and variants.

Roto Moulders Limited, Kenya



Crate

Urine Separator

Flower Box

Cattle Trough - New Design

Jojo Plastics Limited, Kenya

4L Rectangular Ice cream Container - Blue

1L Ice cream Round Container - Black

Flame Tree Africa, Kenya


Zoe
Naturals
Zoe
Hair Shampoos
&Conditioners
NEW LOOK
Zoe
Shampoo
Zoe
Zoe
Zoe
Zoe
Zoe
Zoe
Apple Shampoo
Zoe
Zoe
Zoe
Zoe
Zoe

JOJO

SEALING FRESHNESS, DELIVERING HAPPINESS!

PACKAGING SOLUTIONS

Our Business Today

Water & Sanitation

Access to clean water and adequate sanitation is foundational to health, dignity, and economic opportunity. In Kenya, Rwanda, Ethiopia, and Mozambique, where rapidly growing populations, climate variability, and infrastructure gaps persist, improving water and sanitation services remains a national and regional priority. Across all four countries, improving water and sanitation access enhances educational attendance (especially for girls), reduces disease burdens, supports livelihoods, and promotes climate resilience. Private-sector innovation, NGO partnerships, and public investment are all essential to closing the gaps and driving sustainable impact in these vital sectors.

Kenya

In Kenya, water scarcity remains a critical challenge, intensified by prolonged droughts, climate change, and unequal resource distribution. Millions of people still rely on unsafe water sources, heightening the risk of waterborne diseases and undermining public health, especially in arid regions and informal settlements. Safe water storage, sanitation infrastructure, and hygiene solutions are therefore vital for rural development, urban resilience, and improved health outcomes.

Roto Moulders

Roto Moulders, a subsidiary of Flame Tree Group, was founded to address these challenges by improving access to reliable water storage across the continent. Today, it is a household name synonymous with quality, durability, and trust. Leveraging advanced rotational moulding technology, Roto manufactures a wide range of water tanks, sanitation units, and custom plastic solutions designed to withstand Africa's diverse and often demanding conditions. Our products serve domestic, agricultural, industrial, and commercial needs, supporting responsible water resource management and sustainable development.

In 2024, Roto Moulders showcased exceptional resilience amid a volatile operating environment. The company maintained stable sales volumes despite industry-wide competition, disruptive Gen Z-led protests, and severe flooding in Nairobi that temporarily affected distribution and customer engagement.

This consistency was driven by a strong foundation of customer loyalty, agile operations, and focused below-the-line marketing initiatives that preserved momentum during uncertain times. Strategic partnerships also played a key role in advancing Roto's mission. In collaboration with the First Lady's Mama Doing Good initiative, Roto donated 57 water tanks to women's groups across the country, significantly improving household water access and reducing the burden of daily water collection. These tanks have enabled time-saving and income-generating activities, including table banking under the Joyful Women Organisation (JOYWO). Additionally, Flame Tree Group contributed another 150 tanks (3,000-litre capacity) in support of climate resilience and Kenya's Bottom-Up Economic Transformation Agenda (BETA).

This initiative reflects Roto's holistic approach to community development—one that integrates water security with women's empowerment and environmental stewardship. Through joint efforts with Mama Doing Good, the company has also supported tree planting drives and the promotion of green, circular economy enterprises targeting women and youth.

Looking forward, Roto Moulders is committed to expanding its market share, enhancing product innovation, and continuing to lead in the provision of sustainable water and sanitation solutions across East Africa. Rooted in quality, driven by innovation, and inspired by Africa's resilience, we remain focused on building a better future—one tank at a time.

Roto donated **57 water tanks** to women's groups across the country, significantly **improving household water access and reducing the burden of daily water collection**

Roto, Ethiopia

In Ethiopia, access to improved water and sanitation remains uneven, particularly in rural and conflict-affected regions such as Oromia and Tigray. Inadequate infrastructure continues to undermine food security, disease prevention, and climate resilience. Strengthening the water sector is not only vital for public health but also supports broader peacebuilding and national development efforts.

Building on the momentum of a hopeful 2023, ROTO Plc Ethiopia entered 2024 with a clear focus on strategic consolidation and growth. Despite facing persistent raw material shortages and delivery limitations in high-risk regions, the company recorded strong performance across the year. This success was driven by a significant expansion of its dealer network—more than doubling the number of Building Material Supplier (BMS) partners.

This growth was achieved through active field engagement, relationship management, and capacity-building efforts. The shift toward a dealer-based sales model has resulted in a more diversified and resilient business structure. BMS dealers now complement direct institutional clients such as NGOs, horticultural producers, and farm operations. This diversification has enabled consistent monthly performance and improved market reach, even in dynamic operating environments.

ROTO Plc Ethiopia also reinforced its impact in the water and sanitation space through renewed partnerships with key NGOs such as UNICEF and International Medical Corps. New collaborations were also launched with Splash International and Save the Children, extending the company's reach into underserved communities. Through its partnership with Splash, ROTO introduced hand wash stations to promote hygiene in public institutions, aligning with national public health goals and elevating its role as a leading provider of water and sanitation infrastructure in Ethiopia.


ROTO PLC
Secure Every Drop with Roto Tank!
MADE HEAVIER TO LAST LONGER
KG
MADE HEAVIER TO LAST LONGER

Roto Rwanda

While Rwanda has made commendable progress toward universal water access, challenges remain in extending consistent services to rural communities—particularly in areas lacking robust waste management and water infrastructure. Reliable water and sanitation systems are central to achieving the country's Vision 2050, which emphasizes improvements in public health, gender equality, and education.

In 2024, Rwanda continued its upward economic trajectory despite lingering effects from the 2023 floods, which had impacted agricultural productivity and infrastructure. Growth was supported by strong performance in services, industrial recovery, and robust domestic demand, underscoring the country's resilience in the face of global and regional uncertainty. Aligned with Rwanda's development strategy, Roto Rwanda contributed meaningfully to national efforts to expand safe water access and improve sanitation. The company played a key role in large-scale government and NGO-led infrastructure projects across multiple districts, supplying durable, affordable water tanks and sanitation units.

Roto Rwanda's solutions have been instrumental in enhancing water resource management, operational efficiency, and climate adaptation capacity. By supporting both public and private sector efforts, the company continues to strengthen community resilience and promote long-term sustainability throughout the country.

Rino Mozambique

Mozambique continues to face acute challenges from recurrent floods, cyclones, and waterborne disease outbreaks—particularly cholera. In such a context, access to clean, reliable water and sanitation infrastructure is not just a developmental need, but a lifeline during both normal and crisis periods.

Amid these realities, Rino has positioned itself as a vital contributor to national water security. Its plastic tanks have become a trusted solution for communities seeking consistent and safe water storage—both in urban centers and remote rural areas.

Especially during the rainy season, these tanks help households and institutions manage water harvesting, storage, and distribution with greater efficiency and safety.
In the agricultural sector, Rino tanks have proven indispensable for irrigation, enabling farmers in drought-prone areas to manage limited resources, increase yields, and enhance food security. Designed for durability and accessibility, Rino's products are ideally suited for areas where concrete-based solutions are impractical or unaffordable.

Available in a wide range of sizes and formats, Rino tanks meet the needs of households, businesses, and industrial clients alike. Their corrosion-resistant properties ensure longevity in Mozambique's harshest environments, while their role in rainwater harvesting supports broader environmental and sustainability goals by reducing reliance on vulnerable groundwater systems.

JoJo Plastics Kenya

In 2024, the East African plastic packaging market remained resilient despite economic headwinds and climate-related disruptions. Urbanization, population growth, and the expansion of local manufacturing have sustained a steady demand for plastic packaging, particularly in Kenya, Uganda, Tanzania, Rwanda, and Ethiopia. Flooding in 2024 particularly in Kenya disrupted supply chains and affected key plastic packaging manufacturers, causing temporary shortages and production delays in multiple industries. Despite these challenges, the plastic packaging sector is poised for continued growth as local industries seek reliable and scalable solutions to support their products.

Jojo Plastics faced a major setback in 2024, losing over three months of sales due to severe flooding that impacted its main factory. However, the company responded swiftly by relocating operations to new premises and strategically investing in additional machinery and enhanced production efficiencies. These decisive actions not only stabilized operations but also led to a 15% increase in sales by the end of the year, underscoring Jojo's resilience and agility in the face of adversity.

JOJO'S RESILIENCE AND AGILITY IN THE FACE OF ADVERSITY

REX Industries Limited, Kenya

REX Industries has realigned its strategic focus to support environmental sustainability by initiating in-house plastic recycling operations. In line with our ESG commitments and circular economy principles, we are now sourcing and processing locally available plastic waste to produce recycled materials for use within our group companies.

This move not only enhances our resource efficiency and reduces reliance on virgin plastics, but also contributes meaningfully to cleaner cities and a more sustainable East African manufacturing ecosystem.

REX INDUSTRIES LTD.

SUPPORTING ENVIRONMENTAL SUSTAINABILITY THROUGH IN-HOUSE PLASTIC RECYCLING

ALIGNED WITH OUR ESG COMMITMENTS & CIRCULAR ECONOMY PRINCIPLES

- ENHANCES RESOURCE EFFICIENCY
- REDUCES RELIANCE ON VIRGIN PLASTICS
- CONTRIBUTES TO CLEANER CITIES AND A SUSTAINABLE EAST AFRICAN MANUFACTURING ECOSYSTEM

Cirrus International FZC, United Arab Emirates

Cirrus International FZC, based in the UAE, is a trusted general trading company with over 30 years of experience in sourcing and supplying premium plastic raw materials to international clients. Operating at the nexus of global supply chains, Cirrus has built a reputation for reliability, consistency, and strategic value delivery.

Our expertise lies in the careful procurement of high-quality polymers and plastic additives, tailored to meet the evolving demands of industrial manufacturers across Africa, the Middle East, and Asia. Leveraging our extensive supplier network and market intelligence, we consistently offer competitive pricing while maintaining the highest standards of quality and compliance.

In 2024, Cirrus continued to play a pivotal role in supporting the Flame Tree Group's regional manufacturing operations, ensuring timely access to critical raw materials amid global market volatility. Our strategic sourcing capabilities and commitment to customer satisfaction have solidified Cirrus's position as a preferred trading partner in the plastics and packaging industries.

Buildmart, Rwanda

Buildmart Rwanda stands as one of the country's most respected hardware depots, operating three strategically located branches that serve as vital distribution centers for the construction and plumbing sectors. With a product portfolio that includes Beta water tanks, HDPE piping systems, and a wide range of essential hardware, Buildmart meets the practical needs of both large-scale developers and individual contractors.

At the heart of Buildmart's business model is a strong focus on customer satisfaction. By maintaining readily available stock, offering competitive prices, and providing knowledgeable service, we have become a trusted partner for Rwanda's growing construction industry. In 2024, Buildmart sustained its strong market position despite macroeconomic challenges and sectoral volatility. Looking ahead, the company remains committed to expanding its reach, diversifying its offerings, and playing a leading role in the modernization of Rwanda's building supply landscape.

Polyplay, Kenya

Polyplay Kenya is at the forefront of designing and manufacturing inclusive playground equipment and school furniture for East Africa. As governments, NGOs, and private developers increasingly invest in child-friendly public spaces and early learning environments, Polyplay is meeting the region's demand for safe, engaging, and sustainable solutions.

Our playground systems are engineered to meet global safety and accessibility standards, with a strong emphasis on inclusive play for children of all abilities. We work closely with educators, urban planners, and community leaders to create spaces that foster creativity, physical development, and social interaction.

In 2024, despite widespread school closures caused by the Gen Z protests, Polyplay successfully maintained its sales levels demonstrating both market resilience and growing trust in our brand. Our school furniture division, in particular, gained significant traction as schools transitioned away from traditional wooden desks and chairs toward our durable, low-maintenance plastic and metal alternatives. These products not only enhance the learning environment but also support environmental sustainability by reducing dependence on timber.

In a region with one of the world's fastest-growing youth populations, Polyplay's mission extends beyond product supply. We are helping shape a culture of inclusive, safe, and imaginative play. With local manufacturing capacity, a dedicated team, and a proven track record, Polyplay is a key partner in building healthier, more inclusive futures for the children of East Africa.

Nutrition

In 2024, the snack foods and spices segments demonstrated resilience across East Africa, navigating inflationary pressure, shifting consumer behavior, and supply chain disruptions. These categories continued to show potential for sustained growth, supported by evolving dietary preferences, urban lifestyles, and regional culinary identity.

Snack Foods

The Kenyan snack foods market remained stable despite economic headwinds. Potato crisps retained their position as a staple in urban convenience channels, with strong distribution through mini-supermarkets, petrol station shops, and informal retail kiosks. Demand was fueled by convenience-seeking consumers, a youthful demographic, and fast-paced urban lifestyles—particularly in major cities like Nairobi, Mombasa, and Kisumu.

Ethnic snacks such as potato sticks and chevdas gained momentum, appealing to consumers looking for locally inspired, affordable alternatives to imported or mainstream snack products. This shift reflects growing national pride in homegrown flavors and a desire for value-based indulgence.

Despite a challenging macroeconomic backdrop, the long-term outlook for the snack sector remains positive, supported by continued urbanization, increased product availability, and innovation in packaging and flavor profiles.

Spices

The East African spice market showed steady expansion in 2024, underpinned by rising consumer interest in home cooking, wellness, and cultural authenticity. Blended mixes and pure ground spices such as turmeric, cumin, coriander, and chili remained top sellers across both formal and informal trade segments.

Health consciousness played a key role in driving demand, with spices perceived to have medicinal properties such as cinnamon, cloves, garlic powder, and ginger—experiencing notable growth. Diaspora culinary influences and intra-African trade integration further supported cross-border demand for traditional and health-focused spice products.
The sector is well-positioned for future growth as urban consumers seek diverse flavor experiences, and governments across the region invest in agro-processing and food security.

Performance of Chirag Africa

2024 was a year of mixed results for Chirag Africa, which faced operational challenges in the first half due to cash flow constraints and the disruptive effects of the Gen Z protests. These events significantly affected retail activity and supply chain stability. Additionally, a shortage in raw potato supply hampered snack production and impacted overall category performance.

Despite these setbacks, the company experienced a notable recovery in the second half of the year. Flagship brands such as Happys and Honeycomb regained consumer traction, driven by brand loyalty, improved distribution, and strong in-market visibility.

A comprehensive management restructuring was implemented to strengthen operations, restore financial health, and position Chirag for growth. With these strategic adjustments in place, we are optimistic about a more resilient and competitive performance in 2025 and beyond.

Health & Beauty

The beauty and personal care industry in Africa continues to experience notable growth, driven by rising consumer awareness of hygiene, wellness, and skincare. Increasing urbanization, expanding middle-class income, and evolving beauty standards have contributed to sustained demand across both modern and informal retail channels.

Consumers are becoming more discerning, with a growing preference for lotions, soaps, and shampoos that offer functional benefits such as SPF protection, anti-aging ingredients, and deep moisturizing properties. There is also a strong trend toward natural and organic components, including shea butter, coconut oil, and aloe vera, aligning with global shifts toward clean beauty and sustainable product development.

Flame Tree Africa Limited, Kenya

Flame Tree Africa demonstrated resilience and adaptability amid a turbulent economic and operational environment. The year began with subdued demand, affected by inflationary pressures and increased competition. In Q2, widespread flooding disrupted the supply of key packaging materials from Kenya, leading to temporary stockouts and delays in fulfilling customer orders.

Simultaneously, the Gen Z protests created retail disruptions across key urban markets. Nevertheless, Flame Tree responded with agility—re-engaging customers, optimizing inventory flows, and maintaining its pricing discipline to protect margins. By October, most of the backlog had been cleared, and operations resumed at full capacity.

During this period, Flame Tree Africa took strategic steps to strengthen its market position through the successful rebranding of flagship products. The relaunch of Zoe Body Milk Lotion, Zoe Shampoo, and Loosafe Toilet Cleaner was well received, resulting in increased consumer engagement, repeat purchases, and broader shelf presence across modern trade and independent outlets.

A targeted pricing strategy for Loosafe Toilet Cleaner in modern trade yielded excellent results, contributing to substantial sales growth. With its strong value proposition and expanding customer base, Loosafe is expected to remain one of the Group's top-performing hygiene products in the coming year.To reinforce brand visibility and consumer loyalty, the company also partnered with universities, colleges, NGOs, and government bodies to sponsor educational and sporting events. These initiatives not only amplified brand awareness among young consumers but also aligned the company with national youth empowerment and wellness programs.

Flame Tree Limited, Rwanda

Flame Tree Rwanda faced a challenging start to 2024, primarily due to packaging supply chain disruptions caused by flooding in Kenya. The resulting five-month delay in product availability negatively impacted sales across key lines. However, the second half of the year brought a strong recovery, supported by restored logistics, improved demand, and better category performance in both cosmetics and FMCG (snacks and spices).

As supply chain stability returned, the Rwandan operation regained momentum, validating the Group's regional distribution strategy and the strength of its multi-category product offerings.

FINANCIAL YEAR 2024

Group Information

COUNTRY OF INCORPORATION AND DOMICILE	MAURITIUS
DIRECTORS	Heril Bangera Frank Ireri George Theobald Gilles Kichenin (resigned on 30 August 2024) Imalambaal Kichenin (resigned on 30 August 2024) Deven Auracootee (appointed on 30 August 2024) Bishwarnath Bachun (appointed on 30 August 2024)
REGISTERED OFFICE	C/o St Lawrence Management Limited 2nd Floor, C&R Court, 49 Labourdonnais street Port Louis Republic of Mauritius
PRINCIPAL BANKERS	SBM Bank Mauritius Limited Port Louis SBM Bank Kenya Limited Nairobi Diamond Trust Bank Kenya Limited Nairobi Mauritius Commercial Bank Port Louis
INDEPENDENT AUDITORS	Crowe ATA 2nd Floor, Ebene Esplanade 24 Bank Street, Cybercity, Ebene 72201, Republic of Mauritius.
COMPANY SECRETARY	St Lawrence Management Limited 2nd Floor, C&R Court 49 Labourdonnais Street Port Louis Republic of Mauritius

FTG Holdings Ltd Consolidated and Separate Financial Statements

For the Year Ended 31 December 2024

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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 2024.

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 2024, Group revenue remained relatively stable despite significant operational challenges. Two of our key subsidiaries, Jojo Plastics and Flame Tree Africa, were heavily impacted by severe flooding in Nairobi. The floods resulted in temporary halts in production, which negatively affected sales performance for several months. Nevertheless, other business units demonstrated strong growth, enabling the Group to offset the revenue shortfalls from the affected companies. Our trading company, Cirrus, also experienced a decline in reported revenue, primarily due to falling raw material prices and reduced export volumes - particularly from clients in Sudan who were impacted by the ongoing conflict in that region.

Despite these challenges, the Group achieved a notable improvement in gross margin, which rose from 35% to 39%. This was driven by enhanced purchasing strategies and increased operational efficiencies across our manufacturing facilities. EBITDA performance was exceptional, with a 47% year-on-year increase, reaching KES 618 million.

On the downside, finance costs remained elevated at KES 382.4 million. This was largely due to increased debt taken on in 2022 to finance higher raw material costs, which led to a doubling of our working capital facilities. Additionally, the rise in average interest rates to 21.5% further contributed to the high finance cost. However, this impact was partially offset by more favorable exchange rate movements. Encouragingly, the Group significantly reduced its Net Debt/EBITDA ratio - from 15.9 in 2022 to 3.8 in 2023, and further to 2.8 in 2024 - reflecting improved financial discipline and stronger earnings. Working capital days remained healthy and well-managed at 77 days.

Key Performance Indicators

		Group		Company	
		2024	2023	2024	2023
1	**Revenue (Shs)**	4,166,881,020	4,462,993,507	-	-
2	**Gross profit (Shs)**	1,455,530,733	(2,915,095,580)	-	-
3	**Gross profit margin (%)**	35%	-65%	-	-
4	**Profit/(loss) before tax (Shs)**	131,477,108	(61,437,923)	(38,386,978)	(35,437,083)
5	**Tax (Shs)**	70,395,961	(13,217,979)	-	-
6	**Profit/(loss) for the year (Shs)**	201,873,069	(74,655,902)	(38,386,978)	(35,437,083)
7	**Net assets (Shs)**	1,224,530,152	1,310,424,622	118,942,728	157,329,706

Report of the Directors (Continued)

Principal risks and uncertainties

Total income:

Flat growth overall, despite the Nairobi severe floods and mid year GenZ protests (-39.6% Trade, -2.9% FMCG, +5.6% Plastics (Jojo +15.7%, Ethiopia +27.7%, Roto Moulders +3%). This includes insurance income related to ongoing claims. Margins improved by +4.5 p.p margin up to 39.2% from 34.7% in 2023 and 25.5% in 2022."

"Interest Costs: Up 43% to KES 382.4M driven by elevated interest rates (average 21.5%)

EBITDA: KES 618M (+47% vs LY)

Net Profit: KES 201.8M vs a loss of KES -74.6M in 2023

Net Debt/EBITDA: Improved from 15.9 (2022) → 3.8 (2023) → 2.8 (2024)

Working Capital Days: 77 days"
The main priority of the company is to reduce debt and finance costs, and keep developing new products for the consumers and expanding our existing business lines. Interest rates peaked at 21.7% during 2024.

Kenya's Macroeconomic Perfomance

Macroeconomic environment improved in 2024 due to tighter policy framework. Inflation dropped from 6.9% (Jan) to 2.8% (Nov 2024). Kenyan shilling stabilized, appreciating by ~20%. International reserves reached $9,007 million, exceeding CBK's 4-month statutory import cover requirement. Successful bond issuances (Eurobond & infrastructure bond) in Feb 2024 restored market confidence. Challenges Affecting Growth in 2024: GDP growth slowed due to severe floods (April 2024); mid-year protests, dampening business sentiment; reduced public spending amid fiscal consolidation; private sector credit growth slowed, reflecting higher interest rates, reduced loan demand and crowding out by government borrowing."

Medium-Term Outlook (2025-2026)

GDP expected to recover, reaching 5.1% on average in 2025-26. Growth drivers: private investment, export growth, and consumer spending. Agriculture & services sectors to lead expansion. Growth dependent on effective fiscal reforms & debt management to sustain long-term stability. As of the latest available data, the Central Bank of Kenya (CBK) reduced its benchmark interest rate to 11.25% on December 5, 2024, marking the third consecutive rate cut aimed at stimulating economic growth. However, any depreciation of the KES vs USD and Eur will have a negative impact on inflation and margins. Consumer spending is very much dependant on cost of living and interest rates. In FTG we have diversified our suppliers of raw materials, especially polymers, from different regions in the world, to be able to mitigate the impact of any price increase, even if we have seen already important reductions in the costs of our main raw materials. Sales are well aligned with our Strategic Business Plan and financial projections and margin has improved over 4.5 basic points.

Total overheads remained stable (+0.8%):

- **Factory expenses. -6.5%:** Savings in Jojo and Rino, but higher insurance costs
- **Logistics costs +2.8%:** Higher costs in FTA & Jojo, savings in warehouse costs

Rwanda, more staff cots in Roto & Jojo

- **Sales & Marketing -3.1% :** Saving in excise duty FTA & commissions due to floods, Chirag,

Roto and Rwanda increased marketing & travelling expenses

- **Admin & Management +7.8%:** Increase in professional fees, staff costs, software & vehicle expenses
- **Depreciation:** 147,9M (+4.8M vs 2023)

Dividend

The directors do not recommend the declaration of a dividend for the year (2023: Nil).

Report of the Directors (Continued)

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.

Subsidiaries

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.

The Company's investment in its subsidiaries as at 31 December 2024 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 and Roto Private Limited Company

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 on TV and social media, and it is at the 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.

Report of the Directors (Continued)

Happy Golden Foods Limited

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

Rex Industries Limited

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

Jojo Plastics Limited

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

Chirag Africa Limited

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 Brands Limited

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

Flame Tree Mozambique LDA

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

Report of the Directors (Continued)

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.

Overall Performance

Below tables show the Group overall performance for the year ended 31 December 2024:

	% Turnover total	% Gross profit total	% Operating profit total	% PBT total
Activity				
Manufacturing	100%	98%	105%	115%
Trade	0%	2%	3%	11%
Holding	0%	0%	-9%	-26%
Region				
Africa	100%	98%	97%	
Middle East	0%	2%	3%	

Report of the Directors (Continued)

Directors' Fees

There was no payment due to any director as at 31 December 2024.

Contracts with Subsidiaries

The Company did not have any contract of significance with its subsidiaries and shareholders at 31 December 2024.

Other matters

Mr. Heril Bangera, the Group's CEO and also the majority shareholder, directly and indirectly holds 84.01% of the shares of the Company as at the year end.

None of the senior officers of the Company holds any rights to subscribe in the equity instruments of the Company. The operating results shown by the accounts for the year under review are not materially different from those of the published forecast made by the Company.

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

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

There has been no contracts of significance between the Company or one of its subsidiary companies and a substantial shareholder, There has been no contracts of significance for the provision of services to the Company and its subsidiaries by a substantial shareholder or any of its subsidiaries.

Report of the Directors (Continued)

Stated Capital and Debts of Subsidiaries, the Parent and its Branch

The table below shows the Company's and its subsidiaries debts as at 31 December 2024:

	Bank debt / loans Shs	< 1 year Shs	> 1 year < 2 years Shs	> 2 years < 3 years Shs	> 3 years Shs	Interco debt Shs
Subsidiary companies						
Roto Moulders Ltd	1,086,877,901	346,358,534	175,041,952	40,120,252	525,357,163	(1,064,806,314)
Polyplay Limited	1,646,177	-	1,646,177	-	-	13,879,998
Jojo Plastics Limited	134,426,572	124,257,758	10,168,814	-	-	474,576,243
Happy Golden Foods Ltd	35,923	-	35,923	-	-	4,114,442
Flame Tree Africa Ltd	7,324,947	5,564,299	1,760,648	-	-	204,135,115
Chirag Africa Ltd	2,971,065	2,971,065	-	-	-	223,173,743
Rex Industries Ltd	-	-	-	-	-	(10,859,690)
Rino Tanques LDA	-	-	-	-	-	170,552,132
Flame Tree Mozambique LDA	-	-	-	-	-	58,824,681
Roto Private Limited Company	29,371,644	-	2,907,243	26,464,401	-	38,910,832
Build Mart L	-	-	-	-	-	26,272,635
Flame Tree Brands Ltd	-	-	-	-	-	154,939,930
Roto Limited	13,983,450	13,983,450	-	-	-	230,627,714
Cirrus International FZC	-	-	-	-	-	(1,293,367,587)

The Parent Company and its Branches

Parent company						
FTG Holdings Ltd - Mauritius	-	-	-	-	-	450,053,481
Branch						
FTG Holdings Ltd - Kenya	30,398,299	29,824,102	574,197	-	-	-

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

Independent auditor

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

By order of the Board

Director
Mr. Heril Bangera
Director
Date: 28th April 2024

Secretary's Certificate

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

We, St Lawrence Management Limited, being the Company Secretary of FTG Holdings Ltd ("the Company"), hereby certify that the Company has filed with the Registrar all such returns as are required by the Company under the Companies Act 2001, for the year ended 31 December 2024.

For and on behalf of St Lawrence Management Limited
Secretary

Date: 28th April 2024

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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

Qualified 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 2024, 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, except of the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying 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 2024, and their financial performance and their cash flows for the year then ended in accordance with IFRS Accounting Standards and in compliance with the Mauritius Companies Act 2001.

Basis for Qualified Opinion

We draw attention to Note 1.3 "Critical Judgement" of the consolidated and separate financial statements. Provisions have been made for insurance claims amounting to Shs 292.7 million. Under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a business interruption insurance claim should be accounted for as a potential reimbursement, not a provision, if it is virtually certain that the reimbursement will be received for the insured loss. With the matters still under negotiation and given that the nature, timing and the amount of both the provision and the expected reimbursement cannot be determined with certainty at the date of our report, we are unable to determine whether any adjustments to the provisions made for the insurance claims were necessary.

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 qualified opinion.

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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)

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) Valuation of property, plant and equipment - Group	**How our audit addressed the Key Audit Matter**
The Group has property, plant and equipment with aggregate carrying values of Shs 1,366,780,774, representing 37% of the total assets of the Group as at 31 December 2024. Management has used latest independent valuation reports in their assessment and believe no impairment provision is required as the fair valuation provides a better reflection of the carrying amounts in the current market.	Our procedures in relation to management's impairment assessment of the property, plant and equipment included: – Assessing the methodologies used management to estimate values in use; – Checking on a sample basis the accuracy and relevance of the input data used by management to estimate values in use; 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.

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)

(b) Trade debtors' recoverability - Group	How our audit addressed the Key Audit Matter
The Group has trade and other receivables amounting to Shs 1,185,673,163, representing 32% of the total assets of the Group as at 31 December 2024. The recoverability of these trade and other receivables, and the level of provisions for expected credit losses (ECL) of these trade and other receivables, are considered to be a significant risk due to the pervasive nature of these balances to the consolidated and separate financial statements, and the importance of cash collection with reference to the working capital management of the Group. Management regularly monitors the debt collection with the target average credit period for collection maintained at less than two months.	Our procedures in relation to management's assessment of trade debtors' recoverability: – 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.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FTG Holdings Ltd

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

Other information (Continued)

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.

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 Accounting Standards 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.

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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)

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

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

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

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

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

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

- 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.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FTG Holdings Ltd

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

Report on other legal and regulatory requirements

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

- We have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- We have obtained all the information and explanations that we required; and
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Use of this report

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

Crowe ATA

Crowe ATA
Public Accountants

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

Date: 28 April 2025
Ebene, Mauritius

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

		Group		Company	
		2024	2023	2024	2023
	Notes	Shs	Shs	Shs	Shs
Revenue	16	4,166,881,020	4,462,993,507	-	-
Cost of sales	17	(2,711,350,287)	(2,915,095,580)	-	-
Gross profit		1,455,530,733	1,547,897,927	-	-
Other operating income	18	293,595,719	-	11,303,232	7,013,689
Selling and distribution expenses	32	(463,118,358)	(474,895,948)	(142,423)	(264,520)
Administrative expenses	32	(584,504,668)	(565,108,530)	(43,518,430)	(38,264,741)
Other operating expenses	32	(231,413,709)	(229,588,131)	(338,535)	(142,724)
Operating profit/(loss)	19	470,089,717	278,305,318	(32,696,156)	(31,658,296)
Finance costs	21	(338,612,609)	(339,743,241)	(5,690,822)	(3,778,787)
Profit/(loss) before taxation		131,477,108	(61,437,923)	(38,386,978)	(35,437,083)
Current tax	22	(3,670,981)	(9,199,710)	-	-
Deferred tax	22	74,066,942	(4,018,269)	-	-
Profit/(loss) for the year		201,873,069	(74,655,902)	(38,386,978)	(35,437,083)
Other comprehensive income:					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		(303,606,645)	8,407,028	-	-
Transfer to legal reserve		659,183	637,707	-	-
(Loss)/gain on property revaluation		(13,808,135)	90,356,777	-	-
Other comprehensive (loss)/ income for the year, net of tax		**(316,755,597)**	**99,401,512**	**-**	**-**
Total comprehensive (loss)/ income for the year		**(114,882,528)**	**24,745,610**	**(38,386,978)**	**(35,437,083)**
Basic earnings per share:					
Earning per share – on gain/(loss) for the year	33	1.13	(0.42)	(0.22)	-
Earnings per share – on total comprehensive (loss)/income for the year	33	(0.65)	0.14	(0.22)	-

The accounting policies and notes on pages P23 to P56 form an integral part of the consolidated and separate financial statements.

Report of the independent auditors' - pages P12 to P17.

Consolidated and Separate Statements of Financial Position

		Group		Company	
		2024	2023	2024	2023
	Notes	Shs	Shs	Shs	Shs
Assets					
Non-current assets					
Property, plant and equipment	3	1,366,780,774	1,731,165,113	30,051	32,775
Right-of-use assets	4	80,844,175	57,155,115	-	-
Goodwill	5	71,851,809	71,851,809	-	-
Intangible assets	6	204,779,862	186,982,768	41,699,058	36,353,059
Investments in subsidiaries	10	-	-	577,093,954	577,093,954
Deferred tax	7	54,961,487	-	-	-
		1,779,218,107	**2,047,154,805**	**618,823,063**	**613,479,788**
Current assets					
Inventories	8	698,529,879	882,382,994	-	-
Trade and other receivables	9	1,185,673,163	932,059,403	323,946,125	345,793,354
Current tax recoverable		10,657,118	17,776,190	-	-
Cash and cash equivalents	11	54,106,442	131,927,780	46,747	9,207,975
		1,948,966,602	**1,964,146,367**	**323,992,872**	**355,001,329**
Total Assets		**3,728,184,709**	**4,011,301,172**	**942,815,935**	**968,481,117**
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		4,962,351	4,303,168	-	-
Translation reserve		(404,863,536)	(101,256,891)	-	-
Revaluation reserves		819,555,079	805,746,945	-	-
Retained earnings/(accumulated losses)		505,531,713	302,286,855	(180,401,817)	(142,014,839)
		1,224,530,152	**1,310,424,622**	**118,942,728**	**157,329,706**
Liabilities					
Non-current liabilities					
Borrowings	13	784,076,770	684,080,999	771,244,980	761,253,694
Lease liabilities	14	84,899,812	61,667,676	-	-
Trade and other payables	15	-	-	138,074	13,281,527
Deferred tax	7	-	64,890,440	-	-
		868,976,582	810,639,115	771,383,054	774,535,221
Current liabilities					
Trade and other payables	15	645,610,845	854,057,724	22,648,988	18,421,625
Borrowings	13	522,959,209	547,309,427	29,824,102	18,179,731
Lease liabilities	14	4,053,773	3,759,955	-	-
Bank overdrafts	11	462,054,148	485,110,329	17,063	14,834
		1,634,677,975	**1,890,237,435**	**52,490,153**	**36,616,190**
Total Liabilities		**2,503,654,557**	**2,700,876,550**	**823,873,207**	**811,151,411**
Total Equity and Liabilities		**3,728,184,709**	**4,011,301,172**	**942,815,935**	**968,481,117**

The consolidated and separate financial statements and the notes on pages P23 to P56, were approved by the Board of directors on 28th April 2025 and were signed on it behalf by:

Director Director

The accounting policies and notes on pages P23 to P56 form an integral part of the consolidated and separate financial statements.
Report of the independent auditors' - pages P12 to P17.

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 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**
As at 01 January 2024	**146,894,092**	**152,450,453**	**4,303,168**	**(101,256,891)**	**805,746,945**	**302,286,855**	**1,310,424,622**
Other comprehensive income	-	-	659,183	(303,606,645)	15,179,923	-	(287,767,539)
Transfer of realised revaluation reserve (Note 34)	-	-	-	-	(1,371,789)	1,371,789	-
Loss for the year	-	-	-	-	-	201,873,069	201,873,069
As at 31 December 2024	**146,894,092**	**152,450,453**	**4,962,351**	**(404,863,536)**	**819,555,079**	**505,531,713**	**1,224,530,152**

The accounting policies and notes on pages P23 to P56 form an integral part of the consolidated and separate financial statements.

Report of the independent auditors' - pages P12 to P17.

Statement of Changes in Equity

Company	Share capital Shs	Share premium Shs	Accumulated losses Shs	Total Shs
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**
As at 01 January 2024	146,894,092	152,450,453	(142,014,839)	157,329,706
Loss for the year	-	-	(38,386,978)	(38,386,978)
As at 31 December 2024	**146,894,092**	**152,450,453**	**(180,401,817)**	**118,942,728**

The accounting policies and notes on pages P23 to P56 form an integral part of the consolidated and separate financial statements.

Report of the independent auditors' - pages P12 to P17.

Consolidated and Separate Statements of Cash Flows

		Group		Company	
		2024	2023	2024	2023
	Notes	Shs	Shs	Shs	Shs
Operating activities					
Cash generated from/(used in) operations	23	122,201,342	306,383,785	(6,618,840)	26,344,560
Finance costs		(338,612,609)	(339,743,241)	(5,690,822)	(3,778,787)
Tax paid	24	(3,448,091)	(36,477,948)	-	-
Net cash (used in)/from operating activities		**(219,859,358)**	**(69,837,404)**	**(12,309,662)**	**22,565,773**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(80,160,974)	(126,741,865)	-	-
Proceeds from sale of property-plant and equipment	3	23,511,036	25,593,803	-	-
Purchase of intangible assets	6	(17,014,492)	(22,902,970)	(5,345,999)	(5,676,233)
Net cash used in investing activities		**(73,664,430)**	**(124,051,032)**	**(5,345,999)**	**(5,676,233)**
Cash flows from financing activities					
Proceeds from/(repayment of) borrowings	13	75,645,553	192,070,545	8,492,204	100,283,718
Payments of principal portion of the lease liability	14	(57,720,186)	(19,934,934)	-	-
Net cash from financing activities		**17,925,367**	**172,135,611**	**8,492,204**	**100,283,718**
Net movements in cash and cash equivalents		**(275,598,421)**	**(21,752,825)**	**(9,163,457)**	**117,173,258**
Cash and cash equivalents at the beginning of the year		(353,182,549)	(267,015,864)	9,193,141	(107,980,117)
Effects of foreign currency translations		220,833,264	(64,413,860)	-	-
Cash and cash equivalents at the end of the year	11	**(407,947,706)**	**(353,182,549)**	**29,684**	**9,193,141**

The accounting policies and notes on pages P23 to P56 form an integral part of the consolidated and separate financial statements.

Report of the independent auditors' - pages P12 to P17.

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 IFRS Accounting Standards.

The consolidated and separate financial statements comprise the results of the following entities:

No.	Country	Name of company	% shares	Principal activities
1	Kenya	Roto Moulders Limited	100	Manufacture and trade of plastic products
2	Kenya	Flame Tree Africa Limited	100	Manufacture and trade of cosmetic products
3	Kenya	Happy Golden Foods Limited	100	Manufacture and trade of snacks
4	Kenya	Chirag Africa Limited	100	Manufacture and trade and snacks
5	Kenya	Rex Industries Limited	100	Trading in Jojo water tanks and other plastics
6	Kenya	Jojo Plastics Limited	100	Manufacture and trade of plastic products
7	Kenya	Polyplay Limited	100	Manufacturing plastics and allied products
8	Rwanda	Roto Limited	100	Manufacture and trade of plastic products
9	Rwanda	Flame Tree Brands Limited	100	Trading in cosmetics
10	Rwanda	Build Mart Limited	100	Trading in construction materials
11	Mozambique	Rino Tanques Limitada	100	Manufacture and trade of plastic products
12	Mozambique	Flame Tree Mozambique Lda	100	Manufacture and trade of cosmetic products
13	Ethiopia	Roto Private Limited Company	100	Manufacture and trade of plastic products
14	U.A.E.	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.

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 and judgements that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Insurance compensation income

During the year ended 31 December 2024, the Group recognized income amounting to Shs 292.7 millionrelating to pending material damage and business interruption (BI) insurance claims as detailed below:

	Total claim submitted Shs	Amount accrued Shs	%
Subsidiary			
Flame Tree Africa Limited (i)	181,906,196	104,078,019	57%
Jojo Plastics Limited (i)	292,281,132	108,601,016	37%
Roto Moulders Limited (ii)	393,666,783	80,000,000	20%
Total	**867,854,111**	**292,679,035**	**34%**

The recognition was based on management's assessment of:

- The existence of valid insurance policies covering the respective insured events;
- The occurrence of insured events (floods and fire) that triggered the claims;
- Submission of comprehensive claims with supporting financial and legal documentation;
- Partial settlement and acknowledgment of liability by the insurers for material damage portions;
- Professional evaluations and historical financial records supporting the estimated amounts; and
- Ongoing communications and formal engagements with the insurers and their appointed assessors.

While recognizing the uncertainties inherent in claim settlements, management believes that the amounts recognized are reasonable, prudently estimated, and that eventual recovery is highly probable.

While the Group acknowledges the auditors' qualification regarding the timing and certainty of settlement, management remains confident that the amounts recognized are prudent and that the final recovery will not materially affect the Group's financial position.

Management will continue to monitor the progress of the claims actively and will update stakeholders on any material developments in future reporting periods.

1.0 Material accounting policy information (Continued)

1.3 Critical judgements in applying accounting policies (Continued)

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.
- **Stage 3 -** 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.

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.

1.0 Material accounting policy information (Continued)

1.3 Critical judgements in applying accounting policies (Continued)

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 2024, 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 growing and reporting profit in the coming years.

Impairment of intangibles

Intangibles assets, such as trademarks, are tested annually for impairment based on past and present performance and future business projections. Based on the projections made in assessing the performance of the subsidiary, 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.

1.0 Material accounting policy information (Continued)

1.4 Property, plant and equipment (Continued)

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 bymanagement. 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. 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.

1.0 Material accounting policy information (Continued)

1.5 Intangible assets (Continued)

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

1.6. Financial Instruments

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

Financial assets which are equity instruments:

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

Financial assets which are debt instruments:

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

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.

1.0 Material accounting policy information (Continued)

1.6. Financial Instruments (Continued)

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

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (Note 9).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Shillings equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains/(losses) (Note 19).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other receivables (Note 9).

Trade and other payables

Classification

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

Cash and cash equivalents

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

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

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

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.

1.0 Material accounting policy information (Continued)

1.7 Tax (Continued)

Deferred tax assets and liabilities (continued)

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.

- 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.

1.0 Material accounting policy information (Continued)

1.10 Impairment of assets (Continued)

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.

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.

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 aqualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

1.0 Material accounting policy information (Continued)

1.14 Borrowing costs (Continued)

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.

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.

2. New Standards and Interpretations

2.1 Adoption of new and revised IFRS Accounting Standards 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 2024. 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 7 and IFRS 7 - 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 is 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 amendments contain specific transition provisions for the first annual reporting period in which the group applies the amendments. Under the transitional provisions an entity is not required to disclose:

- comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments
- the information otherwise required by IAS 7 as at the beginning of the annual reporting period in which the entity first applies those amendments.

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

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to IAS 1 - 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.

2. New Standards and Interpretations

2.1 Adoption of new and revised IFRS Accounting Standards effective for the current year

Amendments to IFRS 16 - 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 Revenue from Contracts with Customers 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.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

2.2 Adoption of 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 21	Lack of Exchangeability
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture
IFRS 18	Presentation and Disclosures in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures
Annual Improvements to IFRS Accounting Standards - Volume 11	IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

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 21 - Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not. The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

2. New Standards and Interpretations

2.2 Adoption of new and revised IFRS Accounting Standards in issue but not yet effective (Continued)

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique.

Examples of an observable exchange rate include:
- a spot exchange rate for a purpose other than that for which an entity assesses exchangeability
- the first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate).

An entity using another estimation technique may use any observable exchange rate including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations and adjust that rate, as necessary, to meet the objective as set out above.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

Settlement of Liabilities through Electronic Payment Systems
There has been diversity in practice over the timing of the recognition and derecognition of financial assets and financial liabilities, particularly when they have been settled using electronic payment system. The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognised and derecognised.

Under the amendments, a company generally derecognises its financial liability on the settlement date. Normally this is the date, on which payment is completed.

2. New Standards and Interpretations

2.2 Adoption of new and revised IFRS Accounting Standards in issue but not yet effective (Continued)

Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (Continued)

The amendments also provide an exception, which allows the company to derecognise its financial liability before the settlement date, i.e. on the date when payment is initiated and cannot be cancelled. The exception is available when the company uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant

Companies can choose to apply the exception to electronic payments on a system-by-system basis.

Classification of financial assets with contingent features

Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with contingent features represented SPPI, which is a condition for measurement at amortised cost. This could have resulted in such assets being measured at fair value through profit or loss.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from the cash flows of an identical financial asset without such a feature. The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features.

Contractually Linked Instruments (CLIs) and Non-recourse Features

The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test).

Disclosures on Investments in Equity Instruments

The amendments require additional disclosures for investments in equity instruments that are measured at fair value through other comprehensive income.

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

The amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that:

- a full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while
- a partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary

2. New Standards and Interpretations

2.2 Adoption of new and revised IFRS Accounting Standards in issue but not yet effective (Continued)

IFRS 18 - Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

A subsidiary has public accountability if:

- its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets; or
- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements.

2. New Standards and Interpretations

2.2 Adoption of new and revised IFRS Accounting Standards in issue but not yet effective (Continued)

Annual Improvements to IFRS Accounting Standards - Volume 11

This cycle of annual improvements addresses the following:

- **IFRS 1:** Hedge Accounting by a First-time Adopter
- **IFRS 7:** Gain or Loss on Derecognition
- **IFRS 7:** Disclosure of Deferred Difference between Fair Value and Transaction Price
- **IFRS 7:** Introduction and Credit Risk Disclosures
- **IFRS 9:** Derecognition of Lease Liabilities
- **IFRS 9:** Transaction Price
- **IFRS 10:** Determination of a 'De Facto Agent'
- **IAS 7:** Cost Method

3. Property, Plant and Equipment

	2024			2023		
	Cost or revaluation	Accumulated depreciation	Carrying Value	Cost or revaluation	Accumulated depreciation	Carrying Value
Land and buildings	436,904,789	(13,404,769)	423,500,020	746,393,697	(20,580,295)	725,813,402
Plant and machinery	1,208,975,403	(417,824,152)	791,151,251	1,207,290,854	(377,908,282)	829,382,572
Furniture, fixtures and equipment	44,214,304	(28,486,738)	15,727,566	44,446,175	(27,325,977)	17,120,198
Motor vehicles	254,248,911	(124,435,188)	129,813,723	262,701,500	(110,706,887)	151,994,613
Computers	14,827,400	(10,095,232)	4,732,168	14,292,362	(9,351,932)	4,940,430
Leasehold land	4,861,608	(3,005,562)	1,856,046	4,861,608	(2,947,710)	1,913,898
Total	**1,964,032,415**	**(597,251,641)**	**1,366,780,774**	**2,279,986,196**	**(548,821,083)**	**1,731,165,113**

Reconciliation of Property, Plant and Equipment - Group - 2024

	Carrying amount at start of the year	Additions	Disposals	Revaluations	Translation on cost	Depreciation charge	Translationon accumulated depreciation	Carrying amount at end of the year
Land and buildings	725,813,402	903,755	-	-	(310,392,663)	(8,539,160)	15,714,686	423,500,020
Plant and machinery	829,382,572	69,661,687	(35,809,912)	-	(32,167,226)	(67,682,750)	27,766,880	791,151,251
Furniture, fixtures and equipment	17,120,198	1,559,772	(313,954)	15,179,923	(16,657,613)	(5,181,903)	4,021,142	15,727,566
Motor vehicles	151,994,613	6,902,287	(1,330,990)	-	(14,023,886)	(21,766,813)	8,038,512	129,813,723
Computers	4,940,430	1,133,473	-	-	(598,435)	(2,723,433)	1,980,133	4,732,168
Leasehold land	1,913,898	-	-	-	-	(57,852)	-	1,856,046
	1,731,165,113	**80,160,974**	**(37,454,856)**	**15,179,923**	**(373,839,822)**	**(105,951,911)**	**57,521,353**	**1,366,780,774**

Reconciliation of Property, Plant and Equipment - Group - 2023

	Carrying amount at start of the year	Additions	Disposals	Revaluations	Translation adjustments	Depreciation charge	Translation on accumulated depreciation	Carrying amount at end of the 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**

Property, Plant and Equipment (Company)

	Carrying amount at start of the year	Additions	Disposals	Adjustment	Impairment	Depreciation	Carrying amount at end of the year
Office equipment	32,775	-	-	-	-	(2,724)	30,051

4.0 Right-Of-Use Assets - Group

	Land and Buildings Shs	Plant and machinery Shs	Total Shs
Cost			
At start of year	107,144,255	42,052,943	149,197,198
Additions	56,817,456	3,925,266	60,742,722
At end of year	**163,961,711**	**45,978,209**	**209,939,920**
Depreciation			
At start of year	68,021,034	24,021,049	92,042,083
Charge for the year	29,202,934	7,850,728	37,053,662
At end of year	97,223,968	31,871,777	129,095,745
Carrying amount as at 31 December 2024	**66,737,743**	**14,106,432**	**80,844,175**
Carrying amount as at 31 December 2023	**39,123,221**	**18,031,894**	**57,155,115**

5. Goodwill

Reconciliation of goodwill - Group	2024 Shs	2023 Shs
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 industry reports (where available). The discount rates used are post-tax and reflect specific risks relating to the relevant segments.

6. Intangible Assets - Group

	2024			2023		
	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	108,101,605	(1,434,468)	106,667,137	17,448,768	(2,217,070)	15,231,698
Work in progress	14,762,725	-	14,762,725	88,401,070	-	88,401,070
	206,214,330	(1,434,468)	204,779,862	189,199,838	(2,217,070)	186,982,768

Intangible Assets - Company

	2024			2023		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Software	42,175,914	(476,856)	41,699,058	7,938,144	(476,856)	7,461,288
Work in progress	-	-	-	28,891,771	-	28,891,771
	42,175,914	(476,856)	41,699,058	36,829,915	(476,856)	36,353,059

Reconciliation of Intangible Assets - Group - 2024

	Opening balance Shs	Additions Shs	Reclassification Shs	Amortisation Shs	Total Shs
Trademarks	83,350,000	-	-	-	83,350,000
Software	15,231,698	17,014,492	73,638,345	782,602	106,667,137
Work in progress	88,401,070	-	(73,638,345)	-	14,762,725
	186,982,768	**17,014,492**	**-**	**782,602**	**204,779,862**

7. Deferred Tax Assets/(Liabilities)

	Group		Company	
	2024 Shs	2023 Shs	2024 Shs	2023 Shs
Deferred tax	54,961,487	(64,890,440)	-	-

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	54,961,487	(64,890,440)	-	-

8. Inventories

	Group		Company	
	2024 Shs	2023 Shs	2024 Shs	2023 Shs
Raw materials,components	625,422,604	828,423,114	-	-
Goods in transit	73,107,275	53,959,880	-	-
	698,529,879	882,382,994	-	-

9. Trade and other Receivables

	Group		Company	
	2024 Shs	2023 Shs	2024 Shs	2023 Shs
Non-current:				
Trade receivables - related parties	-	-	89,375,277	110,687,843
Loan receivables - related parties	-	-	231,240,981	231,476,981
Loan receivables - shareholders	10,092,692	18,624,239	139,116	901,302
Loan receivables - directors	5,129,654	6,705,560	-	-
	15,222,346	25,329,799	320,755,374	343,066,126

9. Trade and other Receivables (Continued)

	Group		Company	
	2024 Shs	2023 Shs	2024 Shs	2023 Shs
Current				
Trade receivables	586,926,242	877,785,985	-	-
ECL impairment provision	(129,018,500)	(173,008,905)	-	-
Net trade receivables	457,907,742	704,777,080	-	-
Deposits and other receivables	154,854,643	74,755,268	141,483	131,407
Prepayments	232,406,565	41,398,110	-	270,411
Insurance claims receivable	293,595,719	28,864,316	-	-
TDS receivables	-	-	-	-
Advances	-	-	-	-
Value Added Tax (VAT) recoverable	24,325,100	48,245,949	2,660,663	2,108,744
Employee costs in advance	7,361,048	8,688,881	388,605	216,666
	1,170,450,817	906,729,604	3,190,751	2,727,228
Total trade and other receivables	**1,185,673,163**	**932,059,403**	**323,946,125**	**345,793,354**

	2024 Shs	2023 Shs
The aged analysis of these trade receivables are as follows:		
Less than 1 year	354,924,305	587,531,618
More than 1 year	102,983,437	117,245,462
	457,907,742	704,777,080

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	
			2024 Shs	2023 Shs	2024 Shs	2023 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	U.A.E.	100%	-	-	4,710,887	4,710,887
Impairment			-	-	(32,219,000)	(32,219,000)
			-	**-**	**577,093,954**	**577,093,954**

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	
	2024 Shs	2023 Shs	2024 Shs	2023 Shs
Cash in hand and at bank	54,106,442	131,927,780	46,747	9,207,975
Bank overdraft	(462,054,148)	(485,110,329)	(17,063)	(14,834)
	(407,947,706)	(353,182,549)	29,684	9,193,141

12. Share Capital

	Group		Company	
	2024	2023	2024	2023
	Shs	Shs	Shs	Shs
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	
	2024	2023	2024	2023
	Shs	Shs	Shs	Shs
Share capital	146,894,092	146,894,092	146,894,092	146,894,092
Share premium	152,450,453	152,450,453	152,450,453	152,450,453
	299,344,545	299,344,545	299,344,545	299,344,545
Issued				
Ordinary	299,344,545	299,344,545	299,344,545	299,344,545

13. Borrowings

	Group		Company	
	2024	2023	2024	2023
Non-current	Shs	Shs	Shs	Shs
Shareholders loan (Note 28)	-	-	788,009	788,009
Bank loans	784,076,770	684,080,999	574,197	1,304,508
Loans from related parties (Note 28)	-	-	769,882,774	759,161,177
	784,076,770	**684,080,999**	**771,244,980**	**761,253,694**
Current				
Bank loans	493,135,107	529,129,696	-	-
Commercial paper	29,824,102	18,179,731	29,824,102	18,179,731
	522,959,209	547,309,427	29,824,102	18,179,731
Total borrowings	1,307,035,979	1,231,390,426	801,069,082	779,433,425

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 20.7% to 21.7% for loans in Kenya Shillings and 12.3% 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 garantee from the main shareholder.
Commercial paper borrowings are unsecured and repayable at an interest rate between 14% and 21%.
The loans from shareholders and related parties are unsecured, interest free and not repayable within the next twelve months.

14. Lease Liabilities

	Group		Company	
	2024	2023	2024	2023
	Shs	Shs	Shs	Shs
Current	4,053,773	3,759,955	-	-
Non-current	84,899,812	61,667,676	-	-
	88,953,585	65,427,631	-	-

The total cash outflow for leases in the year was:

Payments of principal portion	57,720,186	19,934,934	-	-
Interest paid on lease liabilities	34,194,232	9,580,244	-	-
	91,914,418	29,515,178	-	-

15. Trade and other Payables

	Group		Company	
	2024	2023	2024	2023
	Shs	Shs	Shs	Shs
Non-current:				
Trade payables - related parties	-	-	-	12,143,996
Other payables - related parties	-	-	138,074	1,137,531
	-	-	138,074	13,281,527
Current:				
Trade payables	588,677,190	703,792,858	13,706,755	8,518,648
Accruals and other payables	56,933,655	150,264,866	8,942,233	9,902,977
	645,610,845	854,057,724	22,648,988	18,421,625
	645,610,845	854,057,724	22,787,062	31,703,152

16. Revenue

	Group		Company	
	2024	2023	2024	2023
	Shs	Shs	Shs	Shs
Revenue from contracts with customers:				
Local sales	3,809,278,434	3,814,917,467	-	-
Export sales	321,842,662	583,605,667	-	-
Other sales	35,759,924	64,470,373	-	-
	4,166,881,020	4,462,993,507	-	-

17. Cost of Sales

	Group		Company	
	2024 Shs	2023 Shs	2024 Shs	2023 Shs
Opening inventories	882,382,994	793,933,541	-	-
Purchases	1,746,473,092	2,240,946,217	-	-
Other direct costs (Note 17.1)	781,024,080	762,598,816	-	-
Closing inventories	(698,529,879)	(882,382,994)	-	-
	2,711,350,287	2,915,095,580	-	-

17.1 Other Direct Costs

Fuel and gas	120,306,246	120,311,454	-	-
Electricity and water	143,730,156	139,867,481	-	-
Factory salaries and wages	248,902,635	245,209,958	-	-
Employer pension contributions	6,234,115	1,728,302	-	-
Employer housing levy contributions	-	160,919	-	-
Other production costs	261,850,928	255,320,702	-	-
	781,024,080	762,598,816	-	-

18. Other Operating Income

	Group		Company	
	2024 Shs	2023 Shs	2024 Shs	2023 Shs
Administrative cost recharge	-	-	10,100,000	7,013,689
Miscellaneous income	-	-	1,203,232	-
Insurance compensation income	293,595,719	-	-	-
	293,595,719	-	11,303,232	7,013,689

During the year, the Company has recognised insurance compensation income totalling Shs 293.6 million. Kindly refer to Note 1.3 for further details.

19. Operating (Loss)/Profit

	Group		Company	
	2024 Shs	2023 Shs	2024 Shs	2023 Shs
Operating profit for the year is stated after charging the following, amongst others:				
Audit fees	7,068,491	7,116,461	2,007,800	2,667,294
Remuneration, other than to employees:				
- Administrative and managerial services	28,473,045	23,623,175	931,833	1,634,651
- Consulting and professional services	5,762,871	12,437,521	8,089,622	2,826,437
Employee costs (Note 20)	405,207,722	420,763,374	26,407,789	27,965,059
Depreciation expense:				
- Property, plant and equipment (Note 3)	105,951,911	113,668,767	-	2,501
- Right-of-use assets (Note 4)	37,053,662	37,053,662	-	-
Amortisation of intangible assets	782,602	1,287,133	-	-

20. Employee Costs

	Group		Company	
	2024 Shs	2023 Shs	2024 Shs	2023 Shs
Salaries and wages				
- Sales and distribution	193,289,827	193,173,865	-	-
- Management and administration	133,239,461	179,635,453	26,407,789	27,965,059
Staff medical	2,352,123	193,762	-	-
Staff rent	8,643,137	14,093,236	-	-
Staff welfare	14,681,227	14,901,316	-	-
Staff training	1,652,075	913,865	-	-
Staff uniforms	332,586	948,521	-	-
Work permits	7,934,089	6,698,368	-	-
Housing levy - employer contributions	899,213	2,166,356	-	-
Pension contributions:				
- National Social Security Fund (NSSF)	1,964,574	4,144,983	-	-
- Rwanda Social Security Board (RSSB)	32,313,004	2,876,824	-	-
- National Institute of Social Security (INSS)	5,734,292	538,434	-	-
- Social Security Contributions (SDE 11%)	2,172,114	478,391	-	-
	405,207,722	420,763,374	26,407,789	27,965,059

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

	Group		Company	
	2024 Number	2023 Number	2024 Number	2023 Number
Production	788	555	-	-
Sales and distribution	290	318	-	-
Management and administration	119	94	3	3
	1,197	967	3	3

21. Finance Costs

	Group		Company	
	2024 Shs	2023 Shs	2024 Shs	2023 Shs
Foreign exchange loss	(43,849,157)	72,913,617	1,384,014	172,133
Interest on lease liabilities (Note 14)	34,194,232	9,580,244	-	-
Bank overdraft interest	68,808,772	46,636,473	-	-
Interest on bank loans	273,938,543	192,880,767	-	-
Interest on commercial papers	2,975,777	3,606,729	4,306,808	3,606,654
Charges on letters of credit	2,544,442	14,125,411	-	-
	338,612,609	339,743,241	5,690,822	3,778,787

22. Taxation

	Group		Company	
	2024	2023	2024	2023
	Shs	Shs	Shs	Shs
Major components of the tax expense				
Current				
Current tax	3,670,981	9,199,710	-	-
Deferred tax	(74,066,942)	4,018,269	-	-
	(70,395,961)	**13,217,979**	**-**	**-**
Profit/(loss) before tax	131,477,108	(61,437,923)	(35,437,083)	(13,022,700)
Tax calculated at a tax rate of 30% (2023:30%)	-	-	-	-

The deferred tax arose due to the differences between the carrying amount of assets/liability and their tax base. The deferred tax for 2024 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	
	2024	2023	2024	2023
	Shs	Shs	Shs	Shs
Profit/(loss) before tax	131,477,108	(61,437,923)	(38,386,978)	(35,437,083)
Adjustments for:				
Depreciation - property, plant and equipment	(105,951,911)	113,668,767	2,724	2,724
Amortisation of intangible assets	(782,602)	1,287,133	-	-
Depreciation on right-of-use asset	37,053,662	26,592,587	-	-
Finance costs	338,612,609	339,743,241	5,690,822	3,778,787
Changes in working capital:				
Inventories	183,853,115	(88,449,453)	-	-
Trade and other receivables	(253,613,760)	(117,059,509)	21,847,229	39,296,180
Trade and other payables	(208,446,879)	92,038,942	4,227,363	18,703,952
	122,201,342	306,383,785	(6,618,840)	26,344,560

24. Tax Paid

	Group		Company	
	2024	2023	2024	2023
	Shs	Shs	Shs	Shs
Balance at beginning of the year	(17,776,190)	(9,502,048)	-	-
Current tax for the year recognised in profit or loss	(3,670,981)	(9,199,710)	-	-
Balance at end of the year	(10,657,118)	(17,776,190)	-	-
Tax paid	(3,448,091)	(36,477,948)	-	-

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	2024 Shs	2023 Shs	2024 Shs	2023 Shs
Loans to/(from) shareholders	10,092,692	18,624,239	(788,009)	(788,009)
Trade and other payables - subsidiaries	-	-	(138,074)	(13,281,527)
Loans from subsidiaries	-	-	769,882,774	759,161,177
Amount due from subsidiaries	-	-	89,375,277	110,687,843

29. Financial Instruments and Risk Management

Capital Risk Management

The Group's objectives when managing capital are:

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

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

The Group is not subject to externally imposed capital requirements.

29. Financial Instruments and Risk Management (Continued)

Capital Risk Management (Continued)

The gearing ratio as at 31 December 2024 and 31 December 2023 were as follows:

	Group		Company	
	2024 Shs	2023 Shs	2024 Shs	2023 Shs
Borrowings (Note 13)	1,307,035,979	1,231,390,426	801,069,082	779,433,425
Bank overdrafts (Note 11)	462,054,148	485,110,329	17,063	14,834
Total borrowings	1,769,090,127	1,716,500,755	801,086,145	779,448,259
Less: Cash and cash equivalents (Note 11)	(54,106,442)	(131,927,780)	(46,747)	(9,207,975)
Net borrowings	1,714,983,685	1,584,572,975	801,039,398	**770,240,284**
Equity	1,224,530,152	1,310,424,622	118,942,728	157,329,706
Gearing ratio	140%	121%	673%	490%

Financial Risk Management

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

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

In assessing whether the credit risk on a financial asset has increased significantly, the Group compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Group considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort.There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that default does not occur later than when a financial asset is 90 days past due.

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

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

29. Financial Instruments and Risk Management (Continued)

Financial Risk Management (Continued)

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 52 days (2023: 49 days). 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:

	2024			2023		
Group	**Gross carrying amount Shs**	**Credit loss allowance Shs**	**Amortised cost/fair value Shs**	**Gross carrying amount Shs**	**Credit loss allowance Shs**	**Amortised cost/fair value Shs**
Trade receivables (Note 9)	586,926,242	(129,018,500)	457,907,742	877,785,985	(173,008,905)	704,777,080
Cash and cash equivalents (Note 11)	54,106,442	-	54,106,442	131,927,780	-	131,927,780
	641,032,684	(129,018,500)	512,014,184	1,009,713,765	(173,008,905)	836,704,860

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.

29. Financial Instruments and Risk Management (Continued)

Financial Risk Management (Continued)

Group	2024 Carrying amount	2023 Carrying amount
Non-current liabilities		
Borrowings (Note 13)	784,076,770	684,080,999
Lease liability (Note 14)	84,899,812	61,667,676
Current liabilities		
Trade and other payables (Note 15)	645,610,845	854,057,724
Lease liability (Note 14)	4,053,773	3,759,955
Borrowings (Note 13)	522,959,209	547,309,427
Bank overdraft (Note 11)	462,054,148	485,110,329

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 1% 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 2024	14,194,460	144,545	14,339,005
Year ended 31 December 2023	14,194,460	144,545	14,339,005

29. Financial Instruments and Risk Management (Continued)

Financial Risk Management (Continued)

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 carrying amount of the financial assets and financial liabilities reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

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 2024 the banking facility with SBM was renewed to finance the growth of the Group as well as the working capital.

- The Company is planning to raise additional capital from private investors. The use of funds will be mainly debt restructuring and increasing of production capacity.

- **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.

32. Detailed Classification of Expenses

	Group		Company	
	2024	2023	2024	2023
	Shs	Shs	Shs	Shs
SELLING AND DISTRIBUTION				
Commission expenses	3,670,655	7,193,994	142,423	264,520
Excise duties	72,634,812	76,009,160	-	-
Rent expense	14,607,910	17,963,311	-	-
Promotion and marketing expenses	114,280,476	136,436,012	-	-
Transport and freight expense	257,666,706	230,618,005	-	-
Impairment on trade receivables	257,799	6,675,466	-	-
	463,118,358	474,895,948	142,423	264,520

	Group		Company	
	2024	2023	2024	2023
	Shs	Shs	Shs	Shs
ADMINISTRATIVE EXPENSES				
Administration and management fees	28,473,045	23,623,175	931,833	1,634,651
Audit fees	7,068,491	7,116,461	2,007,800	2,667,294
Legal, professional and consulting fees	5,762,871	12,437,521	8,089,622	2,826,437
Travelling and entertainment	-	-	-	694,845
Telephone, postage, courier and internet	11,593,831	10,000,865	-	248,430
Employees costs (Note 20)	405,207,722	420,763,374	26,407,789	27,965,059
Bank charges	19,087,369	11,753,794	114,793	-
Memberships and subscriptions	351,504	830,852	37,833	-
Printing and stationery	532,932	5,179,100	-	-
Fines and penalties	7,297,702	2,848,378	47,621	27,436
Standard levy	2,150,382	1,402,459	-	-
Motor vehicle running expense	21,221,966	16,653,183	-	-
Donations	-	151,171	-	-
Miscellaneous expenses	21,350,052	32,990,432	(1)	1,841
Licenses and permits	14,760,897	12,435,918	5,817,110	1,612,215
Cleaning expenses	22,463,855	523,055	-	-
Electricity and water	2,268,600	974,420	-	-
Office expenses	14,913,449	5,424,372	64,030	586,533
	584,504,668	565,108,530	43,518,430	38,264,741

OTHER OPERATING EXPENSES

Depreciation on property, plant and equipment	105,951,911	113,668,767	2,724	2,724
Depreciation on right-of-use asset	37,053,662	26,592,587	-	-
Amortisation of intangible assets	763,158	1,287,133	-	-
Insurance	24,607,843	22,112,737	335,811	140,000
Factory rent expense	13,084,041	17,011,869	-	-
Fuel and gas	408,923	625,832	-	-
Security charges	7,586,189	6,938,437	-	-
Repairs and maintenance	40,055,448	40,886,773	-	-
Local conveyances	1,902,534	463,996	-	-
Medical expenses	-	-	-	-
Training expenses	-	-	-	-
	231,413,709	229,588,131	338,535	142,724

33. Basic Earnings per Share

	Group		Company	
	2024 Shs	2023 Shs	2024 Shs	2023 Shs
Total number of shares	178,053,486	178,053,486	178,053,486	178,053,486
Total profit/(loss) for the year	201,873,069	(74,655,902)	(38,386,978)	(35,437,083)
Total comprehensive income/(loss) for the year	(114,882,528)	24,745,610	(38,386,978)	(35,437,083)
Earning per share – on gain/ (loss) for the year	1.13	(0.42)	(0.22)	(0.20)
Earnings per share – on total comprehensive (loss)/income for the year	(0.65)	0.14	(0.22)	(0.20)

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 1,371,789 (ETB 826,647).

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 2024.

Notice of Annual General Meeting

FTG Holdings Limited
Registered Office: 2nd Floor, C&R Court, 49 Labourdonnais Street, Port-Louis, Mauritius
Email: info@flametreegroup.com
Website: www.flametreegroup.com
Nairobi office: P.O. Box 27621-00506,Nairobi.

Date: 21st May 2025

To: The Shareholders of the Company

From: St Lawrence Management Limited, Secretary

Subject: Notice of the Annual General Meeting of Shareholders of the Company to be held on Friday, 27th June 2025 at 11:00 A.M (Kenyan Time).

The company proposed to conduct the Annual General Meeting 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 Annual General Meeting of the Shareholders of the Company will be held via electronic communication on Friday, 27th June 2025 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 31st December 2024.

4. Election of the Board of Directors
   a) Mr Bishwarnath Bachun 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) Mr Deven Auracootee has resigned as director of the Company with effect from 6 June 2025 and Ms Marie Joanna Martine CHOO FON will be appointed as director of the Company, effective from 6 June 2025, subject to approval from Capital Markets Authority. Ms Marie Joanna Martine CHOO FON 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.

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

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

6. Appointment of Auditors

   To consider the re-appointment of Crowe ATA as the auditors of the Company who have expressed their willingness to continue in office for the financial year ending 31 December 2025 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 St Lawrence Management Limited
Secretary

FTG Holdings Limited
Registered Office: 2nd Floor, C&R Court, 49 Labourdonnais Street, Port-Louis, Mauritius
Email: info@flametreegroup.com
Website: www.flametreegroup.com
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1. Any shareholders wishing to participate in the meeting should register for the virtual AGM by using either of the following:
   (a) Registered Unit Holders will receive a link via SMS/email.
   (b) Through the web portal:

By logging onto https://escrowagm.com/ftg/login.aspx Click the "Register" button using the credentials provided via SMS/Email. 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.

   (c) Unstructured Supplementary Service Data (USSD)

By dialing *483*560# and following the prompts. In order to complete the registration process via USSD. 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 3rd June 2025 at 09:00 hours and shall close on 24th June 2025 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@efsregistrars.com or delivered to Escrow financial solutions registrars limited offices at 1st Floor, Occidental Plaza, Westlands, P.O. Box 6341-00100 Nairobi, so as to be received not later than Tuesday, 24th June 2025 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 will be communicated to the shareholder concerned no later than 25th June 2025 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 Escrow Financial Solutions Registrars Limited on +254 710 888 000;

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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: https://flametreegroup.com/financial-reports
   - 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, ID/passport number CDSC Account and phone number. All questions received by 20th June 2025 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 have registered to participate in the annual general meeting. Duly registered shareholders and proxies shall be able to join the meeting either by logging into the system using their registration credentials or following proceedings on a link to be shared via SMS for those who register through the USSD platform;

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

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

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

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 27th June 2025 at 11:00 a.m and at any adjournment thereon.

Number of Shares held ………..

Account number of member ……

Signed this ……………………………………………………………… day of ………………………………………………… 2025

Notes:

Signature (s) ………

- 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@efsregistrars.com or lodged at the registered office of the Company's Shares Registrars, ESCROW Financial Solutions Registrars Ltd (1st Floor, Occidental Plaza, Westlands, P.O. Box 6341-00100 Nairobi) not later than 24th June 2025 at 17:00Hrs.

CONTACT US:
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St Lawrence Management Limited
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Email: info@flametreegroup.com
Website: www.flametreegroup.com
Nairobi office: P.O. Box 27621 - 00506, Nairobi