SINCE 1922

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CELEBRATING LIFE

Emerging Stronger
A better Future

2021 INTEGRATED REPORT AND FINANCIAL STATEMENTS

About this Report

The Integrated Report for the year ended 30 June 2021 provides a holistic view of East African Breweries Limited's (EABL) business model. It comprises information about activities, strategy, approach to operating responsibly, financial, and non-financial results. The aim is to comprehensively report to our existing and prospective investors in an integrated way to reflect how the organization operates.

Framework

Our Integrated Report is prepared in accordance with the International Integrated Reporting Council's Integrated Reporting Framework, adhering to the fundamental concepts. The Annual Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The report is part of our commitment to be transparent and accountable to our stakeholders. The Group constantly considers whether there are additional reporting frameworks or metrics we could use to enhance our disclosures.

Assurance

To enhance the integrity of our report, the financial statements were audited by PricewaterhouseCoopers LLP. Their independent report in relation to the financial statements of the Group is set out on pages 125 to 128 of this report.

EABL Overview

East African Breweries Limited (EABL) is the leading branded alcohol beverage business in East Africa, with an outstanding collection of brands that range from beer and spirits to adult non-alcoholic drinks (ANADs), reaffirming our standing as a total adult beverage (TAB) company. Our extensive network of breweries, distilleries, and distribution facilities spans across the six markets within which we operate in East Africa, especially concentrated in the three core markets of Kenya, Uganda and Tanzania. Despite operating in East Africa, our unique products can be found in more than 10 countries across Africa and beyond. The Group's diversity is an important factor in delivering the highest quality brands to East African consumers and long-term value to investors.

Our brands are an outstanding combination of local beers and spirits together with international premium spirits. These include: Tusker, Guinness, Bell Lager, Serengeti Lager, Kenya Cane, Uganda Waragi, Smirnoff and Johnnie Walker. We are proud of the brands we make and the positive impact they have in bringing people together, to celebrate life everyday everywhere. We are passionate about alcohol playing a positive role in society as part of a balanced lifestyle.

CONTENTS

Our Business Model

Our business operates with the simple purpose of supporting our consumers in 'Celebrating life every day, everywhere'. The consumer is thus at the heart of our business. Our performance ambition 'to create the best performing, most trusted and respected consumer products company in Africa', coupled with our vision 'to be the most celebrated business in every market in Eastern Africa', guide how we operate and every decision we make.

EABL operates across East Africa through the following subsidiaries: Kenya Breweries Limited (KBL), Uganda Breweries Limited (UBL), Serengeti Breweries Limited (SBL) in Tanzania, UDV (Kenya) Limited, East African Beverages (South Sudan) Limited and East African Maltings Limited (EAML) in Kenya. Although our business is concentrated in these markets, our brands are sold in more than 10 countries across Africa and beyond. The Group's diversity is an important factor in delivering the highest quality brands to East African consumers and long-term value to East African investors. Our portfolio and geographic reach enable us to deliver sustainable performance and create value for our shareholders.

We are proud of our long heritage of investing in individual markets within the region and enriching the community; as well as building brands that continue to meet consumer needs and bring joy to millions. We have a broad portfolio across categories and price points to suit our consumers' changing lifestyles. We continuously invest in building strong brands that play a positive role in society.

Our business model is centered on country-specific strategies, which allow us the agility to identify and shape consumer trends, as well as respond to market dynamics to support growth. We are a proud grain-to-glass business and remain steadfastly focused on:

- Producing quality beer, spirits, and adult non-alcoholic beverages (ANADs).
- Investing in responsible marketing to build aspiration for high quality brands.
- Continuously innovating to unlock new opportunities and deliver new offerings that meet changing consumer demands.
- Transforming sales execution and extending our reach to ensure our consumers can access and enjoy our brands every day, everywhere.
- Sourcing and producing locally where viable to support local communities.
- Playing a positive role in society and delivering value to our stakeholders and shareholders.

"We are proud of our long heritage of investing in individual markets within the region and enriching the community; as well as building brands that continue to meet consumer needs and bring joy to millions.

EXCESSIVE ALCOHOL CONSUMPTION IS HARMFUL TO YOUR HEALTH.
NOT FOR SALE TO PERSONS UNDER THE AGE OF 18 YEARS.

Our Value Creation Process

Inputs

Financial Capital
Includes shareholders' equity and debt. It is a critical input in executing our business activities and in generating, accessing and deploying other forms of capital.

Read more on page 132

Manufactured Capital
We have a regional network of sites devoted to research and development, distillation, maturation, brewing, warehousing and packaging of spirits and beer.

Read more on page 44

Our investment in property, plant and machinery are a source of competitive differentiation.

Read more on page 170

Human and Intellectual Capital
We are proud of our people, whose passion, commitment and specialist skills make the difference. Championing inclusion and diversity is fundamental to driving engagement and achieving the best possible outcomes for our business.

Read more on pages 69-75

Social and Relationship Capital
We continue investing in communities where we live and work. We are committed to do our business the right way from grain to glass.

Read more on pages 25-38

Natural Capital
We recognize that the threats to our environment are urgent and growing, and we are committed to taking actions to preserve the scarce resources.

Read more on pages 25-38

Business Activities

Consumer insights
We have well-established proprietary data tools used to generate insights, understand and respond to consumer interests and preferences.

Sourcing
We work with our suppliers to procure high quality raw materials and services.

Marketing
We invest in world-class marketing to responsibly build vibrant brands that resonate with our consumers.

Innovation
Using our deep insights of trends, we focus on driving sustainable innovations that provide new products and experiences for consumers.

Distilling and Brewing
We distill, brew, bottle and distribute our beer and spirits brands, working to the highest quality of manufacturing standards.

Selling
We partner with our customers through our sales teams to reach our consumers daily.

Value Created

Leading total adult beverage company in Eastern Africa

Scale Global Giants: Johnnie Walker, Smirnoff, Baileys and Guinness are among the global brands that we bring to market with scale

99 years of experience, since 1922

Agility in innovation: Focused on growing share by innovating new offerings that meet changing consumer needs

Market leadership in 2 key markets

Extensive footprint in supply and distribution

+2 million people impacted directly or indirectly by our water programmes

Operating across 6 countries in East Africa, with 6 breweries and 1 malting plant

Strong iconic brands

Working with a network of capable distribution partners and over 110,000 retailers

A Winning Portfolio: Over 40 brands within spirits and beer, making up East Africa's largest and most diverse portfolio of brands

Partnering with over 60,000 farmers to supply our raw materials

Powerful Local Jewels: Some of the most iconic and loved brands in East Africa – Tusker, Serengeti and Bell Lager

Investing in capacity building from Grain to Glass

Stakeholder Engagement

Our purpose and values help guide our engagement.

Why we engage

People

Our people are at the core of our business. We aim to build a trusting, respectful and inclusive culture so that every individual feels highly engaged and can be their best. We want our people to feel their human rights are respected and that they are treated with dignity. We are committed to creating opportunities for growth and to a continuous learning culture.

Consumers

Understanding our consumers is key to growing our business sustainably for the long term. Consumer motivations, attitudes and behaviour form the basis of our brand marketing and innovations. We make our brands with pride and want them to be enjoyed responsibly. On occasions when consumers choose alcohol, we want them to 'drink better, not more'.

Customers

Our customer partners are experts in the products they buy and sell, as well as in the experiences they create and deliver. We work with a wide range of customers: big and small, on-trade and off, digital and e-commerce. Our passion is to ensure we nurture mutually beneficial relationships that deliver joint value and the best outcome for all our consumers.

Our stakeholders' interests

People

- Prioritisation of health, safety and wellbeing
- Investment in learning opportunities for employee growth and development
- Ways of working, culture and benefits programme
- Contribute to the growth of our brands and our performance
- The promotion of inclusion and diversity

Consumers

- Choice of brands for different occasions
- Innovation in heritage brands and creation of new brands
- Responsible marketing
- Great experiences
- Product quality
- Sustainability credentials
- Affordable products

Customers

- A portfolio of leading brands that meets evolving consumer preferences
- Identification of opportunities that offer profitable growth
- Insights into consumer behaviour and shopper trends
- Trusted product quality
- Innovation, promotional support and merchandising
- Availability and reliable supply and stocking
- Technical expertise

How we respond

People

- Safety strategy anchored on our Zero Harm goal that ensures everyone goes home safely everyday
- Company-wide employee engagement surveys
- Consistent talent and performance management approach
- Extensive online learning and development material
- Informative and up-to-date employee communication channels

Consumers

- Broad portfolio of choices across categories and price points
- Insightful innovation that satisfies consumer preferences
- Responsible advertising and marketing that adheres to our strict Diageo Marketing Code
- Active engagement and education to promote moderation and reduce the harmful use of alcohol
- High-quality manufacturing and environmental standards

Customers

- Use of best practice sales analytics and technology to support our retailers and distributors
- Ongoing dialogue and account management support
- Sales calls
- Development of joined-up business plans
- Regular business updates
- Training through unique offerings like the Diageo Bar Academy

Suppliers

Our suppliers and agencies are experts in the wide range of goods and services we require to create and market our brands. By working with them, we not only deliver high-quality products marketed responsibly, but improve our collective impact, ensuring sustainable supply chains, reducing our environmental impact and making positive contributions to society.

- Developing strong, mutually beneficial partnerships
- Collaborating to realise innovation
- Fair contract and payment terms
- Consistent performance measurement

- Partnering with suppliers standard, our code for working with suppliers
- Direct resolution process
- Confidential, independent whistleblowing helpline and website
- Supplier financing
- Supplier performance measurement and performance reviews
- Regular training on sustainable farming practices to our farmers
- Provision of drought resistant seed varieties

Communities

Investing in sustainable growth means supporting and empowering the communities where we live, work, source and sell. By ensuring we make a positive contribution, we can help build thriving communities and strengthen our business.

- Impact of our operations on the local economy
- Access to skills development
- Opportunities for employment and supplier opportunities
- Improved access to water, sanitation and hygiene
- Responsible use of natural resources
- Gender equality, inclusion and diversity
- Transparency and engagement

- Ongoing dialogue, annual reviews
- Partnerships, including local raw material supply partnerships
- Learning for Life, our global training programme for hospitality and retail sector workers
- Community programme design that includes gender equality and inclusion and diversity considerations
- Tree planting and water replenishment programmes
- Our community water, sanitation and hygiene (WASH) programmes

Investors

We want to enable equity and debt investors to have an in-depth understanding of our strategy and our operational and financial performance, so they can more accurately assess the value of our shares and the opportunities to finance our business.

- Strategic priorities
- Financial performance
- Corporate governance
- Leadership credentials, experience and succession
- Executive remuneration policy
- Shareholder returns
- Environmental and social commitments and progress

- Results announcements
- Investor roadshows
- Meetings and calls
- Annual General Meeting
- Investors' information on www.eabl.com
- Participation in investor conferences

Governments and regulators

The regulatory environment is critical to the success of our business. We believe it is important that those who can influence policy, laws and regulation understand our views. We also want to share information and perspectives on areas that can impact our business and public health.

- Contribution to national economic and development priorities
- Tax, excise and illicit trade
- Positive drinking programmes and impacts
- Wider sustainability agenda, including human rights, environmental impacts, sustainable agriculture and support for communities
- Corporate behaviour

- Ongoing dialogue
- Collaboration on responsible drinking initiatives and promotion of moderation, and strengthening industry standards
- Participation in governments business and industry advisory groups
- Embedding business integrity into the way we work
- Diageo Code of Business Conduct

Our Strategy

Our strategy is underpinned by our passionate desire to serve our consumers with high quality brands to suit every occasion and economic level, and our desire to deliver long term shareholder value to our investors. We are committed to serving the communities in which we operate by ensuring alcohol continues to play a positive role in society as part of a balanced lifestyle.

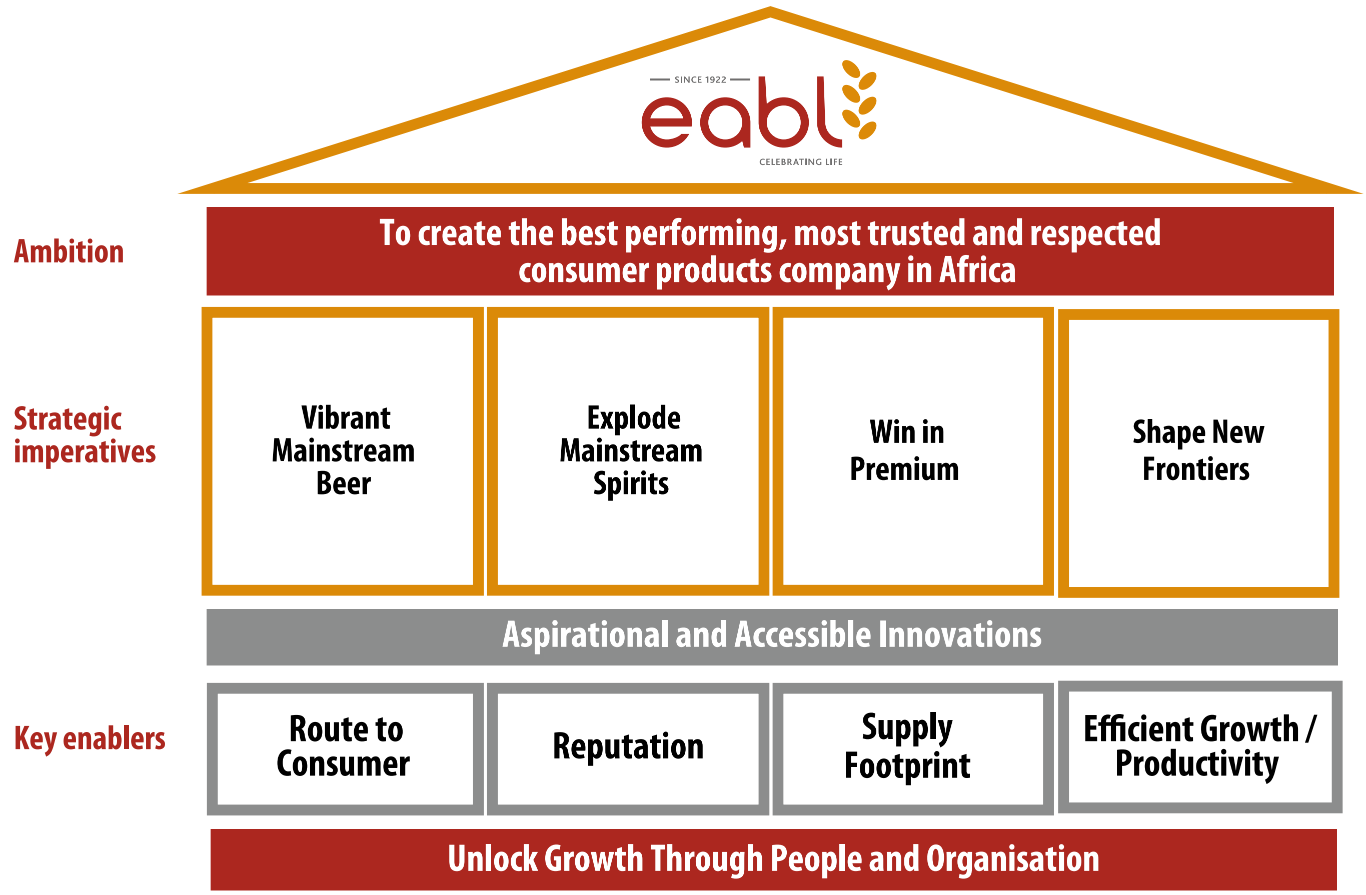
Our strategic ambition is to be one of the best performing, most trusted and respected consumer products company in Africa. We recently refreshed our strategic priorities to reflect the changing consumer trends and market dynamics, hence sharpening our focus on where to invest and win based on an understanding of growth potential, profitability and our own right to win.

Our strategy is delivered through four executional priorities: bringing vibrancy and dynamism to mainstream beer; exploding mainstream spirits with an affordable and aspirational portfolio; accelerating and winning in premium by building aspiration and availability of our brands; and shaping new frontiers by recruiting new consumers within total beverage alcohol.

The informal sector is still the largest source of growth in the region, with as high as 50% of alcohol consumed and sold through informal channels. Hence, we will continue to innovate at scale to provide safe and accessible alternatives to our value driven consumers. We are also committed to partnering with governments across the region in addressing the health risks associated with consumption of illicit alcohol.

Delivery of our ambition is further reinforced by our laser focus on: building an effective route to consumers, ensuring our brands are highly accessible and available; investing across our supply chain from grain to glass: guaranteeing supply through an advantaged but fit for purpose value chain; and enforcing a culture of continuous evaluation to optimise our costs for maximum returns.

Lastly, we pride ourselves in the reputation we continue to build and solidify as a respected partner in the community by enforcing a culture of integrity and compliance across the business.



Our Brands

Our broad portfolio consists of outstanding local jewels and international brands, reaching across categories, occasions and price points. We endeavor to participate where we believe there is great consumer opportunity and growth potential.

A selection of our brands are included in the table below:

Global Giants

Johnnie Walker Keep Walking | Smirnoff | Baileys Cream with Spirit | Tanqueray No. Ten | Captain Morgan | Guinness Made of More

Beer Brands

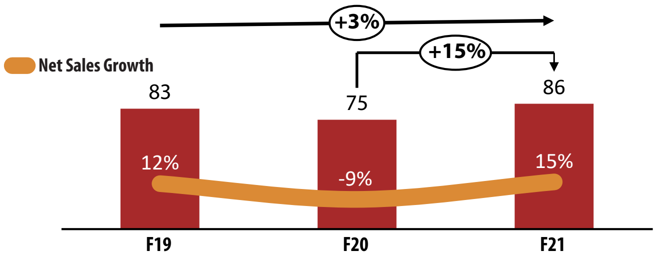
Tusker | Tusker Cider | Sikera Apple Cider | Tusker Lite | Bell | White Cap | Pilsner Lager | Tusker Malt | Serengeti | Serengeti Lite | Hop House 13 Lager | Guinness Smooth | Senator | Dark Extra | Balozi | Tusker Premium Ale

Spirits Brands

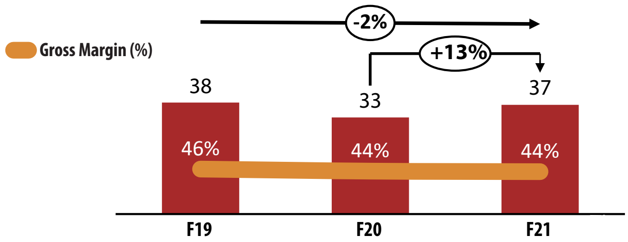
Kenya Cane | Chrome Vodka | Baileys Delight | Uganda Waragi | Gilbey's Special Dry Gin | J&B | V&A | Kane Extra Golden Spirit | Triple Ace Vodka | Ketel One Vodka | Tequila Don Julio | Black & White | The Singleton | Bulleit Bourbon | Gordon's No. 1 International Gin ...Shall We? | Bond 7 Extra Smooth Whisky

Financial Highlights

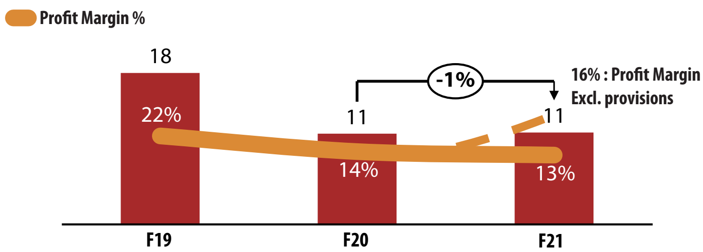
Net Sales (Kshs bn)



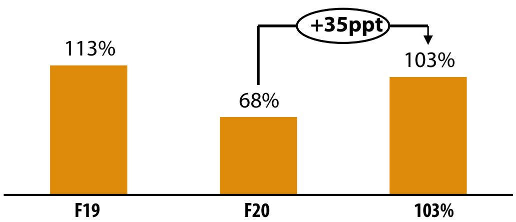
Gross Profit (Kshs bn)



Profit Before Tax (Kshs bn)



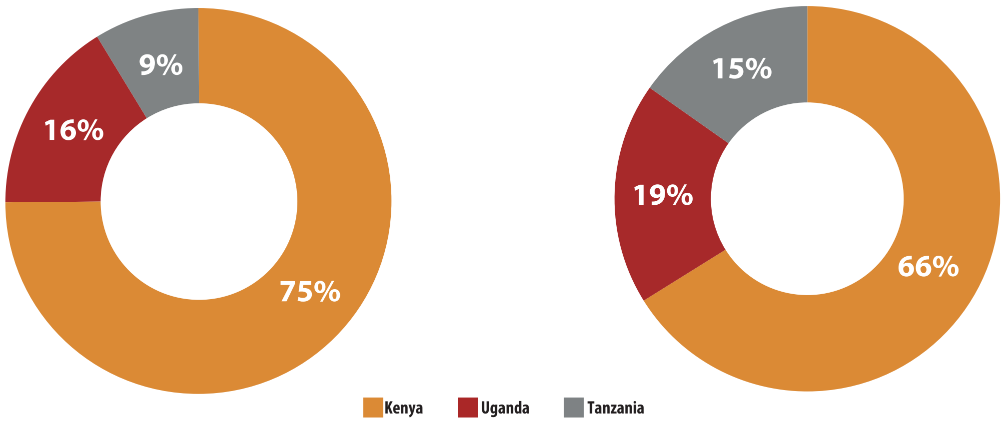
Operating Cash Conversion



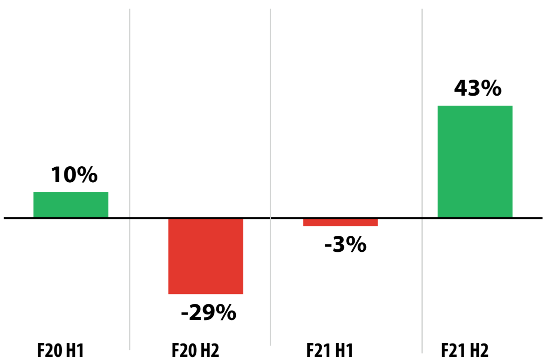
Net sales contribution by country

EABL REPORTED NET SALES BY REGION, F17

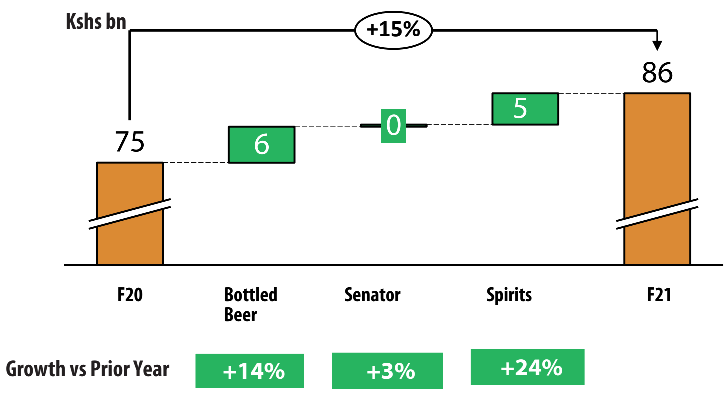
EABL REPORTED NET SALES BY REGION, F21



Sequential net sales recovery



Unrelenting net sales recovery across segments

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Emerging stronger: A better future

Our company recorded 15% growth in revenue to Kshs 86 billion for the year ended June 2021. Profit before tax was up 2% to Kshs 10.9 billion. The slower profit growth was driven by the impact of cost inflation, adverse foreign exchange and tax charges.

EABL witnessed significant business growth in Fiscal year 2021 on the back of improved year-on-year operating environment and rapid adaptation of our ways of working to respond to shifting consumer behaviour across East Africa. The COVID-19 pandemic continued to disrupt our operations, impacting how we run our business and posing significant challenges to our consumers. Nationwide curfews and the need for social distancing impacted sales in bars and restaurants, as these on-trade channels operated within restricted opening hours in Kenya and Uganda, our largest markets.

Notwithstanding, the EABL team executed our strategy with determination, consistency, and clarity to deliver better, leveraging our wide portfolio of brands and route to market diversity across East Africa.

Our company recorded 15% growth in revenue to Kshs 86 billion for the year ended June 2021. Profit before tax was up 2% to Kshs 10.9 billion. The slower profit growth was driven by the impact of cost inflation, adverse foreign exchange and tax charges.

Market Highlights for the Financial Year

Kenya: Kenya Breweries Limited (KBL) registered 10% year on year revenue growth, with H2 growing 45%, off-setting a 10% decline in H1. Performance was driven by expanding and adapting the product portfolio to meet emerging channels and new consumer occasions while continuing to invest ahead on our strategic brands.

Profit after tax

1% ↓

Profit after tax for the period however declined 1% to Kshs 7 billion, impacted by cost inflation, tax and foreign exchange fluctuations.

Uganda: Uganda Breweries Limited (UBL) revenues grew 33% year-on-year, with beer and spirits both recording double-digit growth. Growth was driven by the business' agility in response to the changing consumer shifts and emerging channels. The business also invested in capacity expansion to support sales growth in line with EABL's strategy.

Tanzania: Serengeti Breweries Limited (SBL) revenues were up 15%, with beer and spirits both registering double-digit growth. The business sustained strong growth through investment behind the brands and capacity expansion for both beer and local spirits production.

As we steered the first full year of the pandemic, we maintained focus on the recovery of the business, cost management to keep margins and the integrity of the business. We also empowered our people to execute better with less operating time.

The pandemic has been characterised by interesting shifts in the way people consume our products, channels they use and categories of beverages they consume. Realities brought about by the pandemic led us to pivot towards participation in low-tempo and casual occasions, gatherings with friends and families.

Our understanding of this shift has driven robust growth in our e-commerce and off-trade sales. We now have our own e-commerce channel – partycentral.co.ke – and have developed partnerships with a set of established e-commerce platforms that deliver to our customers. Even as off-trade channels naturally fuelled strong growth in spirits, we steered our supply and commercial operations to respond to the shifts and extended our portfolio to drive beer. More of our beer is now available in cans, packed in convenient formats and available in more off-trade channels for our consumers to enjoy.

To deliver better margins, we maintained our focus on cost efficiency, especially on our discretionary spending, and used the new and emerging channels to reach our customers. The adjustments we made in the business paid off as net sales increased to Kshs 86 billion, slightly higher than sales in F19, demonstrating consistent growth.

Profit after tax for the year however declined 1% to Kshs 7 billion, impacted by cost inflation, tax and foreign exchange fluctuations. Further, the COVID-19 related tax reliefs in Kenya on corporation tax and VAT ended in December 2020, resulting in higher tax charges for the year as the rates reverted back to pre-COVID levels.

Uncertainty in the external environment persists, despite the measures taken to deal with the COVID-19 pandemic and therefore the need to conserve cash to support the business. The Board of Directors does not recommend a final dividend and is confident that the strategy and other activities going forward will enable the company to get back to a financially assured position.

EABL's performance this year demonstrates good foundation for sustained growth. Our optimism is boosted by ongoing vaccination efforts across our markets to protect people. Whereas growth during the year provides momentum for further growth, the investments we have made, the new channels we have adopted and consumer trends adapted will potentially deliver a robust platform to extend F21 performance.

Pursuing profit goes hand-in-hand with responsible corporate citizenship - placing employees and community at the forefront of its operations. Under Diageo's Society 2030: Spirit of Progress, EABL aims to deliver a positive impact on society everywhere we live, work, source and sell.

During our Fiscal year 2022, we will maintain our focus on investments in sustainability, where we aim to deliver renewable energy and recycle our water. These are long-term aims, and we have resolved, despite the circumstances, to have sustainability top of mind among our people and partners. The pandemic has proved that only the agile and the innovative will survive in the long-term and we shall continue to approach the improvement of our processes and the impact of our investments in sustainability with the same spirit.

In highlights, some of the milestones we have reached this year under each pillar include:

- **Promoting Positive Drinking**
  More than 13 million people across the region were reached through the positive drinking campaign and the Red Card under the 'Cool Teens Don't Drink' campaign.
- **Championing Inclusion and Diversity**
  The Science, Technical, Engineering and Mathematics (STEM) programme continued to prosper. We introduced all-female packaging lines in Tanzania and Uganda.
- **Preserve Water for Life**
  Our Water of Life programmes across the region replenished close to 200,000 cubic metres of water. More than 30,000 people in water stressed areas now have access to the life-giving resource.
- **Accelerate to a Low-carbon World**
  Our investment in new water recovery, purification and reuse facilities yielded savings of more than 1.2 billion litres of water annually.
- **Become Sustainable by Design**
  More than 60,000 farmers across the region supply us with barley and sorghum for brewing.

Chairman's Statement

“EABL's business during the year grew +15% in revenue compared to last year and +2% profit before tax vs prior year. This was as a result of the determination and resilience of our employees combined with a strong portfolio of brands, and route to market across East Africa.

Dr. Martin Oduor-Otieno
Group Chairman

Overview

Fiscal year 2021 was our first full year operating in an unprecedented global pandemic and I am pleased to report that EABL has demonstrated remarkable organisational resilience and character to emerge stronger. EABL's business during the year grew +15% in revenue compared to last year and +2% profit before tax vs prior year. This was as a result of the determination and resilience of our employees combined with a strong portfolio of brands, and route to market across East Africa.

We responded with agility and remained focused on executing smartly, leveraging emerging opportunities with consumers and trade partners. Our actions amidst this pandemic delivered significant efficiencies. We were also able to invest in the long-term future of the business. We have invested in capacity expansion in Uganda and Tanzania in line with the consumer needs as well as an EABL owned e-commerce channel; party central.

Regional Operating Environment

Even with the lingering socio-economic uncertainty, we have witnessed varying levels of economic disruption across East Africa as countries deploy different strategies to manage the spread of COVID-19 and save lives. We have redoubled our efforts to grow our business, leveraging consumer insights to respond to shifts and purchasing behaviours to guarantee business growth and sustainability into the future.

We are proud of the socio-economic contribution we continue to make in the lives of our farmers, trade partners and communities at large. Whereas deepening economic integration will help deliver growth and prosperity, we look forward to a balanced tax environment in all our markets to help us reap from our investments across our value chain.

Supporting our communities

EABL's ambition is to be the best performing, most trusted and respected consumer products companies in the region and we know we can only grow if our stakeholders prosper. Our US$5 million “Raise the Bar” initiative is gathering pace across East Africa as we provide the much-needed support to thousands of bars impacted by Covid-19 in form of practical equipment, digital skills and contactless technology that will help them implement new government guidelines and safeguard the safety of their staff and consumers. I am pleased to say that we are seeing immediate impact in outlets where we have provided this support; for instance, we are now seeing more outdoor spaces in the outlets.

Our efforts to promote positive drinking continued with pace, with more than 13 million people reached through the positive drinking campaigns. We have continued with the STEM programme in our manufacturing sites and have introduced packaging lines in Tanzania and Uganda, fully run by our female staff, in line with our diversity and inclusion agenda.

Water recovery has been a significant part of our sustainability program, and our replenishment efforts are bearing fruit. Our Water of Life programme is one of the key initiatives in this direction and in Fiscal 2021, we replenished close to 200,000 cubic metres and made water accessible to more than 30,000 people. Our water recovery, purification and reuse facilities have so far helped save more than 1.2 billion litres of water.

We have expanded our farming community to over 60,000 across the region, ensuring that as the business grows, the value is shared more widely.

Emerging Stronger

Looking ahead, we are optimistic about the near to long-term future of this business. We are especially pleased by the projections that point to economic rebound for Kenya and Uganda in 2021, after contracting in 2020. We are glad that the General Elections in Tanzania and Uganda were completed with minimal disruption to our business. Our Tanzania business continues to deliver good performance.

Following the continued volatility occasioned by COVID-19 and the need to conserve cash, the board of directors did not recommend any dividends for the year.

We are witnessing significant resilience from our consumers and believe that the ongoing vaccine programmes will help expand economic opportunities, as incomes slowly revert to pre-pandemic levels. This will help us unleash our full potential and investments behind our brands.

We are cautiously optimistic that the headwinds of the Covid-19 pandemic will soon be behind us, and our business model and strategy are resilient to deliver the targets of the business in the medium and long-term. Going forward, we will continue to watch out for the best interests of our people, support innovation and the growth of new channels for trade and increase our efforts to grow business across the region.

Board Changes

Since the last Annual General Meeting, Dayalan Nayager and Ory Okolloh joined the Board as non-executive directors. We welcome them to the Board and look forward to their contribution in the months and years to come.

In January 2021, Andrew resigned from the role of Group Managing Director and CEO of EABL and Mrs Jane Karuku was appointed to take the helm. We thank Andrew for his invaluable stewardship during his tenure. We are proud to welcome Jane to steer the company to the next level.

Appreciation

On behalf of the Board of Directors, I would like to recognise and celebrate our customers, consumers, suppliers, partners and agencies as well as the governments in the respective countries in which we operate for your support. We also wish to recognize and celebrate our Management and employees for their continued agility and resilience throughout these difficult times. They have demonstrated deep commitment to the business, agility in a time of uncertainty, and the creativity and innovation that has enabled the business to adapt and take lessons from the experiences of the pandemic. We have no doubt that we will emerge stronger and with confidence to look forward to a better future. I would also like to thank my fellow EABL Board members and members of the boards of our subsidiary companies for their counsel, support and dedication throughout the year and for delivering a strong corporate governance environment.

Dr. Martin Oduor-Otieno

Group Chairman

“EABL’s ambition is to be one of the best performing, most trusted and respected consumer products companies in the region and we know we can only grow if our stakeholders prosper.

“Looking ahead, we are optimistic about the near to long-term future of this business. We are especially pleased by the projections that point to economic rebound for Kenya and Uganda in 2021, after contracting in 2020.

> **Mapato ya EABL katika mwaka huo yaliongezeka +15% ukilinganisha na mwaka uliopita, nayo faida kabla ya ushuru ikaongezeka +2% ukilinganisha na mwaka uliotangulia. Ukuaji wa kibiashara wa EABL katika mwaka huo ni matokeo ya kujitolea kwa wafanyakazi wetu na ukakamavu wao, pamoja na mseto wa bidhaa zetu bora na pia matumizi ya njia za kuingia kwenye masoko kote Afrika Mashariki.**

Dr. Martin Oduor-Otieno
Group Chairman

Kwa ufupi

Mwaka wa kifedha wa 2021 ulikuwa mwaka wa kwanza kamili kwetu kuhudumu katika kipindi cha janga la kiafya lililoathiri dunia yote. Na nina furaha kuwajulisha kwamba EABL imedhihirisha ukakamavu na sifa nzuri, na kuibuka ikiwa imara zaidi. Mapato ya EABL katika mwaka huo yaliongezeka +15% ukilinganisha na mwaka uliopita, nayo faida kabla ya ushuru ikaongezeka +2% ukilinganisha na mwaka uliotangulia. Ukuaji wa kibiashara wa EABL katika mwaka huo ni matokeo ya kujitolea kwa wafanyakazi wetu na ukakamavu wao, pamoja na mseto wa bidhaa zetu bora na pia matumizi ya njia za kuingia kwenye masoko kote Afrika Mashariki.

Tulijibu changamoto zilizotokea kwa wepesi wa kuchukua hatua na tulisalia kutekeleza mambo yetu kwa weledi, na kutumia fursa zilizojitokeza na wateja wetu na washirika wetu kibiashara. Matendo yetu wakati wa janga hili yalifanikisha uboreshaji mkubwa na kutuwezesha kuwekeza katika siku za usoni. Tumewekeza katika kupanua uwezo wetu Uganda na Tanzania kuendana na mahitaji ya wateja pamoja na mfumo wa kuuza bidhaa kupitia dijitali wa EABL ambao umepewa jina party central.

Mazingira ya Kibiashara katika kanda

Licha ya kutotabirika kulikokuwepo kijamii na kiuchumi, tumeshuhudia mvurugiko wa kiuchumi wa viwango mbalimbali Afrika Mashariki kutokana na mataifa kuchukua mikakati tofauti ya kudhibiti kusambaa kwa Covid-19 na kuokoa maisha. Tumeongeza maradufu juhudi zetu za kukuza biashara yetu. Tunatumia vyema ujuzi wetu na maono kujibu mabadiliko kwenye tabia na mitindo ya wateja katika matumizi ya bidhaa na ununuzi na kuhakikisha tunakuwa na ufanisi siku za baadaye.

Tunajivunia mchango wa kijamii na kiuchumi tunaoendelea kuutekeleza katika kufanikisha ustawi kwa wakulima wetu, washirika wa kibiashara na jamii kwa jumla. Kukoleza ufungamanisho wa kiuchumi kutafanikisha ukuaji wa ustawi, lakini tunatazamia kuwepo kwa mazingira ya usawa ya ushuru katika masoko tunayohudumu ili kutusaidia kuvuna kutoka kwa uwekezaji wetu katika mfumo wa uzalishaji.

Kusaidia jamii zetu

Ndoto ya EABL ni kuwa miongoni mwa kampuni bora zaidi za uzalishaji wa bidhaa zinazoaminika zaidi na kuheshimiwa zaidi na wateja katika kanda hii. Tunafahamu kuwa tunaweza kukua tu iwapo wadau wetu watanawiri. Mpango wetu wa "Raise the Bar", kwa maana ya Kuinua Baa ambao ni wa thamani ya Dola za Kimarekani 5 milioni unashika kasi Afrika Mashariki ambapo tunatoa usaidizi unaohitajika sana kwa maelfu ya baa zilizoathiriwa na Covid-19. Usaidizi huu ni kwa njia ya mitambo ya kutumiwa kazini, ujuzi wa kidijitali na teknolojia ya kufanikisha malipo kupitia kadi ili kusaidia wenye baa kutekeleza masharti mapya ya serikali na kulinda wafanyakazi wao na wateja wao. Nina furaha kuwajulisha kwamba tunaona matokeo ya mpango huu katika baa ambazo tumezisaidia; kwa mfano, sasa tunashuhudia baa nyingi zikiwa na maeneo ya nje.

Juhudi zetu za kuhamasisha unywaji pombe kwa kuwajibika zimeendelea pia, ambapo zaidi ya watu 13 milioni wamefikiwa na kampeni zetu. Tumeendeleza pia mpango wetu wa STEM (Sayansi, Teknolojia, Uhandisi na Hisabati) katika viwanda vyetu na kuanzisha vitengo vya kupakia bidhaa vya wanawake viwandani Tanzania na Uganda. Hii ni kuendana na ajenda yetu ya kukumbatia watu wa asili mbalimbali na kujumuisha wote.

Kuhifadhi maji imekuwa pia sehemu kubwa ya juhudi zetu za uendelevu na juhudi zetu zinazaa matunda. Mpango wetu wa Water of Life (Maji ya Uhai) ni miongoni mwa mikakati yetu mikuu katika hili na katika mwaka wa kifedha 2021, tulihifadhi karibu lita elfu 200,000 za maji na kuhakikisha maji yanapatikana kwa karibu kwa watu zaidi ya 30,000. Viwanda vyetu vya kuhifadhi, kusafisha na kutumia tena maji kufikia sasa vimesaidia kuokoa zaidi ya lita 1.2 bilioni za maji.

Tumepanua pia jamii yetu ya wakulima hadi wakulima 62,000 katika kanda, na kuhakikisha kwamba kadiri biashata yetu inavyokuwa, thamani hii inawafikia wengi.

Kujitokeza imara zaidi

Tukitazama mbele, tuna matumaini kuhusu siku sijazo za biashara yetu. Tunatiwa moyo hasa na makadirio ambayo yanadokeza kwamba huenda uchumi Kenya na Uganda ukaimarika tena 2021, baada ya kudorora 2020. Tunafurahia pia kwamba uchaguzi mkuu Tanzania na Uganda ulimalizika bila kuathiri sana biashara yetu. Biashara yetu Tanzania inaendelea kuandikisha matokeo mazuri.

Kutokana na kutotabirika kulikosababishwa na COVID-19 na haja ya kuhifadhi fedha, bodi ya wakurugenzi haikupendekeza mgawo wa faida kwa mwaka huo.

Tunashuhudia ukakamavu wa kiwango kikubwa kutoka kwa wateja wetu na tunaamini kwamba mipango ya utoaji chanjo inayoendelea itapanua fursa za kiuchumi zilizopo, huku mapato ya watu yakianza kurejelea viwango vya kabla ya janga. Hii itafungulia uwezo wetu kamili na uwekezaji tulioufanya kwenye bidhaa zetu.

Tuna matumaini, lakini na tahadhari pia, kwamba misukosuko iliyosababishwa na Covid-19 itapita hivi karibuni, na kwamba muundo wetu wa biashara na mkakati wetu ni imara kutimiza malengo ya biashara katika kipindi kifupi na kirefu.

Tukisonga mbele, tutaendelea kujali maslahi ya watu wetu, kusaidia uvumbuzi na ukuaji wa njia mpya za kufanya biashara, na kuongeza juhudi zetu kukuza biashara yetu katika kanda hii.

Mabadiliko kwenye bodi

Tangu kufanyika kwa Mkutano Mkuu wa Kila mwaka uliopita, Dayalan Nayager na Ory Okolloh walijiunga na Bodi kama Wakurugenzi wasio watendaji. Tunawakaribisha kwenye Bodi na kusubiri kwa hamu mchango wao katika miezi na miaka ijayo. Januari 2021, Andrew alijiuzulu kama Mkurugenzi Mkuu wa Kundi na Jane Karuku akapandishwa cheo mahali pake. Tunamshukuru Andrew kwa kazi yake zuri na kumkaribisha Jane kuendelea na kukuza hii kampuni zaidi.

Shukrani

Kwa niaba ya Bodi ya Wakurugenzi, ningependa kuwatambua na kuwashukuru wateja wetu, wanaotumia bidhaa zetu, wanaotuuzia bidhaa, washirika wetu wa kibiashara, mashirika na mamlaka, pamoja na serikali katika mataifa tunayohudumu kwa usaidizi wao. Tungependa pia kuwatambua na kuwashukuru wasimamizi na wafanyakazi wetu kwa kujitolea kwao na ukakamavu wao kipindi hiki. Wamedhihirisha kujitolea kwao sana kwenye biashara hii, wepesi wao wa kuchukua hatua kipindi cha changamoto, na ubunifu na uvumbuzi ambavyo vimeisaidia biashara yetu kujiboresha na kujifunza kutokana na yaliyotokea wakati wa janga hili. Hatuna shaka kwamba, tutajitokeza tukiwa imara zaidi na tukiwa na imani na matumaini ya siku sijazo za ufanisi. Ningependa pia kuwashukuru wanachama wenzangu kwenye Bodi ya EABL na wanachama wa bodi za kampuni zetu tanzu kwa ushauri wao, uungaji mkono na kujitolea kwao mwaka huo na pia kwa kutoa mazingira bora ya uongozi wa kampuni.

Dkt. Martin Oduor-Otieno

Mwenyekiti wa Kundi

> **Ndoto ya EABL ni kuwa miongoni mwa kampuni bora zaidi za uzalishaji wa bidhaa zinazoaminika zaidi na kuheshimiwa zaidi na wateja katika kanda hii. Tunafahamu kuwa tunaweza kukua tu iwapo wadau wetu watanawiri.**

> **Tukitazama mbele, tuna matumaini kuhusu siku sijazo za biashara yetu. Tunatiwa moyo hasa na makadirio ambayo yanadokeza kwamba huenda uchumi Kenya na Uganda ukaimarika tena 2021, baada ya kudorora 2020.**

Group Managing Director's Statement

"I am extremely proud of the way all our employees adapted to the dynamic and challenging environment, they have continued to be resilient and agile in the ways of working to ensure that our brands are available to our customers and consumers within the restricted opening hours for bars and restaurants

Mrs. Jane Karuku
Group Managing Director and
Chief Executive Officer

Overview

EABL's 2021 financial year was faced with continued volatility because of the COVID-19 pandemic. This was the second, consecutive year that we saw disruption of our operations with restrictive operating environment, curfews, lockdowns, and supply chain disruptions local, regional, and global. At a macro level across our region we also experienced strained GDP, rising inflation, depressed consumer spending and an increase in the number of vulnerable consumers.

I am extremely proud of the way all our employees adapted to the dynamic and challenging environment, they have continued to be resilient and agile in the ways of working to ensure that our brands are available to our customers and consumers within the restricted opening hours for bars and restaurants. Our response to this challenging environment yielded results with the business reporting broad-based growth during the financial year, with growth across all countries and categories.

We had made the decision to continue investing smartly in the business despite the uncertainty in the operating environment. We made strategic investments in CAPEX, Environment and A&P on key brands. These decisions are starting to pay -off and more importantly setting us up for success in the future. At the same time, we have continued to manage our costs through various cost efficiency initiatives.

With the changing consumer behaviour and trade restrictions during the pandemic, we have seen a shift in how and where consumers shop for their favourite brands. E-commerce has become one of the biggest trends during the pandemic. Another developing trend is that consumers are preferring to meet in smaller groups at home and on special occasions. In response to this, we have increased investments on these emerging channels, building more partnerships with on-line platforms, and resulting in the development of our own platform "party central". We also continued to innovate in brands, pack formats and packaging to respond to these dynamics.

Performance

We delivered a strong set of results in a tough operating environment. Net sales increased 15% driven by smart investment behind brands, channel focus, and innovations. Our profit after tax for the period declined 1% to Kshs 7 billion mainly impacted by cost inflation, tax, and foreign exchange impact. Further, the COVID-19 related tax reliefs in Kenya on corporation tax and VAT ended in December 2020, resulting in higher tax charges for the year as the rates reverted to pre-COVID levels.

We have demonstrated strong recovery, recording growth vs pre COVID-19 actuals. We also optimised and strengthened our portfolio to achieve double digit growth across all markets, beer growing fast and spirits growing faster. Kenya delivered + 10% growth with resilient recovery across all categories. Through the year there were curfews, lockdowns and trade restrictions in bars and restaurants across the country, sometimes varying by county and level of restriction which disrupted the business. There was a significant shift in consumer behaviour that saw consumers shifting from on-premise consumption to in-home consumption and off trade purchases. We experienced E-commerce channel explosion and the strengthening of the off trade channel, and as a result, spirits grew faster + 24%, while

> **Net sales increased, driven by smart investment behind brands, channel focus, and innovations.**

beer grew at +4%. Uganda delivered very strong results +33%, both spirits and beer growing strongly. Like in Kenya, there were curfews, lockdowns, and trade restrictions through the year. We increased capacity in Uganda which offset the effects of the trade restrictions. Tanzania delivered +15%, with robust growth across all categories. Unlike in Kenya and Uganda, there were no trade restrictions in Tanzania, and the business continued to perform strongly.

Strategy

We have a robust strategy, and we continue to stay on course with the strategic imperatives. We have a strong portfolio; we own the biggest & fastest growing brands across the region. We invested ahead in A&P behind strategic brands to build on the momentum and enablers so that we can emerge stronger. We are continuously adapting to the significant consumer, channel, and category shifts. Innovation has been key in driving growth across markets, categories, segments and the growing need for convenience, by addressing emerging consumption occasions with elevated brand experiences combined with aspirational and accessible innovations. The gin explosion in Kenya, new pack formats to drive price accessibility are examples of how innovation has played a key role in delivering growth.

We also embedded a digital-first mindset reaching millions of consumers and invested in an "in-house digital marketing agency" to build and drive in-culture content and ensure that we are always staying connected with our consumers and the dynamic environment.

Our Employees

Throughout the pandemic, our priority has been the health and well-being of our People, and we have provided support for the new ways of working, flexible working philosophy and well-being resources and support. They have remained highly engaged and passionate about our business even as they have dealt with the tough challenges that COVID-19 has brought into their professional and personal lives. I sincerely thank all of them for their commitment and resilience.

Sustainability

We continuously work towards ensuring that the core objectives of sustainability are well integrated into our business model demonstrated in our new Diageo 2030 strategy. In doing so, we have implemented sustainability projects across the region with a focus on community engagement and empowerment. We have projects to improve water access and availability, including financing water infrastructure in Tanzania, Kenya and Uganda impacting over 6,000,000 people. We have similarly replenished and reused over 198,000m^3 of water on our sites. To drive climate action, we have planted thousands of trees through various tree-planting events to promote nature-based solutions to the climate crisis. We have also invested heavily in improving our sites across the region, to be more resource efficient, less carbon emitting and to ensure that there is zero waste to landfill. We support and build capability in our local communities through a variety of farmer training programmes to over 60,000 farmers, empowering actors across our supply chain. We raised US$5 million in 2020 to directly support our bars and restaurants negatively impacted by the pandemic which is progressing well, with over 5000 bartenders having received exceptional training through our Diageo Bar Academy, 66% of which are women.

Looking forward

I am pleased with the results we have delivered in the year. The results demonstrate our strong portfolio and the agility of our employees to adapt to the dynamic environment with pace. Whilst the threat of the pandemic remains, I am optimistic that with increased vaccination, the macro and restrictive operating environment will become better. We continue to have a robust strategy, the business has a strong momentum and I believe the business will emerge stronger.

Mrs. Jane Karuku,

Group Managing Director and Chief Executive Officer

> **We continuously work towards ensuring that the core objectives of sustainability are well integrated into our business model demonstrated in our new Diageo 2030 strategy.**

> **Throughout the pandemic, our priority has been the health and well-being of our people, and we have provided support for the new ways of working, flexible working philosophy and well-being resources and support.**

Taarifa ya Mkurugenzi Mkuu wa Kundi

Ninajivunia sana jinsi wafanyakazi wetu walivyofanya mabadiliko kuendana na mazingira ya changamoto yaliyojitokeza. Wameendelea kuwa wakakamavu na wepesi wa kubadilisha mambo hata kazini kuhakikisha bidhaa zetu zinaendelea kupatikana na kuwafikia wateja katika muda mfupi ambao wenye baa na migahawa waliruhusiwa kuhudumu.

Jane Karuku
Mkurugenzi Mkuu wa Kundi

Kwa Ufupi

Mwaka wa kifedha wa 2021 kwa East African Breweries Limited (EABL) ulikuwa wa changamoto kutokana na janga la COVID-19. Huu ulikuwa mwaka wa pili wa kifedha mtawalia, ambapo shughuli zetu ziliathiriwa na mazingira ya kibiashara yenye vikwazo na masharti yaliyowekwa kudhibiti kusambaa kwa virusi hivyo. Mifumo ya usambazaji iliathiriwa katika ngazi ya taifa, kanda na duniani. Katika ngazi ya kanda, ukuaji wa GDP ulipungua, kiwango cha mfumko kupanda, watu kupunguza matumizi ya pesa na wateja waliopoteza mapato kuongezeka.

Ninajivunia sana jinsi wafanyakazi wetu walivyofanya mabadiliko kuendana na mazingira ya changamoto yaliyojitokeza. Wameendelea kuwa wakakamavu na wepesi wa kubadilisha mambo hata kazini kuhakikisha bidhaa zetu zinaendelea kupatikana na kuwafikia wateja katika muda mfupi ambao wenye baa na migahawa waliruhusiwa kuhudumu. Hatua tulizozichukua katika mazingira hayo yenye changamoto zilizaa matunda na biashara yetu iliandikisha ukuaji katika mwaka huo wa kifedha.

Tulifanya uamuzi wa kuendelea kuwekeza kwa busara katika biashara yetu licha ya mazingira kuwa ya kutotabirika. Tulifanya uwekezaji muhimu katika CAPEX (mitambo na miundo mbinu), Mazingira na katika Mauzo na Utangazaji (A&P) kwa nembo muhimu. Hatua hii zinaanza kuzaa matunda na muhimu zaidi kwetu ni kwamba inatuandaa kwa ufanisi siku zijazo. Wakati huo, tumeendelea pia kudhibiti gharama kupitia mikakati mbalimbali.

Sambamba na kubadilika kwa mitindo ya wateja na vikwazo kwenye biashara kipindi hicho cha janga, tumeshuhudia mabadiliko katika jinsi wateja wanavyonunua bidhaa zao wazipendazo. Biashara ya mtandaoni imekuwa moja ya mitindo mikuu wakati wa janga hili. Na mtindo mwingine unaojitokeza ni kwamba wateja wanapendelea zaidi kukutana katika makundi madogo nyumbani au katika hafla maalum. Katika kujibu hili, tumewekeza katika njia mpya ibuka za uuzaji, tukajenga ushirikiano zaidi na majukwaa ya mtandaoni, na kutengeneza mfumo wetu kwa jina "party central". Tuliendelea pia uvumbuzi na ubunifu katika bidhaa zetu na njia za kupakia bidhaa ili kujibu mitindo hii mipya.

Matokeo

Tumedhihirisha kujikwamua na kuandikisha matokeo mazuri sana katika mazingira magumu. Mauzo halisi ya EABL yaliongezeka kwa 15% kutokana na uwekezaji wa busara kwenye nembo za bidhaa zetu, kuangazia njia za uuzaji na uvumbuzi na ubunifu. Faida yetu baada ya ushuru kwa mwaka huo ilishuka kwa 1% hadi Kshs 7 bilioni sana kutokana na mfumko wa bei, ushuru na athari za ubadilishanaji wa fedha za kigeni. Isitoshe, nafuu ya ushuru iliyokuwa imetolewa na serikali ya Kenya katika ushuru wa mashirika na pia VAT kutokana na COVID-19 ilimalizika Desemba 2020. Hii ilichangia kiwango cha ushuru kwa mwaka huo kuwa juu kwani kiwango chake kilirejea ilivyokuwa kabla ya COVID.

Tumedhihirisha kujikwamua kwa biashara yetu, ambapo kiwango cha ukuaji sasa kimefikia kiwango cha kabla ya COVID-19.

Mauzo halisi ya EABL yaliongezeka kwa 15% kutokana na uwekezaji wa busara kwenye nembo za bidhaa zetu, kuangazia njia za uuzaji na uvumbuzi na ubunifu.

Tulitumia vyema fursa na kuimarisha shughuli zetu na kutuwezesha kupata ukuaji wa zaidi ya asilimia 10 katika masoko yote, mauzo ya bia yakikua kwa kasi na ya vileo vikali yakikua kwa kasi hata zaidi.

Biashara yetu Kenya iliandikisha ukuaji wa 10% katika vitengo vyote na imekuwa ikiimarika tena. Katika mwaka huo, kulikuwa na amri ya watu kutotoka nje usiku, watu kuzuiwa kusafiri na baa na migahawa kuwekewa masharti mapya na wakati mwingine kufungwa. Masharti haya wakati mwingine yalikuwa tofauti kaunti hadi nyingine, na yalivuruga biashara. Kulikuwa na mabadiliko makubwa katika mitindo ya wateja ambapo wengi walianza kutumia bidhaa zetu manyumbani badala ya kwenye biashara rasmi, na pia manunuzi yalikuwa nje ya mifumo ya kawaida ya biashara. Tulishuhudia ongezeko kubwa sana la biashara ya mtandaoni na pia mauzo ya nje ya mfumo kutokana na hilo. Vileo vikali viliimarika kwa kasi zaidi katika +24% na bia ikakua kwa +4%.

Uganda pia iliandikisha matokeo mazuri sana ambapo ukuaji ulikuwa +33%, vileo vikali na bia kwa pamoja zote zikiimarika. Sawa na Kenya, kulikuwa na amri ya watu kutotoka nje usiku, zuio la watu kusafiri na masharti yaliyoathiri biashara katika mwaka huo. Tuliongeza uwezo wetu wa uzalishaji Uganda jambo lililopunguza athari za masharti yaliyowekwa.

Tanzania iliandikisha ukuaji wa +15%, ambapo mapato yaliongezeka pakubwa katika vitengo vyote. Tofauti na Kenya na Uganda, hakukuwa na masharti yoyote yaliyowekwa Tanzania, na biashara ilifanya vizuri sana.

Mkakati

Tuna mkakati mzuri, na tunaendelea kutimiza malengo ya mkakati huo. Tuna biashara thabiti; tunamiliki nembo za bidhaa zilizo kubwa zaidi na zinazokua kwa kasi zaidi katika kanda. Tuliwekeza katika mauzo na utangazaji kuangazia nembo muhimu ili kuongeza nguvu matumaini tunayoyaona. Tulibadilika pia kuendana na mabadiliko kwenye mitindo ya wateja, njia za uuzaji na mabadiliko ya vitengo. Uvumbuzi na ubunifu vimekuwa viungo muhimu katika kufanikisha ukuaji katika masoko yote, vitengo na sehemu kwenye soko. Hili ni kupitia kuangazia mitindo mipya ya utumiaji wa bidhaa zetu pamoja na kuboresha ubora wa bidhaa hizo na upatikanaji wa bidhaa hizo. Umaarufu wa 'gin', njia mpya ya kupakia bidhaa ili kuifanya bei kuwa nafuu pamoja na haja ya kuwa rahisi kupatikana ni mifano ya jinsi uvumbuzi umechangia katika kufanikisha ukuaji.

Tulifungamanisha mtindo wa kufikiria digitali kwanza katika kuwafikia mamilioni ya wateja na pia tukawekeza katika kitengo cha kufanya utangazaji na mauzo ya kidijitali ndani ya biashara yetu ili kuandaa na kukuza utamaduni huo na kuhakikisha kwamba tunawasiliana na wateja wetu katika mazingira yanayobadilika kwa kasi.

Wafanyakazi wetu

Wakati wote wa janga, tulipatia kipaumbele afya na maslahi ya Wafanyakazi wetu, na tumesaidia katika kuwezesha njia mpya za kufanya kazi, mabadiliko katika muda na utaratibu wa kufanya kazi, rasilimali za kuboresha hali yao na kuwasaidia wafanyakazi pia. Wameendelea kujitolea sana katika biashara hata walipokuwa wakikabiliana na changamoto za COVID-19 katika maisha yao ya kikazi na kibinafsi. Ninawashukuru sana kwa kujitolea kwao na ukakamavu wao.

Uendelevu

Tuliendelea kujizatiti kuhakikisha uendelevu umefungamanishwa na muundo wetu wa biashara, kama inavyodhihirishwa na mkakati wetu mpya wa Diageo 2030. Katika kufanya hivyo, tumetekeleza miradi ya uendelevu kote katika kanda tukilenga kushirikisha na kuwezesha jamii. Tuna miradi ya kuimarisha upatikanaji wa maji ikiwemo kufadhili miundombinu ya maji Tanzania, Kenya na Uganda na kuwafaa watu zaidi ya 6,000,000 katika mataifa hayo yote. Kadhalika, tumetibu na kutumia tena zaidi ya lita elfu 198,000 za maji katika viwanda vyetu. Ili kuongoza hatua za kukabiliana na mabadiliko ya tabia nchi, tumepanda maelfu ya miche ya miti kupitia

Tuliendelea kujizatiti kuhakikisha uendelevu umefungamanishwa na muundo wetu wa biashara, kama inavyodhihirishwa na mkakati wetu mpya wa Diageo 2030.

miradi kadha ya upanzi wa maji ili kujenga suluhu ya asili kwa mzozo huu wa tabia nchi. Tumewekeza sana pia katika kuboresha viwanda vyetu kote kwenye kanda, kutumia vyema rasilimali, kupunguza utoaji wa gesi ya kaboni na kupunguza uzalishaji wa taka. Tunasaidia na kujenga uwezo wa jamii maeneo tunayohudumu kupitia mipango kadha ya mafunzo kwa wakulima zaidi ya 60,000, na kuwezesha wadau mbalimbali katika mfumo wa uzalishaji. Ili kuzisaidia jamii zetu, tumetoa Dola za Kimarekani 5 milioni kusaidia baa na migahawa iliyoathiriwa na janga la corona moja kwa moja. Kupitia hili, zaidi ya wahudumu wa baa 5,000 wamepokea mafunzo maalum kupitia kituo chetu cha mafunzo cha Diageo Bar Academy, 66% wakiwa wanawake.

Tukisonga mbele

Nimefurahishwa na matokeo tuliyoyapata mwaka huu. Matokeo hayo yanadhihirisha uthabiti wa biashara yetu na wepesi wa wafanyakazi wetu kubadilika kuendana na mabadiliko katika mazingira kwa haraka. Ingawa hatari za janga hili bado zipo, nina matumaini kwamba utoaji chanjo unapoongezwa, mazingira ya kibiashara yataimarika. Tutaendelea kuwekeza kwa busara, biashara yetu inaendeleza kasi ya ukuaji, na nina imani tutaibuka tukiwa imara zaidi.

Jane Karuku

Mkurugenzi Mkuu wa Kundi

Sustainability

Sustainability Agenda

EABL Promoting Positive Drinking

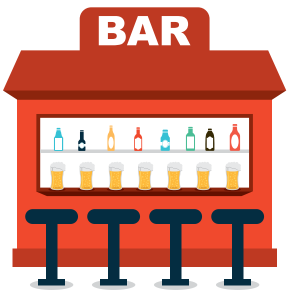
Supporting Informed Choices:
Positive messaging, knowledge and awareness spread to over **13,000,000** people in the region.

DRINKiQ

EABL Championing Inclusion & Diversity

Women in Leadership:
- **14%** of those in our senior leadership roles are women
- **7.4%** increase in female hires: mainly a result of our graduate programmes focusing on building gender diversity
- **42%** of the members of our Board of Directors are women

Business and hospitality skills training:
- Over **500** youth trained over the year and equipped with skills to improve their employability and ability to start their own entrepreneurial journey
- Over **5,000** bartenders trained in our Diageo Bar Academy



EABL Doing Business the Right Way

- **Closing the Gap: US$5 million** raised to support our bars & restaurants negatively impacted by the Covid-19 pandemic.
- **Occupational Health & Safety: 36%** reduction in total safety incidents and 100% pass in safety audits
- **65%** decline in reported breaches of code of conduct

EABL Pioneering Grain-to-Glass Sustainability

Caring for Water:

Improved water availability and access for **30,000** people in Kenya, Uganda and Tanzania between 2020 and 2021.

Between 2020 –2021,**198,000m^3** of water used on our sites was replenished and reused. Between 2016 to date, a total of **1,006,138 m^3** of water has been replenished, this represents **30.6%** of our target to replenish **3,282,463 m^3** by 2026.

Tackling global climate change:

20.6% reduction in Scope 1 and 2 emissions between 2019 and 2021.

Our sites across Kenya, Uganda and Tanzania utilise an average of **82%** renewable energy.

Achieving zero waste:

We maintain zero waste in our direct operations and zero waste to landfill throughout our supply chain.

Collaborating with farmers to regenerate landscapes:

We provide over **60,000** farmers across Kenya, Tanzania and Uganda with agricultural skills and resources to support sustainable farming practices.

SUPPORT LOCAL FARMERS

The year 2020 marked the end of a decade and the beginning of a very crucial period for our business and stakeholders across the value chain. We marked the year with the launch of our 10-year action plan, the 2030 strategy, which substantially streamlined our goals into three key pillars: Promotion of Positive drinking, Championing Inclusion and Diversity and Pioneering Grain to Glass Sustainability. Each goal has a succinct set of targets and we designed key performance indicators to allow us to continually track and measure our progress. We sought to give context to our global strategy, capturing the more urgent Environment Social & Governance (ESG) issues in our region and ensuring that we worked with the most vulnerable communities. For us, this means a strong focus on improving water availability and access across the region as East Africa's fresh water resources are among the lowest in the world. In addition, the region is experiencing the adverse conditions associated with global climate change and we are committed to nature-based, community-led solutions to the climate crisis. The statistics around gender equality in the region are also an area we have worked to improve, including ensuring access to equal opportunities, training and financial support.

As part of our mission to be accountable and transparent in tracking our progress against Society 2030, we launched our inaugural sustainability report. The report provided an overview of the processes and mechanisms we have in place to support our commitment to doing business the right way. It highlighted the direct impact our sustainability work is having on our various stakeholders and our communities. We have made significant strides in the past year of implementing our strategy:

We continuously work towards ensuring that the core objectives of sustainability are well integrated into our business model. In doing so, we have implemented sustainability projects across the region with a focus on community engagement and empowerment. We have projects to improve water access and availability, including financing water infrastructure in Tanzania, Kenya and Uganda. To reduce wastage of water and prevent environmental pollution from release of effluent water from our factories, KBL invested in a wastewater treatment and water recovery plant that helps us saves up to 1.2 billion cubic liters of water a year; positioning us amongst the

most water efficient breweries in the world. We have two Effluent Treatment Plants (ETP) in Kenya which pre-treat effluent to the Nairobi City Water and Sewerage Company (NCWSC) standards before discharging it into the sewer. We are happy to report that both of our ETPs (namely, Kisumu and Tusker ETPs) are compliant with the NCWSC discharge parameters. The Kshs 22 billion-sustainability project investment also entails water recovery plants (WRP) that use pre-treatment (ultra-filtration), hybrid reverse osmosis and polishing superior reverse osmosis water technology to further treat wastewater from the effluent treatment plants. This allows the reuse of wastewater at our breweries.

Last year, the EABL Foundation announced an investment of over Kshs 20 million towards development of water and

> **Last year, the EABL Foundation announced an investment of over Ksh 20 million towards development of water and sanitation projects in the Lake Basin areas of Lukume, Olembo, Magunga, Okiki Amayo and Ndhiwa in Kenya.**

sanitation projects in the Lake Basin areas of Lukume, Olembo, Magunga, Okiki Amayo and Ndhiwa in Kenya. We implemented these projects in partnership with the Lake Basin Development Authority, Kenya Red Cross Society (KRCS) and AMREF Health Africa in Kenya and they are estimated to benefit over 20,000 people in the region. We also sponsored the construction of the Jangwani water project in Ruaraka, which provides clean water and sanitation to more than 3,000 people in the informal settlement. In Kikuyu, the Mbomboini water project has turned around the lives of over 6,000 people. Initially, the residents could only get water from a borehole that was 4 kilometres away, at KShs 300 for a 200 litre-drum. However, they now have water closer home, paying only Kshs 45 for the 200 litre-drum, and therefore saving Kshs 245 for every drum bought.

We have planted thousands of tress through various tree-planting events to promote nature-based solutions to the climate crisis. We have also invested heavily in improving our sites across the region, to be more resource efficient, less carbon emitting and to ensure that there is zero waste to landfill. We support and build capability in our local communities through a variety of farmer training programmes, empowering actors across our supply chain. KBL for example works with a network of 47,000 barley and sorghum farmers across the country. Through EAML, we support our smallholder farmers through provision of free seeds, free extension services and pre-financing of inputs to help underwrite the minimum yield per acre. During this year's annual sorghum field day in Meru County, an agricultural field supervisor introduced a new sorghum hybrid to farmers. This new hybrid was found to be more resistant to pests, diseases and seasonal changes and would greatly improve the farmers' crop yields. Giving the hybrid to the thousands of smallholder farmers in our network has given them an opportunity to adequately feed their families while at the same time earn more through selling the yields to us and others. Similarly, the annual barley field day was held in Mau Narok, where an agronomist demonstrated to farmers the importance of crop rotation with canola. Adoption of the practice will increase soil fertility, increase crop yield and reduce soil degradation among other benefits. Our farmers will therefore be in a position to earn more from their farms.

> **"We have planted thousands of tress through various tree-planting events to promote nature-based solutions to the climate crisis.**

To champion inclusion and diversity, we have specific programs catered to improve the chances of people with disabilities to earn a living and be a part of our supply chain. Recognizing the plight of people living with disabilities (PWDs) due to their underrepresentation in employment and supply chains across businesses, we set out to map out opportunities for inclusive employment along our value chain in a bid to empower them and improve their livelihoods. Through a phased approach last year, we started with the inclusion of PWDs among our contracted smallholder farmers in our local raw materials programme. We engaged 39 farmers in Homa Bay County in an inaugural initiative as we plan to scale up into formal employment in the next financial year. Our target is to increase PWDs inclusion to at least three percent across our value chain by 2030. We have also designed unique training and mentorship programmes to ensure that women can influence decision-making and access opportunities across our supply chain. One of these programmes is our Science, Technology, Engineering and Mathematics (STEM) apprenticeship programme that identifies and recruits gifted women across various institutions in the region.

Our impact has been, and continues to be felt across the region. We are major regional players in the UN Global Compact, and have been recognised for several sustainability awards. KBL in particular has been a stunning example for EABL, as well as an example for the rest of the world. Most recently, KBL was shortlisted for an award at the World Sustainability Awards in the business transformation category. KBL received special recognition by KEPSA as the only corporate in Kenya that has adopted and is tracking the most number of SDGs (13 out of the possible 17). The Sustainable Development Goals Forum in Kenya applauded our commitment and efforts in mainstreaming SDGs in our business model; becoming the epitome of the positive impact of sustainable development on economic, environmental and social dimensions. We were named the Private Sector Winner of The 2020 SDGs Kenya Awards during the National Sustainable Development Stakeholders Conference held in Mombasa.

Sustainability (PRSK and MSK) awards

When the country was in a quagmire due to the rising COVID-19 infections in March last year, we stepped in to support the Government through the provision and distribution of 135,000 litres of free alcohol-based sanitizer worth Kshs 50 million to farmers, doctors, police officers, devolved county units and thousands of people in informal settlements. The Free Sanitizer Handover Campaign won the Social Investment Campaign of the Year category in the Public Relations Society of Kenya Awards (PRSK Awards) and emerged 1st runner up for the Best Marketing Realignment Through COVID-19: Public Health Response category, during the Marketing Society of Kenya Awards (MSK Awards). Further, our efforts to promote positive drinking through the "Join The Pact" digital campaign emerged 1st runner up in Best Future Marketing – Sustainability Marketing Campaign category in the MSK Awards. The campaign was successful in its aim to drive commitment from over two million people who pledged to never drink and drive.

Kilimo-Viwanda Agro Scholarship program

Beneficiaries: 71

The Kilimo-Viwanda Scholarship programme was established by SBL in 2020 to help bright students from humble backgrounds pursue college education in agricultural disciplines. The program covers the cost of all academic-related expenses including school fees for the entire period of study – which is primarily two to three years for diploma agricultural courses.

The programme complements government efforts to strengthen the economy of Tanzania, which recently graduated into a middle-income country, by enhancing the existing pool of agricultural experts. We believe that a strong agricultural sector is vital in sustaining Tanzania's economic development, hence our resolve to support the training of sector experts.

The Kilimo-Viwanda programme builds on both the student's theoretical learning as well as practical exposure through visits to our breweries and farms. In partnership with a network of 400 farmers that produce and sell cereals to SBL, we arrange filed visits for the students to spend time in the farms, giving them an opportunity to link theory and practice in their fields of study.

This way, we believe, the students will be inspired to become big farmers in the future thereby expanding the current number of local farmers who supply barley, sorghum and maize to SBL. The farmers are found in Kilimanjaro, Arusha, Manyara, Singida, Dodoma, Shinyanga, Mwanza, and Mara regions. SBL supports them through provision of free seeds, field technical services and linking them to financial institutions to access credit facilities.

Kilimo viwanda brewery visit.

> **We believe that a strong agricultural sector is vital in sustaining Tanzania's economic development, hence our resolve to support the training of sector experts.**

Kilimo Viwanda beneficieries from Kaole College of Agriculture.

SBL has provided access to safe and clean water to over 2 million people

SBL has since 2010 to date spent over TZS 1.1 billion to drill 17 boreholes across the country, an undertaking that has made a significant contribution in the alleviation of shortage of water in Tanzania. Through its program known as Water of Life (WOL), SBL has in most of these projects partnered with other organizations in ensuring that Tanzanians are provided with safe and clean water in some of the neediest areas.

In F21, SBL commissioned two projects: the Machochwe project which is able to supply clean and safe water to 6,000 people and Basuto project, which benefits 3,800 locals.

SBL considers water key in the country's future prosperity and has always been ready to collaborate with the government and other partners in facilitating access to safe and clean water.

SBL has a policy commitment towards the wellbeing of communities in the country, with water provision being one of our four priority areas that the company has defined in its objective to provide social support to improve the social wellbeing of Tanzanians. The projects have been undertaken in Iringa, Kilimanjaro, Mwanza, Tanga, Ruvuma, Dar es Salaam, Coast, Dodoma and Mara regions, providing over two million people with clean and safe water.

Our water projects not only safeguard the beneficiaries' health, but also increase economic productivity, particularly for girls and women who no longer need to spend long hours in search of clean water. This gives the girls an opportunity to attend school without distraction.

SBL has supported the planting of over 5,000 trees countrywide

SBL considers trees an essential part of the ecosystem. They filter water bodies, provide habitats to terrestrial biodiversity, absorb carbon from the atmosphere and are useful for medicinal purposes. Our business and the community at large are part and parcel of this ecosystem which makes it a shared responsibility to conserve and protect the environment.

The tree planting initiative by SBL comes at a time when there are worldwide concerted efforts to limit greenhouse gas emissions, both regionally and globally, to combat climate change and guarantee a safe and protected environment for future generations. SBL has partnered with various stakeholders in planting trees including the Speaker of the National Assembly, Honourable Job Ndugai. A total of over 5,000 trees have been planted in various parts of the country

UBL Launches Plastic Waste Management Campaign to promote sustainable environmental protection

Uganda Breweries Limited announced a partnership with National Environmental Management Authority (NEMA), Vivo Energy, NBS and Stanbic Bank to promote sustainable environmental protection in a new educative campaign dubbed 'Taasa Obutonde,' which means 'Save the Environment.'

The situation in Uganda is dire and needs immediate action and attention. The rate of solid waste generation in Kampala alone was 3,206 tons per day in 2015 and is expected to increase to 4,739 tons per day by 2030. At least 51% of plastic garbage in Kampala is left uncollected and less than 10% of plastic waste is recycled.

The "Taasa Obutonde" campaign will unpack the dangers of irresponsible use and disposal of plastics and the impact of the disposal to the environment, human and animal life. Running on all media platforms, the partnership will aim to create awareness about safe disposal of plastics while encouraging adoption of the 3Rs – Reduce, Reuse, Recycle to encourage positive behavioral change and an overall reduction in environmental degradation.

BECOMING SUSTAINABLE BY DESIGN – UBL launched a plastic waste management campaign dubbed 'Taasa Obutonde' in partnership with National Environmental Management Authority, Vivo Energy, Stanbic Bank and NBS.

UBL's E-Green Team plants 3,000 trees to commemorate World Environment Day

In commemoration of World Environment Day and as a contribution towards the Running Out Of Trees (ROOTs) campaign, UBL partnered with the Ministry of Water and Environment and Tree Adoption Uganda (TAU), to plant 3,000 trees in Nakaseke District.

Uganda's catchment areas are vital in providing livelihoods to millions of Ugandans through activities like fishing, trade and providing fresh water. It's therefore necessary for Uganda Breweries to recommit to tree planting activities in these areas to continue supporting communities that depend on the lake for their daily bread. As a business, we strongly believe that for effective environmental management, improving the livelihoods of people is the first step in the right direction to sustainable growth.


UBL partnered with the Ministry of Water & Environment and Tree Adoption Uganda to plant 3,000 trees in commemoration of World Environment Day.

Gravity Water Community Project commissioned in Bududa District, Eastern Uganda

Over 3,000 residents of Buwali sub-county, Bududa District were beneficiaries of a gravity water project that was commissioned by Uganda Breweries and Rotary Uganda on 10th October.

UBL supported the project with a grant of Kshs 10 million to construct a 3.4 km transmission line, a reinforced foundation for the reservoir and 13 public standpipes.

Through this project, UBL provided the community with clean, safe water for domestic use, replenished 22,995m^3 of water against a set target of 21,090m^3 for the year and also helped in reducing gender inequalities such as girls and women walking long distances to fetch water.

POSITIVELY IMPACTING OUR COMMUNITIES – Preserving Water for Life: Commissioned a gravity water project constructed at a cost of UGX 330 million to support over 3,000 residents of Buwali sub-county, Bududa District. The project is set to deliver a total of 22,995m^3 in annual water replenishment.

The Red Card Campaign launches 'Smashed' in movie format

UBL's Red Card and 'Cool Teens Don't Drink' campaign launched 'Suubi' under the global Smashed program at a movie premiere in Kampala attended by a select group of 200 parents, teachers, and student leaders from various schools around the country.

With the ever-increasing demand for visual content driven by global trends that have seen platforms such as Tik Tok, Snap Chat and Instagram Stories take root among the youth, it was clear that we had to match the preferences of our target audience.

Suubi is as entertaining as it is educational, and the perfect means to sensitize the youth against underage drinking. It will be screened across several schools in Uganda reaching at least 2,000 students in the first month and with plans to broadcast it on TV stations nationally.

Skills for Life Program boosts youth with start-up capital

Under the Skills for Life program, UBL offered 40 scholarships to bright but needy youth to pursue vocational courses at Datamine Technical Business School, and Africa College of Commerce and Technology (ACCT), Kabale. Through a technical expert, Enterprise Uganda, UBL also provided career guidance and supported the beneficiaries to start various businesses to earn revenue. Of the 40 students that were awarded scholarships, 24 of these were female and 16 males.

The 60:40 ratio of female to male students was deliberate in a bid to champion inclusion and diversity by giving more opportunities to female students. UBL is committed to elevating and empowering female talent because we acknowledge that a diverse culture is intrinsic to the success of the business. We are continuously striving towards achieving gender balance by creating opportunities for female students and equipping them with hands-on skills that prepare them for the job market.

Supported 40 students from our LRM communities in Central and South-Western Uganda with vocational skills through our Skills for Life project. In line with our Inclusion and Diversity agenda, 60% of the beneficiaries were female.

From the 40 students, eight outstanding students, four of them female, were awarded with seed capital of Kshs 0.4 million to boost their startups.

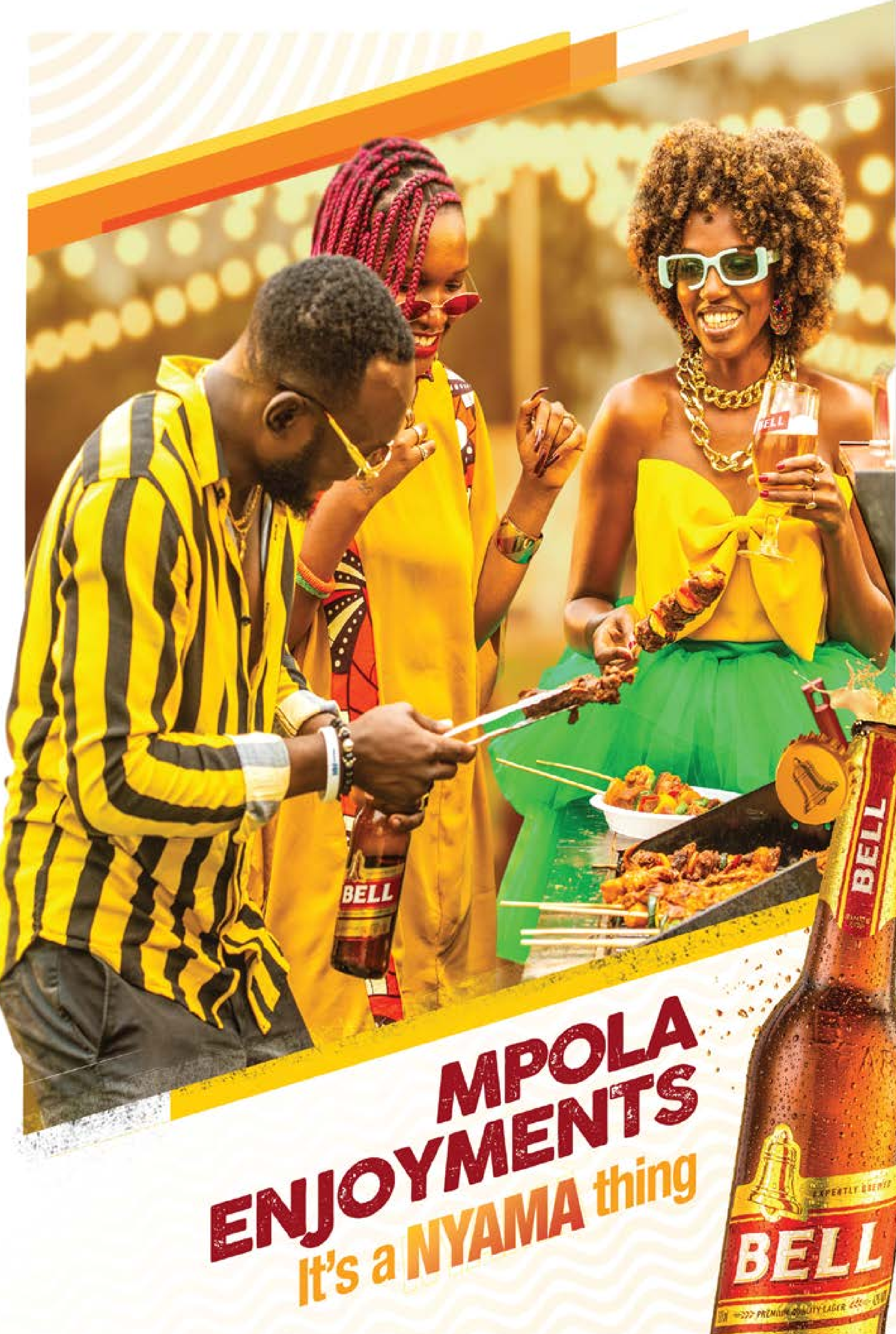
To further advocate for women empowerment, UBL runs a Science, Technology, Engineering and Mathematics (STEM) apprenticeship program and has recently launched a Commercial program and a Graduate marketing program for female university students.

COVID-19 support to communities and government

In response to the Government of Uganda's call on the private sector to support the fight against COVID-19, UBL donated UGX 30 million worth of medical equipment to the Intensive Care Unit (ICU) at Mulago National Referral Hospital to bolster medical response capacity.

The contribution is meant to supplement government efforts to strengthen the national healthcare system and directly support the national response to the COVID-19 pandemic.

UBL also supported district local governments nationally and communities around the brewery in Port Bell with hand washing units, sanitizer, and face masks to enhance hygiene measures in markets and other areas with high populations.


MPOLA
ENJOYMENTS
It's a NYAMA thing
BELL
18+
EXCESSIVE CONSUMPTION OF ALCOHOL IS HARMFUL TO YOUR HEALTH.
STRICTLY NOT FOR SALE TO PERSONS UNDER 18 YEARS. PLEASE DRINK RESPONSIBLY.

UGANDA

LRM farmer engagements and partnerships

UBL engaged the National Agricultural Research Organization (NARO) and Operation Wealth Creation to discuss partnership Opportunities to enhance UBL Local Raw Material (LRM) agenda. The Corporate Relations team and UBL Managing Director also visited barley farmers in Kabale and Kanungu in South-Western Uganda to assess progress, provide support and assurance of UBL's commitment to LRM sourcing.

> **Visited barley farmers in Kabale and Kanungu in South-Western Uganda. We continuously engage with our barley farmers to assess progress, provide support and assurance of UBL's commitment to LRM sourcing.**

18+ EXCESSIVE CONSUMPTION OF ALCOHOL IS HARMFUL TO YOUR HEALTH.
STRICTLY NOT FOR SALE TO PERSONS UNDER 18 YEARS. PLEASE DRINK RESPONSIBLY.

Commercial Update

East African Breweries Limited's (EABL's) Route to Consumer (RtC) strategy is to ensure great physical availability of our brands, and world class execution across all channels and segments, clearly establishing how we serve the market and in the most cost-effective way to emerge stronger and accelerate our growth journey.

The three countries have come together as a region to build an advantaged RtC strategy leveraging on best practices and talent in the region and benchmarking with the best global practices to drive transformation. We have built capability and skill set within the region to benefit from each other through a strong advantaged position to gain a competitive edge that enables us to deliver our strategic imperatives and guarantee sustainable quality growth now and into the future.

1. Building a network of capable, efficient, and sustainable distributor partners

We have a network of well capitalized and resourced distributor partners handling our mainstream beer, emerging business – mainly comprised of Senator – and the spirits portfolio. We have built and embedded structures, systems, standards and processes critical for long-term sustainability of the partners. These, coupled with our key standards and plans, have been instrumental in delivering our overall strategic plans. We have successfully created a 'winning through execution' culture by creating competitive trade terms, incentives and reward programs with individual businesses. These are targeted at delivering distributor Return on Invested Capital (ROIC).

2. Supply chain efficiencies to improve availability and cost efficiency

Having launched the automating processes for data collection for our sales force in 2012, we have seen tremendous outcomes in our operations. The team is well equipped and empowered to conduct value adding conversations with our retailers. The finance, marketing and supply chain teams use the data for daily plans, operation planning,

and capacity forecasting and reporting.

> **"The three countries have come together as a region to build an advantaged RtC strategy leveraging on best practices and talent in the region and benchmarking with the best global practices to drive transformation.**

3. Simplification using data analytics and technology

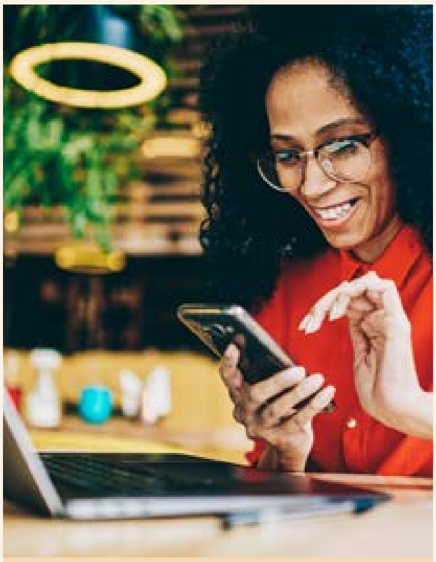
Simplification is fundamental to creating a well-coordinated, capable and agile sales force to drive active selling. We have a robust customer facing sales team completing an average 1,200 daily journey plans across the country. Simplification of opportunity identification in the sales call, supported through data analytics and technology, ensures that the teams navigate complexity with ease and deliver Every Day Great Execution.

We have embedded data driven decision making and execution at the micro level. - transforming how we work and significantly evolving our performance management -.

COVID -19 RtC RESPONSE

As the crisis set in, EABL leveraged on the off-trade channel, amplified the wholesale channel and focused on new channels such as home deliveries and e-commerce to ensure consumers continue enjoying their favorite drinks.

- Home Consumption became more prominent following on-trade restrictions in Kenya and Uganda. We partnered with bodaboda riders and online partners to deliver to consumers. Distributors also adopted home deliveries as part of their business model.



- Rapid acceleration of the digital space evidenced by increase internet subscription and social network activities which enabled partnerships with online partners such as Jumia, Glovo, Turnup, and Oaks & Cock.

- Increased consumption at Duka and kadukas in Tanzania and Uganda respectively. Consumers are still relying on smaller outlets, which are affordable and closer to their homes.

PARTY CENTRAL
eabl

- Launch of EABL owned e-commerce platform party central through a partnership with distributors and retail outlets, to provide our portfolio of drinks to consumers wherever they are in under 1 hour.

DigiTribe
SINCE 1922
eabl
CELEBRATING LIFE

- An inaugural inhouse creative team, Digitribe, ensures that over 40 brands in EABL's portfolio are connecting with over 15M consumers on social media across East Africa.

- Portfolio extensions by introducing can and one way glass formats to support the home consumption occasions.


UGANDA BREWERIES LIMITED
The Original
UGANDA WARAGI
PREMIUM GIN
Finest Quality
ENJOY
100ML AT
1,500/-
AVAILABLE
HERE ON TAP

EXCESSIVE ALCOHOL CONSUMPTION IS HARMFUL TO YOUR HEALTH.
NOT FOR SALE TO PERSONS UNDER THE AGE OF 18 YEARS.

Supply Update

EABL market comprises of three of the most competitive supply chain businesses in Africa. The business houses 8 plants across 6 sites in the three countries and a maltings plant, as detailed below:

- Kenya – Tusker (Nairobi), Kisumu, UDV Ltd and East African Maltings
- Uganda – Uganda Breweries and IDU Ltd
- Tanzania – Moshi, Mwanza and Dar es Saalam

We continued to invest smartly for future growth in line with our strategic ambitions. The key investments during the year included; capacity expansions in Tanzania (spirits) and Uganda (beer), returnable packaging, coolers, Biomass (Kenya and Uganda) and watery recovery (Kenya and Uganda).

The manufacturing footprint within EABL continues to deliver stellar performance year on year through relentless pursuit of a zero-harm environment, promise to the consumer with regard to quality delivery, unlocking value through the productivity agenda and continued focus on wellbeing. This continues to magnify the competitive scale of the EABL supply footprint, hence achieving awards year on year.

HEALTH AND SAFETY

The health and safety of our personnel remains a priority. Our Zero-Harm goal anchored in four pillars, namely prevention, compliance, culture, and capability, underscore our unwavering commitment to workplace safety and wellbeing.

With over 25 projects delivered through collaboration with more than 65 different contractor firms, all safety Key Performance Indicators (KPIs) have been maintained at leading. This success has been achieved through:

> **"The health and safety of our personnel remains a priority. Our Zero-harm goal anchored in four pillars, namely prevention, compliance, culture, and capability underscore our unwavering commitment to workplace safety and wellbeing.**

KPI	Score	Benchmark
Total Recordable Accidents	0.86	<3.5
Severe and Fatal Incidents Prevention	91%	90%

Parameter	Outcome
Lost Time Accidents (LTA) for over 6 years	<3.5
Driving on site accidents	90%
Reduction in Total Accidents in financial year 2020/2021 versus prior year	34%
ISO45001 Audit	100% Pass Rate
IS014001 Audit	100% Pass Rate
Compliance in Occupational Health & Safety Control Assurance Risk Management Controls Management Controls	100%

- Boldness in innovative solutions - EABL has become the centre of excellence in hazardous energies in Africa by being at the forefront of Africa Hazardous Energies Control Project (LOTO project) – 4 equipment upgraded in each site
- Unparalleled innovations in safety e.g. asphyxiating gases improvement project in Kenya intended to step change management and handling of CO_2
- Sharp focus on safety in the monthly control's day.
- Cross-Functional Team (CFT) formed at Serengeti Breweries to drive safety improvements.
- Transformation in safety culture where near misses are perceived as opportunities to improve.

- Building strong partnerships with our partners through execution of third-party logistics transport safety improvement project to bring our partners to our safety standards, baseline audits completed across all sites.
- Productive partnerships and knowledge transfer between global and local safety teams resulting in transformational best practice implementation.
- Successful transition of Global Risk Management standards self-evaluation to Enablon, which is a global database that allows the global Operations Excellence team to have view of all governance issues, creating higher levels of transparency.
- Embedding lifesaving rules through robust weekly themes and videos.
- Rigorous incident investigations (5 whys) processes and implementation of actions to avert recurrence.
- Consistent safety awards across the market to sustain & improve safety culture.

  As a result, EABL continues to rank highly, leading in Diageo across all the safety KPI, notably:

- 0 Lost Time Accidents (LTAs) for over 6 years.
- Total Recordable Accidents rate at 0.86 vs benchmark of <3.5: A 23% reduction compared to last year.
- Severe and Fatal Incidents Prevention

compliance at 91% vs benchmark of 90%.

- 100% pass rate in all audits - – ISO45001, IS014001.
- 34% reduction in total accidents during the 2020/2021 financial year compared to previous financial year.
- 100% compliance in Occupational Health and Safety CARM (Control Assurance and Risk Management) control.
- 0 driving on site accidents.

  During the financial year, UBL was crowned the winners of the Diageo Excellence in Health, Safety and Wellbeing award.

RESPONSE TO COVID-19 PANDEMIC

In the 2020/2021 financial year, the COVID-19 pandemic considerably disrupted Supply Chain operations, with Kenya and Uganda feeling the brunt of it more than Tanzania.

Consistent adherence to Diageo and Government Covid 19 protocols including site pre-entry screening, limitation of site access to critical personnel, investment in intensive sanitisation of the production facilities, provision of transport to operational staff ensuring adherence to social distancing, provision of masks for operations staff served to curb the spread of the virus and sustain business continuity.

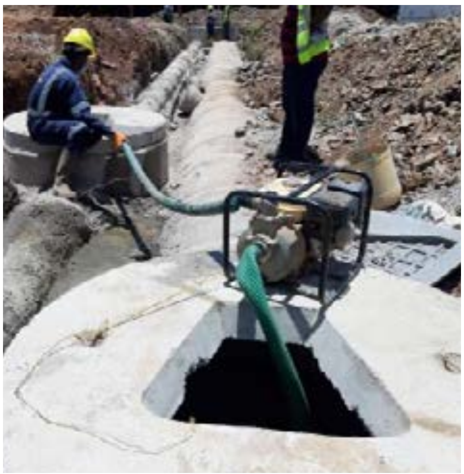
As a result of government-imposed restrictions in some markets, supply had to be agile in meeting the shifting demand patterns. This ranged from:

- Reduction of production operations to match demand.
- Supporting quick turnaround of innovation in response to current market requirements i.e. Kenya introduced more can formats for beer brands with bar closures during lockdown and reduced down time. In the same breath Kenya also scaled up the spirits production.
- Shift to local sourcing from importation and hence mitigate out of stock risk.
- Provision of alternative staff residences near production facility in Uganda to ease access when the government-imposed restriction on movement of vehicles.

SUSTAINABILITY

The business is keen to operate in a sustainable manner and as such we track some KPIs and invest in CAPEX to further reduce the impact on the environment.

- There has been remarkable reduction in water usage partially driven by the benefit of installation of the water recovery plants in Kenya (Tusker and Kisumu sites) and Uganda.
- The two Kenyan sites boast of being the Diageo global benchmarks for energy due to focussed improvements on baseloads in Tusker and substitution of grid energy with solar in Kisumu.
- All sites across EABL achieved zero waste to landfill status by close of Q4.
- The ongoing investment in biomass powered boilers in Kenya and Uganda will upon completion further the sustainability agenda by reducing the carbon footprint.



Supply Update

EABL supply continues to play its part in contributing to the overall business strategy and performance through driving excellence in supply chain, quality, supply led productivity and health, safety and wellbeing:

- Tanzania continues to show cost leadership, closing the year as one of the top 10 Diageo markets that delivered a reduction in cost base at constant mix.
- Improvement in flavor scores across all sites, with Tusker improving from 5th to 2nd place in the Diageo league of excellence.
- The entities have been keen on high standards, which is demonstrated by the performance in the Diageo Supply Chain and Procurement awards. During the 2020/2021 financial year, EABL and the entities were among the top three finalists for the awards.

Awards

F21 Diageo Supply Chain and Procurement Awards

Category	Winner
Brewery of the Year	UBL
Excellence in Health, Safety and Wellbeing	UBL

Category	Finalists
Brewery of the Year	Tusker Brewery
Sustain Quality Growth	UDV
Supply Market of the Year	EABL


THE TASTE OF
SUN-SOAKED
SEVILLE
Tanqueray
SEVILLA
ORANGE
DISTILLED GIN WITH NATURAL
FLAVORS & CERTIFIED COLORS
1L

Our
Brands

Brands

Tusker

Brand Manifesto

Tusker is a one-off. A Kenyan original. A force in our land. Just maybe the first authentically African brand. Tusker is part of what makes Kenya what it is today – it's the chant in the crowd at the match, the spring in the step, the smile on a face.

From its birth in 1922 right through to the present day, Tusker has always been a vibrant presence in Kenyan lives. We've been there as successive generations come together to celebrate good times and get over challenging ones, make plans, share passions and laugh together. Be themselves at their positive, confident best – living for today, looking to tomorrow.

That's why as we are about to reach our centenary, we see that as just the beginning of the next hundred years. Like they say, Tusker Milele!

Maybe it's because we are Kenyan, we know better than anyone Kenyan tastes. You can taste the country in every bottle. Kenyan Barley from the Masai and the Savannah, Kenyan spring water, Kenyan yeast and Kenyan sunshine- and yes, that unique Kenyan spirit too- they all go into making a beer that is as crisp and balanced as it is clean-tasting and refreshing.

Just the way we Kenyans like our beer.

And maybe too it's because we are Kenyan through and through, that we share Kenyan passions and the Kenyan drive to break new ground and make them better. That's why we set out to find tomorrow's music stars. How we get behind our Olympians and our globe-trotting Rugby Sevens team. And we will be there too the next time around and the time after that, helping to spark boundary-pushing creativity and new sporting achievement.

Beer matters. When people come together over a Tusker, it's one of those times that they get to live their present at its best, to re-affirm their bonds of friendship and to fuel their determination to make tomorrow more rewarding still.

Tusker Milele! Kenya Milele!

Tusker Lager

This is the beer that started it all. Tusker Lager is Kenya's finest national beer. It is brewed in Kenya, by Kenyans and made from 100% Kenyan ingredients. A source of fellowship, identity and pride since 1922.

Since the roll out of its new positioning, which we brought to life via activities to connect the brand with the next generation of consumers, the brand has started to see marked growth in its equity. We took this to the next level by launching a new campaign #KenyaMilele – a campaign rooted in our brand purpose and a celebration of our indomitable Kenyan spirit. Starting off with the launch of a new television commercial, the campaign has had resoundingly positive consumer feedback.

To cement the brand in culture, we continued with our support of our sports people – sponsoring Team Kenya for yet another Olympics season whilst supporting our very own Tusker FC to close the year on a high by winning the Kenya Premier League and qualifying to represent Kenya in the CAF Cup! Tusker also relaunched Tusker Na Nyama – to cement Tusker as the perfect beer when out bonding with friends over a meal – an activity that continued to be a significant growth driver for the brand.

As we go into our centenary year, we are not only excited to look back at Tusker's last 100 years, but will more importantly look forward and launch an iconic campaign to win the hearts and minds of our current and future consumers.

Kenya

Beers

Brands

Tusker Lite

We don't take our name lightly. To create a beer that has fewer calories, we crafted a unique recipe of barley, cornstarch and hops. The result? A light, golden colored liquid with a delightful aroma which appeals to the senses before the true magic happens. With every sip, we "Keep It Lite" with a light body that is heavy on taste, creating an enjoyable easy drinking experience.

Tusker Malt

Tusker Malt is Kenya's first premium lager. The three key ingredients that make the magic in this bold lager are malt, water and hops. With the finest malt that matures for twice as long as ordinary beers and rich flavourful hops, each Tusker Malt is 100% slow-brewed to perfection.

From the moment the bottle pops, hop aromas fill the air. Each mouthful is smooth, crisp and satisfying. A highly flavoured malt lager that is not easily forgotten.

In December 2020, we upgraded our Tusker Malt can to a modern and dynamic can to match the fine liquid. The can was very well received by consumers and overall, the brand has seen a growth both in brand love and positive sentiments.

Tusker Cider

Tusker Cider is East Africa's biggest cider. Since its launch in 2016, the brand continues to be the perfect drink for life's moments. It delivers an understated sophistication to any everyday occasion. Celebrations, milestones or just a simple lunch with friends – big, small, everyday moments of meaningful connection all call for a Tusker Cider.

It is crafted from premium apples and delivers a deliciously crisp and refreshing drink. Tusker Cider is the fastest growing variant in the Tusker portfolio and continues to be one of our most successful beer innovations yet.

Guinness

Guinness Foreign Extra Stout (FES) is a beer born of a thirst for adventure and brewed to travel the world. Since 31st December, 1759, when Arthur Guinness made a bold decision to begin brewing this extraordinary beer, no beer has gone further, no beer has a greater depth of history. For 258 years, Guinness has contributed to the cultures where it landed, and in turn has absorbed part of the cultures. As a result, Guinness has evolved to reflect these in culture: Bright and Vibrant in Africa.

Guinness is MADE OF MORE; we want to inspire greatness in all our consumers and everyone who encounters us. Guinness is the most loved brand in Kenya, boasting the strongest equity by a mile. During the financial year we started the journey to revamp Guinness, moving from a single variant brand to a brew made of more with the launch of Guinness Smooth and Hop House 13. Guinness in Kenya is now a vibrant trademark that brings flavour to a broad range of consumers, delivering fabulous value for the business.

We continued to have the strongest association with football across Total Beverage Alcohol (TBA) and further grew this through simple, efficient and innovative ways. We launched the new Guinness Smooth 300ml SKU, making it one of the most accessible beers in Kenya. Guinness led the off-trade charge by deploying impactful and disruptive visibility with full transformation of off-trade outlets whilst simultaneously driving the premiumization agenda in trend-leading liquor stores with disruptive units.

Brands

Balozi

Balozi Lager was launched on 21st December, 2012. Its quality is unquestionable, and it always promises to deliver a rich refreshing taste brewed with the purest water and the finest malted barley and hops. As it should be, it has no added sugar, making Balozi the choice for today's health-conscious individual. It continues to play a big role in shaping the mainstream segment at an advantaged price point, providing strong value for money. With the recent introduction of the can variant, Balozi is strategically propositioned for the youthful consumer. The no added sugar proposition presents a strong and unique positioning; 'Nothing but character added' brand communication coupled with 'Yes We Can' campaign to launch the 'can have' that continued to spur growth for Balozi.

White Cap

White Cap started as a flagship beer of Allsops Brewery (then Taylor and Company Brewery in 1938) and was the biggest competitor to EABL's flagship brands. It was subsequently bought in the 1950s. White Cap has an unmistakable taste that consistently delivers a unique and enjoyable 4.2 ABV (Alcohol by volume) beer experience that is made with the best barley and hops in the purest water with no preservatives and added sugar.

White Cap is still the first choice for those who really understand and know what they want in a good beer. It is undeniably the connoisseur's beer. A distinctive beer brewed to perfection using only the finest quality equatorial malting barley and using the pure waters flowing from Mt. Kenya and a perfect partner to moments that matter either alone, with friends or family. The 'No added sugar' continues to drive the natural/health messaging that is in line with the emerging health and wellness trend in Kenya.

White Cap Light

White Cap Light is the largest light beer by volume in the market. A superbly matured lager that is a testament of the art of brewing at its best! It also rides on the rich White Cap lager's heritage. It is a golden beer that has been filtered to give it superior clarity and authentic crisp taste. White Cap Light is a premium quality brand with distinctive benefits unmatched by other beer brands. Its low alcohol content makes it a perfect fit for light drinkers with a 3% ABV.

Pilsner

Pilsner Lager was first brewed in the 1930s at Allsops brewery, growing to become one of the leading beer brands for EABL in Kenya, Uganda and Tanzania. It has unrivalled taste and quality, and boasts of superior liquid clarity through cold filtering for a crisp refreshing taste that is inspired by the original Pilsner brewing process in Europe. It has a legendary boldness which celebrates the success of Africa's urban youth culture. It's a toast to their resilience and grit, and an invitation to savour every moment on the journey to success. Pilsner continues to embed itself in the music platforms and seeks to entrench itself in the hearts and minds of the consumers through offering unique experiences via Reggae, and actively targeting the younger consumers .

Senator

Senator was launched in 2004 as a truly revolutionary brand delivering a quality value beer as a safe alternative to illicit liquor that Kenyans from all walks of life can enjoy. At the heart of it, Senator seeks to restore dignity to its core consumers by giving them access to an aspirational drinking experience at an affordable price. Since its inception, Senator has been rooted in creating and driving value – from local farmers, suppliers, local communities, government and most importantly, to the consumer. It is a good beer with an uncompromising quality with locally sourced ingredients allowing you to enjoy great taste at an affordable price.

Singleton

Whisky, like food, should bring people together. To share good music, great conversation and real enjoyment. Our passion is for crafting deliciously smooth whiskies, made to be unapologetically enjoyed with friends.

During the financial year, we broke all the whisky rules of marketing, unapologetically! Pack and price changes have given Singleton a new life, injecting vibrancy and a price advantage, thus growing our weekly conversion rates. The brand distribution in key channels has also grown in double digits.

Johnnie Walker Black

During the financial year, we awakened a sleeping giant. We unleashed our Global Icon in Kenya, recruiting new whisky drinkers and re-recruiting from affluent other spirits drinkers, driving appreciation, and increasing consumption of Johnnie Walker.

We achieved this by going after all opportunities, winning at retail, disruptively transforming the off-trade with visibility in cash-and-carry and impressively winning at home occasions via e-commerce.

We met the targets set and surpassed the volumes and net sales from last year. We also managed to defend our market share and maintained market share in international whiskey.

We are confident that we have developed the momentum needed to mainatin market leadership amongst other top global players in Kenya.

Smirnoff Vodka

This is no fairy tale. It is a journey with a host of interesting characters on the journey to return the infamous roots that make our story wildly unique. Smirnoff has a resilient and chequered history spanning over 150 years with a consistent ability to adapt to and subvert the times around it. Truly, there are people, and there are characters. There are events, and there are stories. There's Vodka, then there's Smirnoff!

Smirnoff Vodka remains the world's no. 1 vodka brand and the leading premium vodka brand in Kenya. Despite the rampant changes to our operating environment, the brand has held its performance and continues to be a top contributor to the spirits categories profitability position.

During the past fiscal year, we continued to drive exciting and consistent consumer offers in the off-trade and on e-commerce such as the crazy consumer offers on World Vodka Day, transformational visibility of off-trade outlets, enticing consumer offers in the on-trade and anchored by media investments behind TV, digital and billboard channels to drive awareness and impact; we continue to win the hearts and minds of the consumers in Kenya. In addition to this, we leveraged category activities such as Flex na Mamili to accelerate the market pull for the brand, category price campaign to aid performance of smaller brand formats and model outlet branding in the cash-and-carry segment to win in the market.

Brands

Gin Portfolio

Our gin portfolio comprises of Tanqueray, Gordon's and Gilbey's. In Kenya, Gilbey's is seen as a democratiser; a great liquid, affordable, exudes premium cues and credibility/status.

Gordon's is famous for its high juniper content, creating a simple yet sophisticated, real cut-through taste and makes for the definitive Gin and Tonic. Tanqueray continues to define premium gin; inviting consumers to appreciate and enjoy true craftsmanship and quality.

During the financial year, our execution prioritized on: building physical availability and accessibility, landing the Gin and Tonic serve and rituals, growing the awareness of our brands and winning the hearts of our consumers. The approach worked and the results unequivocally speak to this. During the same period we awakened the giant notably; Gilbey's special dry gin is a leading light in the spirits category. Gordon's London Dry, Tanqueray London Dry and Tanqueray 10 enjoyed growth, and Tanqueray 10 has grown into a much-loved gin.

Primary Scotch

The Primary Scotch portfolio comprises Black and White, VAT 69 and J&B Blended Scotch Whiskys. During the financial year, the three brands have continued to reboot scotch to grow KBL share of International Whisky. Black and White plays the role of being the primary recruiter into scotch, with VAT 69 being a strategic fighter International Premium Spirit and J&B creating room for accelerated growth.

Through the 'Flexx Reloaded' distribution drive, consumer offers in bars, wines and spirits and supermarkets as well as value added packs, the brands have maintained relevance with target consumers as well as enjoyed great volume and value performance. Communication through radio, Out of Home and digital platform have been instrumental in ensuring the brands are rooted in culture and connect with consumers in a bid to strengthen their equity.

Captain Morgan

Captain Morgan Gold is the champion of fun and the most loved rum brand in Kenya. It is the second fastest growing mainstream spirit brand in Kenya, growing in distribution across the country and ensuring the brand is creating new consumer fun moments while at home.

Participation in the concluded Dandia Bonus consumer promotion landed the jackpot winner. This has propelled consumer trial and sets us up well for the coming year.

Kenya Cane

Kenya Cane remains the most loved spirit brand in Kenya. Under the mantra of celebrating every day moments, Kenya Cane continues to be a significant contributor to the spirits portfolio.

As the anchor brand in the consumer promotion 'Dandia Bonus', the brand was able to sustain performance for the mainstream spirits category.

KC led the revolution of the home party scene through exciting online parties during all national holidays, thereby redefining this space and leading a new channel to engage with our consumers under a new vibrant "254orm".

Chrome Trademark

As one of Kenya's most loved spirits brand in Kenya, Chrome continued to sustain its growth momentum in the financial year through key strategic initiatives that included the successful launch of Chrome gin in November, 2020. The introduction of the new variant into the Kenyan market sought to leverage the explosion of the Gin sub category with the launch of a smooth and crisp premium, quality, aspirational yet affordable mainstream gin for the youthful Kenyan consumer.

Our participation in the Mainstream Spirits category national consumer promotion 'Dandia Bonus Na KaQuarter' made a significant contribution to the brand's volume and value performance in the financial year. Other category activities included the deployment of optics to drive affordability for both Chrome vodka and Chrome gin amongst mainstream consumers.

We also continued to drive brand relevance and sustain popularity as the most trendy and vibrant mainstream spirits brand amongst the Kenyan millennial consumers in the financial year. We successfully achieved this through strategic partnerships with popular music groups Sauti Sol and Sol Generation.

Kane Extra

Kane Extra continues to follow its own path as the only brown cane spirit in a world of white spirits since 2003. Despite turbulence in the operating environment, Kane Extra continues to demonstrate brand equity growth with significant shifts being growth in the brands distinctivity scores driven by strong pack performance post the pack change and positive liquid quality appraisal by consumers.

The increased brands trial and penetration performance has also grown versus the previous year driven by accelerated brand distribution through the 'Changamkia Kane' accelerated listing drive program and innovative activities such as the Dandia Bonus na Kaquarter National Consumer Promotion (NCP) and the roll out of optics across the core channels to drive affordability, accessibility and consumer excitement in the year. We are in a continuum to cement Kane Extra's position as the anchor spirit brand in our Emerging Business portfolio and the dominant defender of KBL's lower mainstream spirit market share.


SMOOTH AND CRISP
INSIDE AND OUT
NEW
250ML PACK
CHROME
VODKA
GUARANTEE
#ShineOn
*RRP
KES.220
*Recommended Retail Price

Brands

Serengeti Lager

Serengeti Lager, which proudly takes its name from one of the world's most famous natural wildlife habitats - the Serengeti National Park in Tanzania - is the original 100% Malt Beer of Tanzania. This truly Iconic Tanzanian Beer is a world class beer brewed by one of Tanzanian's original Brew Masters.

Its unique nature comes from its full body, malty grainy flavor and slightly bitter taste that has a smoothness to it, all qualities that make it stand tall and well differentiated from other beers in the market.

2020-2021 was another great financial year for Serengeti Premium Lager where it witnessed growth in volume, value and share. Serengeti Premium Lager continued to leverage its brand positioning as a national pride brand through the renewal of its three-year sponsorship deal of the Taifa Stars, Tanzania's national football team. This continued to cement Serengeti Premium Lager as the number one fan of Tanzanian Football.

Tanzania, just like the rest of the world, was hit by the COVID-19 pandemic and Serengeti Lager played its role in uniting the country against this virus by rolling out the "Raising the Bar Program". This has been used to assist our trade partners in the cities of Dar Es Salaam, Arusha, Mwanza and Zanzibar to boost the hygiene standards of their outlets and encourage consumers to get back to the trade. A total of 2,000 outlets have been supported with social distancing and hand washing equipment.

Serengeti Lite

Serengeti Lite has grown from strength to strength since it was launched four years ago. This financial year was a special one for Serengeti Lite as it was the year it managed to take market leadership as the single biggest brand in Tanzania with a double-digit value share. In the same breath, Serengeti Lite saw its strongest growth in brand equity yet! It impressively grew brand strength score, and became the most meaningful and distinctive brand. As a result of this great performance, Serengeti Lite was the winner of this year's prestigious Diageo Innovation Award dubbed the INNIES in the "Best Sustained Growth" category – the only other brand to do so, after Senator in Kenya, within the region.

This brilliant performance has been delivered through the refreshing of the Lite with a Bite campaign that we continued to run during the financial year. Additionally, Serengeti Lite ran its largest consumer campaign yet dubbed "Serebuka". This digital campaign involved consumers participating in a dance and anthem challenge that was aimed at placing Serengeti Trademark at the heart of socialization in Tanzania. The campaign managed to reach 8.1 million consumers in the 12-week period it run. Serengeti Lite also continued to drive inclusion and diversity in Tanzania by reviving the Serengeti Lite women's league.

Tanzania

Beer

Brands

Pilsner Lager

Pilsner continued its strong streak of growth as it delivered double digit growth in both Volume and Value during the financial year. In the same breath, Pilsner continued its dominance of the lower mainstream category by growing impressively.

The 300ml pack introduced last year continues to drive penetration for the brand and as a result, the pack was launched during the financial year in the Central region. This pack continues to provide a great tasting beer at an affordable price.

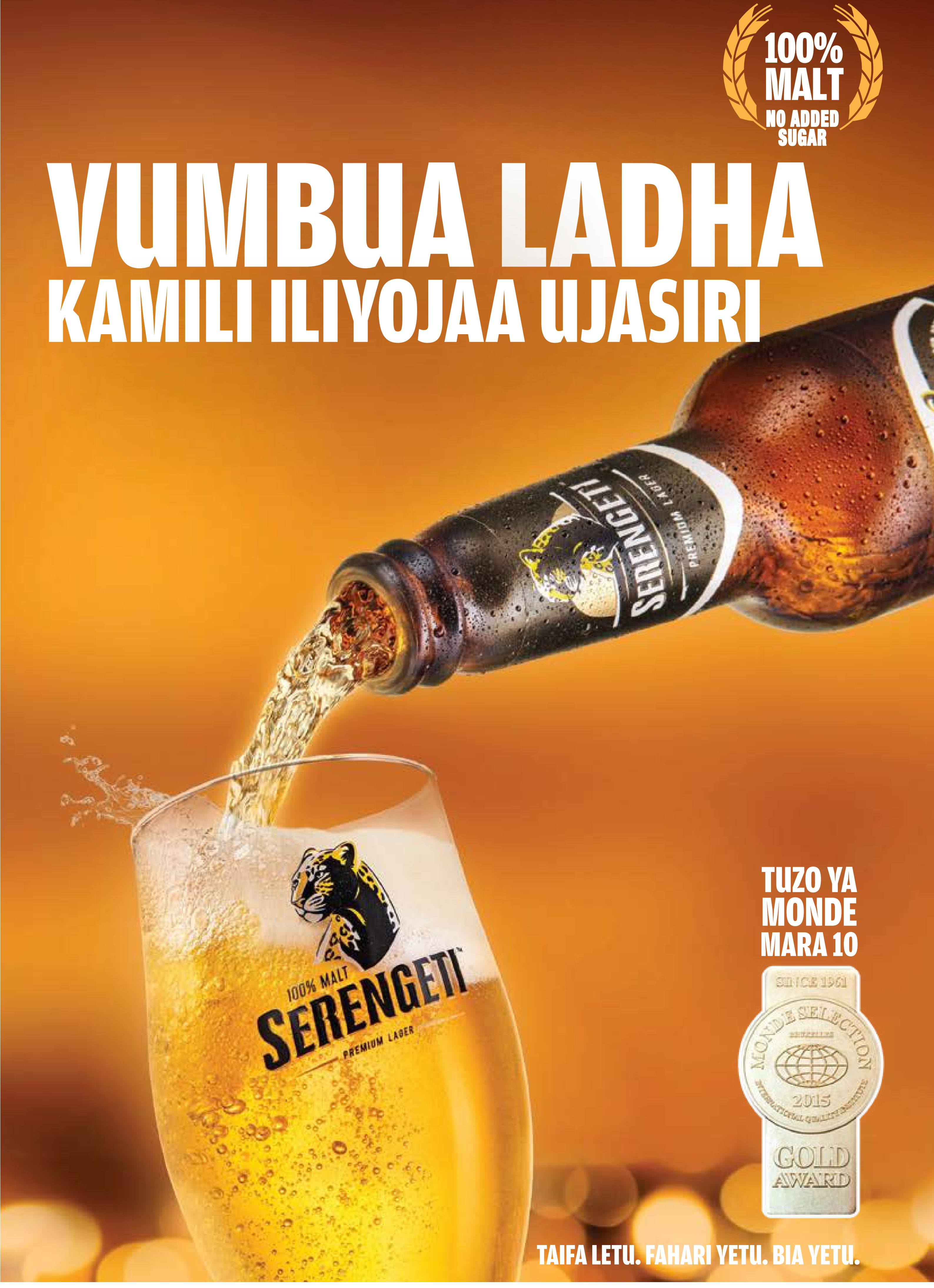
Pilsner as well saw the renewal of its visual identity to make it more contemporary and recruit the younger consumer in Tanzania. The tag line "Simama Imara, Songa Mbele" translated to "Stand Tall, Stride On" is a true reflection of the attitude of the young DE Male ready to take on the challenges life throws at him. This was rolled out across all our media channels i.e. OOH, Radio and Digital. We also kicked off the process of refreshing all our assets in trade.

Guinness Foreign Extra Stout

Guinness discovered an exciting year with the re-launch of the brand in market within Dar Es Salaam. The focus for Guinness was to drive commercial fundamentals and trial in the year. This was done through a re-launch of the brand and investment put behind driving distribution and point of sale materials in outlets.

To drive trial, Guinness leveraged the power of the English Premier League to execute football in an only-Guinness-can-do attitude across premium and mainstream bars. The results have been great with the brand growing in both Value and Volume.

NOT TO BE SOLD TO PERSONS UNDER THE AGE OF 18. PLEASE DRINK RESPONSIBLY



HAIUZWI KWA WALIO NA UMRI CHINI YA MIAKA 18. TAFADHALI KUNYWA KISTAARABU.

Brands

Johnnie Walker®

Johnnie Walkers journey to becoming the most iconic Whisky in Tanzania continued in during the financial year. In order to achieve this ambition, Johnnie Walker leveraged a number of pillars. For instance, Being the Most Desired; Most Enjoyed and Most Talked about whisky brand.

To be the most desired brand and drive aspiration, Johnnie Walker continued to embed itself as the number one supporter of golf in Tanzania in order to recruit high net worth individuals into the House of Walker. The brand also rolled out Monthly Premium Experiences dubbed, the JW Sunday Brunch that saw consumers treated to Johnnie Walker High Balls, great food and great music.

To be the most talked about brand, Johnnie Walker has always been in the media through the Out Of Home (OOH) and Digital platforms and for the very first time, assets on TV to drive liquid credentials. Additionally, Johnnie Walker transformed its visibility in trade with eight brand homes and deployment of Point-of-Sale materials in outlets.

To be the most enjoyed brand, Johnnie Walker rolled out its High Ball activations at scale dubbed Code Red where several outlets were activated. Through these activations, 8,000 consumers were served with JW high ball cocktails for sampling. In addition, to ensure that Johnnie Walker was available at point of purchase, listing drives were rolled out that saw Johnnie Walker get listed in 8,000 new outlets within the year.

The initiatives have borne fruit with JW growing both Black and Red labels in Volume and Value.

Innovations

Guinness Smooth

In an effort to reframe the stout category in Tanzania and strengthen the Guinness Trade Mark, Guinness Smooth was launched during the financial year. Guinness Smooth's role is to recruit lager drinkers into the stout category through its unique and delicious liquid plus accessible price point.

Investment was put behind driving commercial fundamentals i.e. distribution and visibility while also driving awareness and trial.

Smooth has turbocharged the Guinness trademark, enabling it to grow double digits in volume, value and in shares.

Consumer feedback has been great so far and the plan is to launch the brand countrywide.


NEW
GUINNESS
SMOOTH
RICH FLAVOR AND REFRESHING TASTE
TSH
1,500/-
SMOOTH
ESTD 1759
GUINNESS
SMOOTH
STOUT
DISTINCTIVE QUALITY

Bell Lager

Bell Lager has exhibited resilience in a year where the mainstream beer category was grossly impacted by the pandemic. This was made possible through demonstrating relevance to our consumers in occasion and creating a meaningful emotional connection that would give them a reason to choose Bell over any other beer over and over again.

In line with our growth agenda, we kick-started the year with a redefinition of our brand purpose to give us an authentic and credible personality and offering.

A quality campaign was conducted to drive reappraisal of our world class quality liquid amongst our consumers and prove to them that our beer was golden in appearance, taste and credential.

This was swiftly followed by a drive to anchor Bell Lager into occasion, where we rolled out 'Bell Na Nyama' activations across 300 outlets nationally, tagging Bell to a proven growth driver of meat pairing prominent in the largest and most viable social occasion in Uganda, "Moments to savor and enjoy with friends." This has helped register impressive growth and consolidate our presence and ownership in this occasion.

To drive emotional relevance and meaningfulness amongst our target consumers, we also redefined innovative approaches around entertainment and socialization which was proliferated by the onset of the COVID-19 lockdown restrictions. Young Uganda adults have redefined how they interact with each other and Bell Lager was well primed to play in that space.

We used this insight to launch a 360 thematic campaign dubbed "Mpola Enjoyments" to celebrate the Ugandan fun-loving spirit, anytime, anywhere.

At the heart of it were those intimate and meaningful moments with a small group of closest friends that Bell Lager, an easy drinking, low ABV, golden lager, authoritatively demonstrated its mark.

The campaign was delivered in a contemporary and vibrant manner, partnering with notable social icons to pin the brand into popular culture and plug it into conversation, driving much needed meaningful salience to get Bell Lager noticed again for all the right reasons.

The coming financial year is poised to be a year of even greater fortune for Bell, with bold and disruptive initiatives to further progress our growth ambition and mission to be the most iconic Ugandan beer brand.

Pilsner Lager

A cleverly executed and effective strategy has continued to bear fruit for Pilsner Lager, allowing us to disrupt the mainstream category through the consolidated ownership of the lower mainstream subcategory, gaining share from competition and becoming the fastest growing mainstream brand in Uganda.

The brand has also put a stake in the ground, laying a foundation for the establishment of a meaningful and powerful consumer proposition benchmarked in celebration and recognition of the hustle of the everyday Ugandan, a premise that is widely relatable amongst our consumers. Pilsner has established itself as a true reward to those that boldly and fearlessly overcome adversity to achieve their dreams.

This has been articulated through a multitouch point campaign "Your Time Is Now," brought to life on radio and out of home countrywide, leveraging our key brand asset of the spirited and iconic Roaring Lion, to driving mass awareness at scale in and out of the trade.

Guinness

During the financial year, the Guinness brand has beaten all odds to stay its growth trajectory, registering growth between the current and past fiscal years and maintaining the lead in share as the largest premium beer in Uganda, even in the face of a pandemic and looming uncertainty. This growth has been driven by a resuscitated trading environment and effective marketing and commercial initiatives.

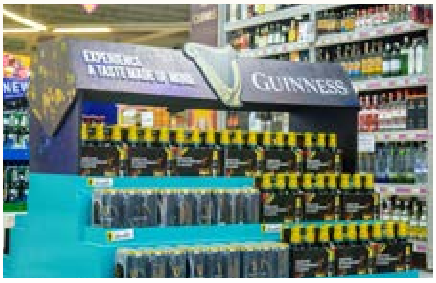
At the heart of our success was the power of through-the-line innovation in execution, allowing us to overcome barriers to consumption and engagement using creative, disruptive and effective initiatives.

We stretched our partnership with the English Premier League beyond just the TV screens and into the off-trade through the hugely successful "Guinness Matchday Magic". This came to life through football themed activations in the On-trade and Off-trade and supported by impactful football inspired visibility in the Off-Trade.

In a bid to further grow participation at home consumption occasion, Guinness stormed the arena of e-commerce, ensuring our products were accessible to consumers at home. This was done through an introduction and proliferation of FES and Smooth cans made available, promoted and activated on all leading retail platforms as well as on the newly launched Diageo Owned Party Central App.

Guinness improved its visibility footprint across the trade, painting the country black through 365 essential deployment countrywide, as well as impactful and customized outlet branding in both the on and off-trade.

Notably, Guinness leads category visibility in majority of all hyper markets in Uganda and through our lighthouse branding pilot project, we boast of having a viable blueprint for bold, distinctive and vibrant premium on-trade execution that will be scaled up in the coming financial year to truly own the trade, when the doors are finally opened for our consumers to return to the bars.



Coming off from a successful launch that was interrupted by COVID-19, we were able to get back in the game with Guinness Smooth. An aggressive commercial strategy that saw us achieve the fastest and widest distribution footprint for an innovation in Uganda. This was supported by Above-The-Line (ATL) campaign to drive mental availability at scale using radio, Out-of-Home (OOH) and TV, which featured an innovative embodiment of the signature flavor rooms optimized for a visual audience.

We are looking forward to an even more vibrant year ahead, a year during which Black will Shine Brightest.

Brands

Beer

Tusker Lite

During the financial year, Tusker Lite maintained its growth momentum and managed to scale distribution to regions beyond Kampala.

Brand awareness was the main issue going into the New Year and to address this, we increased our media investment to drive broader reach of our brand message "Absolutely Nothing to Prove," rooted in culture, to fully engage with our target audience and drive increased consideration.

Tusker Lite also created the much-needed visibility in trade, rolling out a beacon outlet designs, branding and partnering with high performing outlets across all the major towns in the country to create a brand presence in premium upbeat occasions and locations.

In the coming financial year, to keep with the realized past brand growth in value and volume, we will continue to establish the brand as the lead beer for those pioneering a limitless lifestyle in Uganda through creative campaigns and deeply rooted innovations that are culture-oriented.

Spirits

Scotch

In the current financial year, we set out to turbo-charge Johnnie Walker performance and become the most desired, enjoyed and talked about whisky in Uganda.

Johnnie Walker has been listed in +15,000 additional new outlets by leveraging 200ml SKUs to penetrate non-traditional outlet segments. Through the Trade Advocacy program, we managed to grow a community of ambassadors through reward incentives for outlets, bar staff training, and consumer offers to drive serve and recruitment. We uplifted Johnnie Walker visibility in trade through bespoke branding of 100 outlets to create a consistent and iconic identity.

With the At-Home consumption occasions becoming dominant during the pandemic, partnering with emerging channels especially e-commerce (SafeBoda, Jumia, Glovo) guaranteed convenience and price accessibility for consumers.

The Johnnie Walker 200-year anniversary was a key milestone celebrated by launching the Icon Limited-Edition packs for Red, Black, and Gold onto the market supported by a 360 holistic campaign. Gift-With-Purchase consumer offers in the off-trade and e-commerce, sampling and consumer giveaways, amplified activations in the on-trade were executed throughout H2. The Limited-Edition packs were also used to position Johnnie Walker as the No.1 Gift of Choice in Uganda during festive gifting, corporate gifting, Whisky Month and Father's Day campaigns. All these campaigns were supported by disruptive media, innovative OOH, digital and influencer engagement to make Johnnie Walker relevant in culture.

Through the above brilliant execution in the current financial year, Johnnie Walker delivered consistent Equity and Market Share gains in the International Whisky category to maintain market leadership.

Uganda

Spirits

Brands

Uganda Waragi

Undoubtedly Uganda's most loved brand, Uganda Waragi maintains pole position as the country's biggest brand by value, exhibiting resilience in a highly fragmented Gin category that is characterized by an upsurge of new entrants in the market.

In the current financial year, a category National Consumer Promotion dubbed Kyusa Levo, featuring Bond 7, V&A and Uganda Waragi, has created emotional attachment, given hope and generated excitement by rewarding consumers after an unprecedented 2020 and accelerated the explosion of mainstream spirits synonymously.

The Uganda Waragi flavored variants, Coconut and Pineapple, have continued to reconstruct the architecture of gin consumption and spur Uganda Waragi brand efforts to create excitement, drive recruitment and deliver significant volume for the brand.

The Spirit of Uganda is widely loved and appreciated as a high-quality, world-class gin, boasting of a Gold during the Monde Selection Award 2020 and the intent to maintain this legacy well into the future.

Innovation

Disruption of the mainstream beer category with Guinness Smooth

Coming off a successful launch that was interrupted by COVID-19 pandemic, we were able to get back in the game with Guinness Smooth.

An aggressive commercial strategy saw us achieve the fastest and widest distribution footprint for an innovation in Uganda, listing the brand in 80% of called-on outlets, disrupting the mainstream category and delivering a fourfold increase in sales. In the process, we tripled Guinness Smooth numeric distribution in the financial year. This was supported by always-on Above The Line (ATL) support to drive mental availability at scale using radio, out Of Home and TV, which featured an innovative embodiment of the signature flavor rooms optimized for a visual audience on TV, achieving double digit growth in the brand's awareness.

The 500ml Can format is now available in the market.

Accelerating mainstream spirits with Captain Morgan Gold

Following a slow start coupled with a lack of consumer understanding of rum in the previous period, an aggressive commercial strategy was deployed behind the brand that saw us list into 13,000 new outlets delivering impressive incremental NSV.

We supported this listing with a massive visibility drive in outlets and sampled consumers on Captain & Cola, our signature serve. We also utilized be-spoke partnerships with Coca Cola Beverages to help us land the serve across all major consumer touch points.

Brand equity has grown with currently and meaningful scores growing in double digit. The brand is now set to move to local production in the coming financial year.

Premiumizing the Gin category with the taste-accessible Gordon's Pink Gin

Having launched a value proposition in lower mainstream Gin, we set our sights onto the PREMIUM SPACE which had not been supported both ABOVE & BELOW the line.

We introduced Gordon's Pink, a new flavored Gin from the Gordon's family, to tap into the growing flavored space for the urban female consumer who is looking for something distinctive to stand out of the crowd on 8th of January, 2021. This move helped register impressive results, sampling new consumers with new Gordon's Pink, successfully listing in new outlets focusing on liquor stores and spirits shops.

Don Waragi

The sachet ban created a gap in the lower-mainstream spirits category which we tapped into by creating an accessible and affordable liquid for the consumer – Don Waragi. The launch of this lower mainstream value proposition was to boost share from leading and Ambiance Gins which have been dominant in this space.

The brand was launched in March this year and has been listed in a growing number of outlets and is on track to grow in this space.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EAST AFRICAN BREWERIES

Our People

Our People and Culture

For nearly a century now, the purpose of East African Breweries Limited (EABL) has been 'Celebrating life every day, everywhere'. Even in these unprecedented times, we are united by this purpose. And by this we mean so much more than raising a glass. Everything we do is about creating opportunities, empowering people, building thriving communities, promoting responsible drinking and protecting the environment.

Our people, fantastic brands and products are at the heart of our company. We are the present day custodians of some of our iconic brands in the world, with a responsibility to ensure they remain as relevant today as they have in the past and to pass them on to the next generation in even better shape. Our culture is rooted in a deep sense of our purpose and values, and we are passionate about our customers and consumers as we strive to be the best. We give each other the freedom to succeed and value each and every person's contribution.

We work in strong, collaborative teams, creating a total performance greater than could be achieved as individuals. The entrepreneurial spirit ingrained in the business demands that we exhibit the belief and determination of those that have gone before us to provide the best quality products to consumers wherever they are. This is why every one of us sells or helps to sell. All this is only complete when our brands are in the hands of consumers, being enjoyed by people all over the world. We each have a responsibility to actively shape the future of our great company, inspire through purpose, invest in talent and win through execution.

The EABL Way

Our people are our biggest asset. Our reputation for professionalism, commitment and integrity is something that we deeply desire to harness and build upon. Ultimately, this is how we will achieve our ambition to create the best performing, most trusted and respected consumer goods company globally.

Ensuring that we have the best talent – now and in the future – is both one of our biggest challenges and opportunities to maintain competitive advantage. EABL has been a top attraction for the best talent. The company has also designed and invested in talent development plans and has been building talent capability across East Africa.

To extend our success, we have continually integrated talent development within our broader strategy, ensuring that we are more than the sum of parts of our business across

"Our people, fantastic brands and products are at the heart of our company. We are the present day custodians of some of our iconic brands in the world, with a responsibility to ensure they remain as relevant today as they have in the past and to pass them on to the next generation in even better shape.

East Africa. Our long-term, deliberate and elaborate growth agenda for our people outlines how we will achieve success through a host of programmes sharpening and developing skills in EABL to deliver on our ambition.

Disruptive approach to talent as the bedrock for people's growth

Our disruptive approach to talent focuses on building a talent pipeline and strategically forecasting human resource needs to drive growth. We have outlined four priority areas to guarantee our plans with the right people and capabilities as we believe in creating an environment for our people that will stretch, challenge and enable them to grow themselves and the business. These areas include talent, capability, organisational effectiveness and culture, ensuring that:

- We improve the Quality and Diversity of Hiring by embedding hiring for Performance in Market(s) to support the Inclusion and Diversity agenda and Improve Candidate and hiring manager experience.
- We have put in place an assurance process that focuses on how we plan, assess and develop talent, underpinned by sound hiring practices, retention of talent and succession cover that enables us win in the marketplace. We conducted leadership assessment in Finance, Supply and Marketing to identify development areas for future leaders as part of fit-for-the-purpose organization;
- Our organisational effectiveness agenda seeks to transform and enable the delivery

of our performance ambition while our organisation is known for the consistency, transparency and pace of its performance in an empowering and winning culture;

- Our recruitment and selection process ensures fair access to job opportunities and equal opportunity as we focus on diversity hiring (50:50) irrespective of background, disability, religion, gender or ethnicity. We are constantly tracking the ratios on a quarterly basis to ensure a balanced approach on internal moves versus external recruitment in line with our Buy/Build strategy. EABL is also recognized as a net exporter of talent with 43 employees on International Assignment in F21.

EABL Talent Programmes

We have made a conscious effort to boost our people's skills, embedded by our firm commitment to help our people realize and reach their full potential. To achieve this, we have numerous learning and development channels, but we also strongly believe that our leaders are key in creating the conditions for our people to succeed. Some of these are:

- Partners for Growth (P4G) – Our performance management system that puts performance and career conversations at the heart of the process, focusing on using and building strengths with two-way development conversations to deliver both business and personal outcomes. It supports individuals in identifying career aspirations with development actions as a priority. The 70-20-10 principle has been adopted for development, with 70% practice and experience coming from one's day-to-day job, 20% through coaching and mentoring, and 10% from formal traditional learning experience, including training and e-learning. Our reward system encourages equal pay for equal work while it also recognizes and rewards exceptional individual performance in alignment with real business outcomes.

  In the past year, we have seen incredible outcomes being delivered through quarterly goal-setting aligned to the rhythm of setting and delivering quarterly financial targets to drive a culture of agility and performance with pace and urgency
- Graduate Programme – A process that assesses entry-level talent with high potential to join a 3-year rotational programme in Sales, Marketing, Supply, Finance or Enabler functions such as Legal, Human Resources, Corporate Relations and others.
- LEAP – A programme designed to create a breakthrough in leadership capability demonstrating the leadership standard at senior management level with a view to shift from functional to cross-functional business know-how and impact.
- Fast Forward – A unique learning journey

> **We have made a conscious effort to boost our people's skills, embedded by our firm commitment to help our people realize and reach their full potential.**

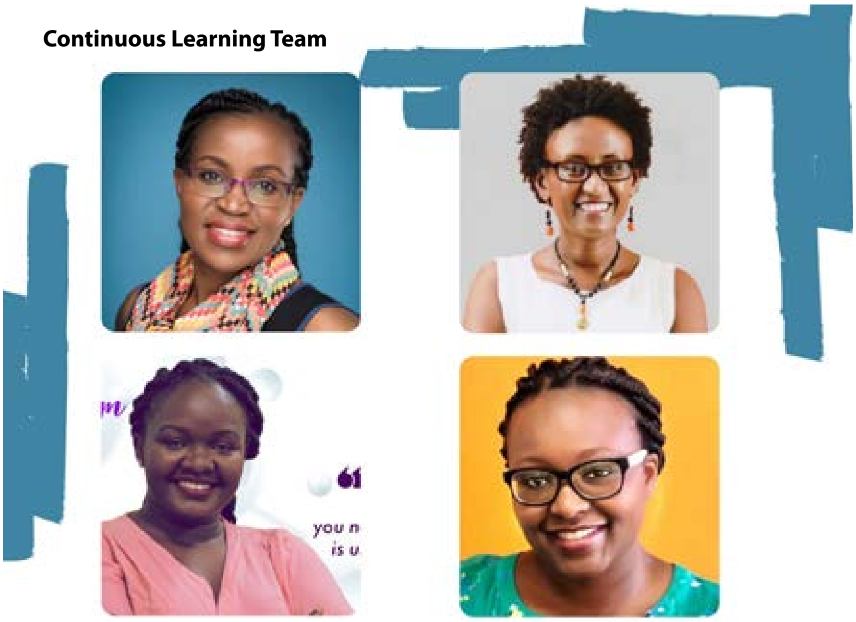
70-20-10 principle

> **The 70-20-10 principle has been adopted for development, with 70% practice and experience coming from one's day-to-day job, 20% through coaching and mentoring, and 10% from formal traditional learning experience including training and e-learning.**

for aspiring leaders who want to develop their next leadership level with increased self-awareness exploiting their full potential and supporting our business objectives.

- Senior Leadership Management Program/ Advanced Leadership Management Program – a unique learning journey designed for senior leaders to accelerate their career. Fourteen of our senior leaders from across EABL are currently on this program.
- Women in Leadership – in partnership with Strathmore Business School, we have continued to run a 'Women in Leadership' programme since 2015 and have built the leadership capability of over 360 women in our business.

Continuous Learning Team



Continuous Learning: Building critical skills for the future

Continuous and purposeful learning powers our performance and growth. This year we set out to define and embed a learning strategy that supports talent strategy and employee experience supported by My Learning Hub, which is an e-learning platform that provokes everyday learning from everyday experiences that promote speed of execution, experimentation and delivers incremental market share.

We developed robust learning strategy at EABL to equip learners with the best capabilities and tools to seize growth opportunities and tackle new challenges. My Learning Hub, our e-learning platform, gives employees everything they need for their own development, making it easy to find, use, share and comment on a wide range of learning options. These include world-class capabilities from across our global teams and from external resources. This has seen over 40,000 courses completed.

In F21 we drove agility and resilience in the business through continuous learning at both leadership and functional level, through quarterly learning themes aligned to business priorities, learning provocation at quarterly staff engagement sessions and using functional learning to upskill employees and allow experimentation e.g. e-commerce that enabled the introduction of Party Central, an online platform that promotes speed of execution. This was all done while leveraging on Executives and Leaders at Teachers to drive continuous learning across EABL. These efforts saw the Kenya cross functional Learning team being recognized as the overall winners in the continuous learning category during the Global HR Hero Award for driving a continuous learning culture.

We have also launched three book clubs in Kenya, and Uganda recently launching the Spirited Women Book club.

In SBL, the team continued to upskill the field sales teams to ensure our execution standards are aligned to Diageo way of world class sales by leveraging on technology to ensure our people are updated on changing technological environment. SBL continued to implement short-term rotational secondments, structured mentoring program and ongoing education and leadership development opportunities.

We have also engrained inclusion as a key capability that we keep unlocking for our employees through training sessions on unconscious bias, confronting racial bias and other aspects of driving and embedding inclusion.

People welfare and rewards

The welfare of our people remains a critical part of our growth agenda, cognizant of the fact that our performance as a company will remain robust only if they consider EABL a great place to work in. We take a Total Reward Approach, i.e., we focus not just on the financial rewards, but also non-financial rewards. Together, these form our employer value proposition.

Our recognition principles support this intent as we aim to make recognition immediate i.e. as close as possible to the event that has led up to it. We recognize behaviour that supports our short and longer-term business objectives and is aligned to our standards of leadership, values and culture. We recognize employees at all levels and primarily through our products/brands and through non-cash awards. We use cash awards in certain unique cases with the approval from the Managing Director. We recognize publicly in order to inspire and create transparency.

To remain truly transformative to our employees, we have in place a robust end-to-end welfare and rewards programme including:

- A host of quarterly and annual rewards including annual salary reviews, performance rewards, spot recognition, functional recognition, company-wide recognition and long-service awards.
- A mortgage benefit scheme, partly funded by EABL, in consideration that one of the highest priorities for our employees is the ability to own a home and this aspiration is an integral part of their financial plans.
- An employee medical scheme and wellness programme to ensure a healthy workforce across our business. The medical scheme also includes COVID-19 related illnesses.
- A clinic fully resourced to provide general and specialist medical care to employees and their families. EABL Kenya recently launched E-Health, which is an online medical platform that allows employees to access medical care remotely.
- Collective Bargaining Agreement that spells out all the working conditions and applicable labour relations with the union as mutually agreed.
- An Employee Share Ownership Plan

(ESOP) connecting employment to the long-term success of our business. The plan forms a crucial part of employee engagement and commitment to creating sustainable value for both our people and our business.

- Family Leave Policy that offers all female employees in East Africa a minimum of 26 weeks of fully paid maternity leave, regardless of where they live and work and fully-paid paternity leave of 4 weeks.
- Flex Philosophy that allows employees to own how they'll create their best work and deliver high performance by optimizing where work takes place and when work takes place.

Responding to COVID-19 Pandemic

At EABL, our top priority has been to safeguard the health and well-being of the employees during these unprecedented times of the COVID-19 pandemic, while taking necessary action to protect our business and to support our partners and communities around us.

We responded to the pandemic in our markets through the cross-functional teams (CFTs), supported by local crisis management teams tracking the welfare of employees through various projects and best practice protocols aligned with government strategies and our people's safety and well-being. We continued implementing safety protocols which included: having all employees who were able to do so working remotely, and heightened sanitation measures and restrictions on movement within our production and warehousing sites.

Over the past year, we have supported our front-line supply and commercial teams with Personal Protective Equipment (PPE), while at the same time conducting virtual trainings on wellness to help us cope with these difficult times. Our mission-based culture driven by cross-functional teams has been a standout feature in managing this crisis robustly and holistically.

We designed Return to Work site procedures for anyone entering EABL sites to ensure that a safe return to work was implemented in line with government guidelines while ensuring an environment that supports our employees' well-being and safety as the primary concern. Key focus has been to ensure safety and hygiene at work is ongoing, to lay out protocols on elevated hygiene and social distancing measures in our workplaces.

As the coronavirus outbreak continues around the world, our focus remained firmly on the well-being of our employees and we have remained committed to providing policies and global applicable benefits to increase emotional support to our employees and their families through the uncertain times. These benefits included:

Employee Assistant Programmes (EAPs) - EAPs provide key support including free 24-hour confidential counselling and advice for employees and their immediate family members. They cover a broad range of topics that are personal and/or work-related. In addition, Uganda instituted a COVID Care Management programme for staff and their dependents.

Bereavement Leave - employees are supported to step away from work and take time to mourn a loved one. Every employee has access to bereavement leave upon the loss of an immediate family member.

Life Insurance – It ensures that the employee's loved ones or other named beneficiaries are provided with a financial payment in the event of loss of life of the employee.

> **"Over the past year, we have supported our front-line supply and commercial teams with Personal Protective Equipment (PPE), while at the same time conducting virtual trainings on wellness to help us cope with these difficult times.**

In addition to the above benefits, there has been a wide range of webinars, information and other learning materials through My Learning Hub that are designed to support employees on wellness and change.

Flex Philosophy

In response to the increasing demand to have flexible working arrangements accelerated by COVID-19, EABL adopted The Flex philosophy which embeds a mindset that underpins the Diageo Culture, one where we have highly engaged and high performance teams working towards our Performance ambition. The Flex philosophy enables our people to own how they'll create their best work and deliver high performance, provide agility, and enable productivity for our business today, tomorrow and in the future.

The Flex philosophy provides a set of guiding principles around ad hoc flexibility that optimizes where work takes place and when work takes place. Flex working may be one-off, short term, regular or intermittent.

Employer Brand

Driving business performance and employee immersion sits at the core of our mission. Our refreshed performance ambition calls for us to create an enabling environment that spurs employee engagement. In order to achieve this, we have created forums to immerse the whole organisation into strategy and mission through quarterly: Extended Leadership staff engagements, Emerging Leaders sessions and All staff Engagement sessions, to cascade business priorities, rally organisation energy to deliver business priorities while working with various brands and messages displayed on screen savers to reinforce the message.

Our People and Culture

In alignment with our people strategy, we reimagined our approach to growing talent by deploying cross-functional teams through the launch of Opportunity Market place as a way of encouraging learning from each other, faster and better decision making, agility and responsiveness to changing consumer needs while leveraging insights to unlock innovation at scale across our business.

In addition, we have enhanced our employee advocacy by seeing more content being posted by our employee-base on LinkedIn by sharing their Diageo story. Over 95% of graduates and new joiners have shared their Diageo story using a Graphic Interchange Format (GIF) whilst showcasing Diageo's investment in talent to a wider pool of connections.

Diversity is in our DNA

EABL is a diverse business and we believe it is important for our future success that our workforce reflects the parts of the world in which we operate. This clearly includes having women in leadership positions. We are currently at 36% female representation at Leadership level across EABL. In January 2021, Mrs. Jane Karuku became the first female EABL Group MD.

There has been marked progress in this agenda, a deliberate journey intrinsic in our culture of diversity. EABL's intention is to ensure diversity is sustained in the leadership roles. All members of our Executive Committee are individually responsible for helping EABL realize its society 2030 goals.

We believe the importance of role models should never be overlooked. We make sure our female leaders through our Spirited Women network and Ceiling Shatters network are highly visible, with a platform to share their career stories with candor, whether that is at panel discussions, awards or coaching and mentoring events.

In Uganda, the team launched Girls 4 Girls mentorship program that saw the graduation of 98 of our female talent and Launch of Legends as an employee advocacy group for the male population.

We have partnered with local partners to conduct site accessibility audit to pave the way for recruiting Persons with Disability.

Building an Inclusive and Diverse Culture

Celebrating our inclusive and diverse culture is core to EABL's purpose of "celebrating life every day everywhere". This purpose is

> **"EABL is a diverse business and we believe it is important for our future success that our workforce reflects the parts of the world in which we operate.**

inclusive in nature, as it values everybody irrespective of background, religion, sexuality, or ethnicity. We have been making a lot of progress over the last few years in this area and increasingly our employees feeling really proud of the impact we are having not only inside the organisation, but also externally.

In a recent Your Voice survey, 93% of our employees at EABL are engaged and feel that they can be themselves regardless of their diverse backgrounds.

As part of our inclusion and diversity agenda, we have designed policies and targets on recruitment that support gender parity in recruitment, developing and retaining our employees. The policies also govern workplace practices on human rights and dignity.

We know that for our business to thrive and for EABL to realize its ambition, we depend on having diverse talent with a range of backgrounds, skills and capabilities in each of the countries in which we operate and to reflect our broad consumer base. We view diversity as one of the key enablers that help our business grow.

To effectively sustain the various aspects of inclusion and diversity, we have embedded pipeline programmes accelerated towards achievement and sustainability of gender diversity.

> **"Over the past five years, we have witnessed an annual growth in gender diversity. We have recorded +2% increase in female population year on year across all our EABL markets.**

Gender Diversity

Achieving gender equality and empowerment is a key focus area for us and ties in with United Nations Sustainable Development Goal 5 on empowering women and girls. To this end, we have put in place measures and frameworks to ensure that we align our business to meet this target.

Across EABL, we are particularly proud that we are focused on achieving greater diversity at the most senior level. Our ambition continues with an intent to have our senior leadership team at 50% by 2025.

We don't only focus on our leaders within the business; all our graduate programmes and our midcareer development programmes ensure they have an equal intake of women and men to attract, retain and grow the best talent.

Over the past five years, we have witnessed an annual growth in gender diversity. We have recorded +2% increase in female population year on year across all our EABL markets. We continue to deliver shifts in gender diversity

whilst building out our focus in broader areas of diversity, including disability and ethnicity.

In F21 we focused on gender diversity in our supply and manufacturing sites through programs such as STEM, Apprenticeship and Graduate programs. We have had more women progressing into senior Leadership roles across other functions in General management, Finance, Supply and Commercial. Through these initiatives, we surpassed our FY21 target of 3% increase in female hires, closing at 7.4%.

Gender diversity has gone beyond our employees and into our partners and suppliers. For example, in marketing, through our brands we have signed up female directors to work with us in advertising and leading the way to shape progressive portrayal in our advertising.

Today, 100% of our Cube Spirits Line in Tanzania is female and in Uganda, 75% of the production team in Line 5 is female.

Science, Technology, Engineering, Mathematics (STEM) Programme

To be more deliberate in our commitment to build a more diverse and inclusive environment across our business, EABL recently launched an apprenticeship programme for female university students taking courses in Science, Technology, Engineering and Mathematics (STEM) to give them a learning opportunity across East Africa.

The STEM apprentice programme has been deployed at scale across our business in Kenya, Uganda and Tanzania with a broader strategic intent of improving female diversity year on year within our supply chain function.

In F21 we have enrolled 35 women into the STEM programmes through apprenticeships across Kenya, Uganda and Tanzania.

UBL STEM team

KBL STEM Team

Commercial Graduate Trainee Programme

In May 2021, we launched a commercial graduate programme aimed at accelerating growth of women in commercial and increase female representation from the current 33% to 50% by the year 2025. The programme is also aimed at creating a pipeline of future commercial leaders within our business.

We have on-boarded 10 female commercial graduates in Kenya and seven in Uganda. We intend to accelerate this program in Tanzania in F22 as part of our strategic intent at improving female diversity across EABL.

KBL Commercial graduate trainees

UBL Commercial graduate trainees/CGT

Compliance and Risk Management

DOING BUSINESS, THE RIGHT WAY FROM GRAIN TO GLASS

Doing the right thing in the right way is the foundation of our business. That means embedding Business Integrity into the way we work, every day, everywhere. We remain deeply committed to operating in the right way in everything we do. Compliance and conducting our business with integrity are non-negotiables, and our approach to risk and compliance helps us go beyond the basics to encourage the right behaviours and attitudes everywhere, every day.

EABL's Business Integrity team ensures the business complies with the Diageo global Code of Business Conduct (COBC) and applicable policies and standards. We undertake annual mandatory policy training, with an integrated Annual Certification of Compliance (ACC) for all employees, this was completed by 100% of eligible employees in 2020. Global training is delivered in an easily accessible e-learning format through My Learning Hub.

Another area of potential compliance risk is our interactions with third parties. Our Know Your Business Partner (KYBP) programme is designed to help us evaluate the risk of doing business with a third party prior to entering into a contractual relationship, as well as monitor any changes throughout our interactions. We assess all our business partners for potential compliance risks such as bribery and corruption, money laundering, tax evasion facilitation, data privacy breaches or other reputational red flags, and implement additional due diligence processes for those that pose a potentially higher risk. Central oversight is provided by our Business Integrity and Legal teams which undertake regular reviews on the effectiveness of the programme.

Breach Management

We encourage our employees, and anyone we do business with, to raise concerns about potential breaches of our code or policies. Our confidential whistle-blowing help line, SpeakUp, is available via phone or web portal, enabling anyone to report a concern. Additionally, we encourage employees to come forward to their line manager, legal, HR or risk and compliance and business integrity partners.

This year, 27 allegations of breaches were reported, a 56% decline compared to last year. The decline in reported breaches could be potentially due to COVID-19 disruption with staff out of normal duty stations and therefore unable to detect and report breaches for investigation. We will maintain vigilance as the situation starts to return to normal. We however had 21 employees dismissed across EABL for CoBC breaches, a 91% increase vis-a-vis last year.

OUR PRINCIPAL RISKS AND RISK MANAGEMENT

Risk Management Framework

Well-managed risk-taking lies at the heart of our Performance Ambition, "To create the best performing, most trusted and respected consumer products company in the region". Great risk management drives better commercial decisions, protects our assets and supports a growing, resilient and sustainable business.

Our approach

We believe that great risk management starts with the right conversations to drive better business decisions. Our focus is to identify and embed mitigation actions for material risks that could impact our current or future performance, and/or our reputation. Our approach is holistic and integrated, bringing together risk management, internal controls and business integrity, ensuring that our activities across this agenda focus on the risks that could have the greatest impact.

Accountability for managing risk is embedded into our management structures. Each market and function undertakes an annual risk assessment, establishes mitigation plans and monitors risk on a continual basis. Similarly, our Audit and Risk Committee regularly assesses risk and the Board independently reviews the assessment. This Committee met quarterly and received regular reports on the risks faced across the business and the effectiveness of the actions taken to mitigate these risks. We use internal and external data to monitor our risks and to make proactive interventions. We also establish cross-functional working groups and draw on the advice of experts where necessary to ensure significant risks are effectively managed, and where appropriate escalated to the Executive and Board for consideration.

FOCUS IN THE YEAR

We classify our risks into the following categories:

- Strategic/external
- Compliance/regulatory
- Operational
- Financial

Compliance and Risk Management

Identifying our principal risks

The Executive and Board considered the group's principal risks and reviewed our risk appetite, setting the level of tolerance we have for risks that could impact delivery of our strategic objectives. There continues to be a focus on identifying and assessing potential emerging risks. The following are the principal risks and related mitigation strategies that receive close management attention:

Risk	Impact	Mitigation
Adverse impact of COVID-19 pandemic on business operations	Our business operations and performance have been impacted by the containment measures adopted by the three governments such as closure of on-trade as they seek to mitigate the impact of the pandemic, and the resulting disruption and economic effect on our consumers, customers and suppliers.	• Activate Crisis Management Team (CMT) – led by Executive – and Business Continuity Teams (BCT) – led by Extended Leadership Team members – with regular sessions to monitor principal indicators, discuss evolving COVID-19 risks, people safety and security and business continuity measures and formulate appropriate mitigating actions (including standard operating procedures – SOPs). • Leverage available trade channels depending on circumstances (mostly off-trade channels that include supermarkets, convenience stores, cash and carry, etc.) to continue to drive sales. • Utilise e-commerce sales opportunities to deliver product directly to off-trade customers and consumers.
Supply chain disruptions and constraints	Supply chain disruptions in raw, packaging and other auxiliary materials due to the COVID-19 pandemic, climate change and supplier failure results in lost production, out of stock, lost sales opportunity, reputational damage and inability to meet business targets.	• Robust planning process that provides early warning to supplier failure without jeopardizing short term production • Adapted grain varieties to secure grain supplies.
Volatile and challenging macroeconomic environment	Generalised downturn, currency instability, inflationary pressure, fast-rising unemployment during the COVID period resulting in increased competition and continuous pressure on disposable income thereby impacting business performance. Increased government debt necessitating high taxation in turn resulting in reduced consumer purchasing power due to low disposable incomes.	• Tracking of current changes in macro-economic environment through BPM process to understand changes in overall market. • Quarterly business review meetings by the executive to evaluate the relevance of strategic pillars to the current market environment. • Development and review of the 5-year strategy which is pillared on current and future macro-economic trends. • Roll out 'Raising the Bar' to support outlets abide by COVID-19 Health protocols. • Price advocacy campaign to support affordable pricing. • Portfolio proofing through formats.

Unpredictable Legislative, Regulatory and Tax Environment	Unpredictable regulatory environment resulting in unexpected change in legislation/ government directives which can have an immediate impact on our RTC and Supply processes, material supply, COGS and general inability to achieve business targets. Frequent changes to customs duties and tariffs impacting affordability of our products.	• Engagement and lobbying with the Ministries of Finance and Tax Authorities for favourable tax regimes. • Periodic tax health checks done by tax experts. • Tax working group that meets quarterly to discuss any tax risks and mitigations.
Impact from political instability and security threats including terrorism	Security incidents (including possible terror attacks and volatile situations) pose a risk to our people, assets and business operations causing injuries/loss of life, business interruptions and direct financial loss. Business disruptions impacted by political instability.	• The business continues to monitor the political situation keenly while taking appropriate business measures to safeguard our operations. • Proactive intelligence gathering, increased surveillance, screening around and across all our facilities with additional physical security measures to enhance our detection capability and serve as additional deterrence.
Critical industry developments as consumers move away from our brands to alternative products	Growing illicit trade (counterfeit, contraband, substandard and unregulated products) and infringement of IP (intellectual property) adversely affect our business resulting in financial and reputational exposure.	• Highly diversified portfolio of brands to ensure coverage of consumer occasions, trends and price points. • Rigorous processes of strategy and innovation development at corporate and market level. • Systematic review of emerging consumer and route to consumer trends at market and brand level, including growth of disruptive digital technologies. • Market surveillance and information sharing with relevant authorities to gather actionable information pointing to illicit and contraband activity for action by the authorities.


Serebuka
ASILIMIA MIA NA
100% MALT
SERENGETI
PREMIUM LAGER
TAIFA LETU. FAHARI YETU. BIA YETU.
HAIRUHUSIWI KUSAMBAZWA AU KUUZWA KWA WALIO NA UMRI CHINI YA MIAKA 18. TAFADHALI KUNYWA KIISTAARABU.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LITE
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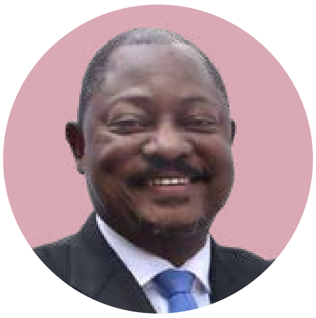
NOT TO BE SOLD TO PERSONS UNDER THE AGE OF 18. PLEASE DRINK RESPONSIBLY

Our
Leadership

Board of Directors



Dr. Martin Luke Oduor-Otieno, CBS (Age 65)

Independent Non-Executive Director and Group Chairman, Kenyan

Appointed to the Board in May, 2016 and appointed as Group Chairman in January, 2020.

Dr. Martin Luke Oduor-Otieno, CBS, was appointed as the Group Chairman of EABL on 1st January, 2020. He is also the Chairman of Kenya Breweries Limited and UDV (Kenya) Limited, both subsidiaries of EABL. He is the founder and CEO of The Leadership Group Limited, a Nairobi-based consulting firm, which is involved in facilitating board practice, leadership training as well as providing executive coaching and business advisory services. Dr. Oduor-Otieno has sat on many boards and currently holds non-executive directorships in BAT Kenya Plc, as well as Standard Bank Group. He previously worked with Deloitte East Africa as a Financial Services Partner, and with KCB Group as Chief Executive Officer among other senior private sector appointments. He has also served as Permanent Secretary, Treasury in the Government of Kenya. Dr. Oduor-Otieno holds an honorary Doctor of Business Leadership degree from KCA University, Executive MBA from ESAMI/Maastricht School of Management and Bachelor of Commerce degree from University of Nairobi. He is also an alumnus of the Harvard Business School's Advanced Management Program and a Fellow of the Kenya Institute of Bankers, Institute of Certified Public Accountants of Kenya, Institute of Directors Kenya and Institute of Certified Secretaries Kenya in addition to holding an International Coaching Federation Credential as an Associate Certified Coach.

Mr. John O'Keeffe (Age 49)

Non-Executive Director and Group Vice Chairman, Irish

Appointed to the Board in July, 2015.

Mr. John O'Keeffe is the current President, Diageo Africa. He is also a member of the Diageo Global Executive Committee and Vice Chairman of Guinness Nigeria Plc. Prior to his appointment as President, Diageo Africa, he was the Managing Director for Guinness Nigeria Plc. Mr. O'Keeffe has worked at Diageo for 26 years, during which period, he has gained a wealth of experience across both emerging and developed markets namely Ireland, Jamaica, Sweden, Greece and Russia. Mr. O'Keeffe holds a Bachelor of Commerce (Hons) (Economics and Marketing) Degree from University College Cork, Ireland.

Mrs. Jane Karuku, MGH (Age 59)

Executive Director, Group Managing Director and CEO, Kenyan

Appointed to the Board in September 2013.

Ms. Jane Karuku is the Group Managing Director and CEO of EABL having been appointed on 1st January, 2021. Previously she was the Managing Director of Kenya Breweries Limited (KBL) since July 2015. She is a dynamic business leader, with strong management experience spanning over 20 years in FMCG and Non-Governmental organisations. Prior to her appointment to KBL, she was the President of Alliance for a Green Revolution in Africa (AGRA). She has also previously held a number of senior positions in various companies including Deputy Chief Executive and Secretary General, Telkom Kenya and Managing Director, Cadbury East and Central Africa. Prior to that Ms. Karuku worked with Farmers Choice Kenya and Kenya Cooperative Creameries. She has been a member of the board of Barclays Bank of Kenya and Junior Achievement-Kenya. She is currently the Chairperson of the Kenya Covid-19 Fund, Chairperson of Kenya's Vision 2030 Board, a Trustee at the United States International University (USIU) and is a board member at Kenya Association of Manufacturers. Ms. Karuku holds a Bachelor of Science Degree in Food Science and Technology from the University of Nairobi and an MBA in Marketing from the National University of California.

Mr. Japheth Katto (Age 70)

Independent Non-Executive Director, Ugandan

Appointed to the Board in February, 2014.

Mr. Japheth Katto is a consultant in corporate governance and financial services regulation. He was the first CEO of Uganda's Capital Markets Authority from 1998 until 2013. Mr. Katto has a wealth of experience in both the private and public sectors having held various accounting, auditing, insolvency, companies' investigation and financial services regulation roles in East Africa and the UK. He is the Board Chairman of Stanbic Uganda Holdings Limited and Uganda Breweries Limited. He is an adjunct faculty at Strathmore University Business School. Further, he was a member of the Global Council of the Association of Chartered Certified Accountants (ACCA) and sat on the boards of the New York based International Federation of Accountants, Duke of Edinburgh International Award Uganda and Junior Achievement Uganda. Mr. Katto has previously held key public appointments in Uganda including commissioner on the Judicial Commission of Enquiry into the Closure of Banks and Council member of Africa Peer Review Mechanism. He is a Makerere University B.Com graduate, Fellow of ACCA, member of CPA Uganda and a Certified Corporate Governance trainer.

Mr. John Ulanga (Age 50)

Independent Non-Executive Director, Tanzanian

Appointed to the Board in June, 2019.

Mr. John Ulanga is currently the Country Director for Trade Mark East Africa. Prior to this, he served as the Vice President, External Affairs and Sustainability for BG Group, a world leader in oil and gas exploration in East Africa. He is a seasoned director and sits on several boards and is currently the Chairman of the University Council of the Hubert Kairuki Memorial University, Dar es Salaam, the Chairman of the Board of Directors of Tanzania Financial Services for the Underserved Settlements (TAFSUS), an initiative to upgrade slums and underserved settlements in Tanzania, as well as the Chairman of the Board of Directors of KCB Bank Tanzania Limited. He holds other non-executive directorship roles as a Director of Mwananchi Communications Limited (publishers of The Citizen, Mwananchi and Mwanaspoti Newspapers), Mr. Ulanga is also a Member of the Africa Policy Advisory Board ONE Campaign (www. one.org), a Fellow of the African Leadership Initiative, East Africa and the Aspen Global Leadership Network of the Aspen Institute in Colorado, USA.

Ms. Carol Musyoka (Age 49)

Independent Non-Executive Director

Appointed to the Board in September, 2015.

Ms. Carol Musyoka is a lawyer, business executive and entrepreneur, and is the founder and Chief Executive Officer of Carol Musyoka Consulting Limited. She currently provides consulting and knowledge partnerships for various local and international institutions specifically in the areas of leadership and corporate governance, aimed at improving board performance. She was previously an Executive Director at Barclays Bank of Kenya Limited holding the position of Corporate Director. She currently holds Non-Executive directorships in BAT Kenya plc. She also chairs the Business Registration Services, a parastatal under the Office of the Attorney General and is adjunct faculty at the Strathmore University Business School.

Board of Directors

Mr. Jimmy Mugerwa, (Age 56)

Independent Non-Executive Director, Ugandan

Appointed to the Board in July, 2018.

Mr. Jimmy Mugerwa is an experienced business executive leader with a distinguished 27-year career in the oil and gas industry, both upstream and downstream. Until recently, Jimmy worked with Tullow Oil PLC as the Group Africa advisor and was the Managing Director for Tullow Uganda Operations Ltd for eight years. Prior to this, he worked for 19 years for Royal Dutch Shell where he held various senior executive roles including Senior Regional Advisor for Sub Saharan Africa; Africa Retail Marketing Manager; General Manager for Sales and Operations Shell East Africa/ Country Chair for Kenya Shell as well as directorship roles in several boards for the Shell companies across East Africa. He currently serves as the Chairman of the DFCU Bank Board and holds leadership roles on various boards including non-profit organisations. Until December 2019, Jimmy chaired the Presidential Investor round table for Oil and Gas for four years. He was a co-founder chair, together with the late Professor Wangari Maathai, of the Karura Forest Environmental Education Trust. He is also a former Chairman of the Managing Committee of Starehe Boys Centre. Jimmy holds a B.Sc. (Agric) from Makerere University and an M.Sc. degree from the University of Wales. He also holds the Financial Times Non-Executive Director Post-Graduate Diploma, holds several certificates in Oil and Gas and is an alumni of the Executive Business Leadership Programme at IMD in Lausanne, Switzerland.

Mr. Leo Breen (Age 55)

Non-Executive Director, British

Appointed to the Board in January 2020

Mr. Leo Breen is the Finance Director, Diageo Africa, a role he has held since 2017. He has over 25 years of experience with the Diageo Group and has overseen Finance operations for Diageo businesses in over 40 countries across Europe, Asia and Africa. He is an influential executive with a track record of driving business growth both in major markets and emerging markets. Mr. Breen has a BA Hons in Philosophy from the University of Newcastle Upon Tyne and is a CIMA qualified accountant from the Chartered Institute of Management Accountants.

Ms. Risper Ohaga (Age 45)

Executive Director and Group Chief Financial Officer, Kenyan

Appointed to the Board in May 2020.

Ms. Risper Ohaga is the EABL, Group Chief Financial Officer. She is a seasoned finance professional with over 20 years' experience and is a seasoned Board member. Ms. Ohaga joined EABL in February 2020, from the Absa Group (previously Barclays Africa Group) where she held various senior roles across several African markets with the most recent posting being Finance Director of Absa Bank Zambia Plc. Prior to that, she held the role of Managing Director for Internal Audit based in Johannesburg. She has extensive regional experience in tax and regulatory matters, strategy, risk management and corporate finance, having started her career in KPMG Kenya. She is a CPA (Kenya) and holds a BCom (Hons) in Accounting from The University of Nairobi.

Ms. Ory Okolloh, (Age 44)

Independent Non- Executive Director, Kenyan

Appointed to the Board in October, 2020.

Ms. Ory Okolloh was appointed an Independent Non-Executive Director of the Company with effect from 16th October 2020. Ory has previously been the Managing Director, Omidyar Network and Luminate Group in Africa. She serves on the Board of several organisations including the Thomson Reuters Founders Share Company and Harvard University's Centre for African Studies.

She has previously worked with Google as the Policy and Strategy Manager for Africa where she was credited for leading several groundbreaking efforts around access, local content and regulatory reforms. Ory holds a Bachelor of Arts (Political Science) degree from the University of Pittsburgh and a Juris Doctor (J.D.) from Harvard Law School.

Mr. Dayalan Nayager (Age 40)

Non-Executive Director, South African

Appointed to the Board in March, 2021.

Mr. Dayalan Nayager is the Managing Director for Diageo Great Britain. In this role he is responsible for Diageo's home market. Diageo is the world's leading premium drinks business operating in 180 countries with a collection of over 400 brands including Johnnie Walker, Smirnoff, Captain Morgan, Tanqueray and Guinness. Dayalan is based in London and is a member of the Diageo Europe Executive team.

Prior to this role, Mr. Nayager was Managing Director for Diageo Travel Retail, one of the company's key markets. During his time in Global Travel he transformed business delivery, developed a high performing cross-functional team and embarked on an ambitious strategy that successfully grew Diageo's travel retail business. Before joining the Global Travel business, Mr. Nayager was Commercial Director of Brandhouse in Diageo South Africa where he delivered strong performance and deepened customer partnerships.

Mr. Nayager has extensive experience in the consumer-packaged goods industry, having previously held leadership roles across Commercial, Supply Chain, R&D and Marketing for Mars and Heinz. He is passionate about developing strong talent and is known for his ability to implement a structured and disciplined approach that drives stronger performance and sustainable growth.

Mr. Nayager holds a Bachelor of commerce in Marketing from the University of KwaZulu-Natal, a Bachelor of Commerce in Business Management from the University of South Africa and an MBA from the University of Oxford.

Ms. Kathryne Maundu, (Age 43)

Group Company Secretary, Kenyan

Appointed Group Company Secretary in March 2020.

Ms. Kathryne Maundu is a Partner at Stamford Corporate Services LLP, part of Bowmans in Kenya. She is an expert in Corporate Governance within the East Africa region and has been instrumental in advising leading corporates in the public and private sector, over the last 15 years. Ms. Kathryne is recognised as a leader and mentor in society and has been named as a Top 40 under 40 Women in Kenya; she is a member of the Women on Boards Network, Women Corporate Directors (Kenya Chapter) amongst other accolades. Ms. Kathryne is an Advocate of the High Court of Kenya, a member of the Law Society of Kenya, a registered Certified Public Secretary and an Accredited Governance Auditor with the Institute of Certified Secretaries of Kenya.

Mr. Andrew Cowan (Age 54)

Group Managing Director and CEO,

Resigned from the Board in March 2021.

Mr. Andrew Cowan is an established business leader, with a wide range of commercial and strategic management experience spanning over 20 years in the FMCG sector. Prior to this appointment, he led Diageo Great Britain (GB). Mr. Cowan's experience straddles corporate leadership, strategy development, operational management as well as sales and marketing. Andrew joined Diageo in 2008 as Commercial Director for Northern Ireland and was appointed to the role of Commercial Director in the Republic of Ireland a year later. He returned to GB in 2011 and led the Diageo GB business until his appointment to EABL. Mr. Cowan resigned from the Board in December 2020 to take up a new role within Diageo.

Senior Management

Mrs. Jane Karuku, MGH
Group Managing Director & Chief Executive Officer

Ms. Risper Ohaga
Group Chief Financial Officer

Mr. Colin O'Brien
Global Supply Operational Excellence and EABL Supply Chain Director

Ms. Ednah Otieno
Outgoing Group Human Resources Director

Mr. Mark Ocitti
Serengeti Breweries Limited Managing Director

Mr. Alvin Mbugua
Outgoing Uganda Breweries Limited Managing Director

Mr. John Musunga
Kenya Breweries Limited Managing Director

Mr. Eric Kiniti
Group Corporate Relations Director

Mr. Nadida Rowlands
Group Legal Director

Mr. Graham Villiers-Tuthill
Group Marketing and Innovations Director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NOTICE AND AGENDA OF THE 2021 ANNUAL GENERAL MEETING

TO ALL SHAREHOLDERS

NOTICE is hereby given that the Ninety-Ninth Annual General Meeting of East African Breweries Limited will be held via electronic communication on Tuesday, 14th September 2021 at 11:00 a.m. East Africa Time (GMT+3) to conduct the following business: -

ORDINARY BUSINESS:

1) To receive, consider and if thought fit, adopt the Annual Report and Audited Financial Statements for the year ended 30th June 2021 together with the Directors Report and Auditors' Reports thereon.

2) Dividend

To note that the Directors do not recommend a dividend for the Financial Year ended 30th June 2021.

3) Election of Directors:

a) Japheth Katto retires in accordance with Clause 2.5 of the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, Special notice is hereby given pursuant to Section 287 of the Companies Act, 2015, that notice has been received, of the intention to propose the following Resolution as an Ordinary Resolution at the 2021 Annual General Meeting:-

'That Japheth Katto who has attained the age of 70 years, be and is hereby re-elected a Director of the Company.'

b) Ory Okolloh was appointed during the financial year to fill a casual vacancy on the Board. She retires in accordance with the provisions of Article 116 of the Company's Articles of Association, and being eligible, offers herself for re-election.

c) Dayalan Nayager was appointed during the financial year to fill a casual vacancy on the Board. He retires in accordance with the provisions of Article 116 of the Company's Articles of Association, and being eligible, offers himself for re-election.

d) Martin Oduor-Otieno retires by rotation in accordance with the provisions of Article 117 of the Company's Articles of Association, and being eligible, offers himself for re-election.

e) John Ulanga retires by rotation in accordance with the provisions of Article 117 of the Company's Articles of Association, and being eligible, offers himself for re-election.

4) In accordance with the provisions of Section 769 of the Companies Act 2015, the following Directors being members of the Board Audit & Risk Management Committee, be elected to continue serving as members of the said Committee:

a) John Ulanga
b) Japheth Katto
c) Jimmy Mugerwa
d) Leo Breen
e) Ory Okolloh

5) To receive, consider and if thought fit approve the Directors' Remuneration Report and the remuneration paid to the Directors for the year ended 30th June 2021.

6) To re-appoint PricewaterhouseCoopers (PwC) LLP as Auditors of the Company in accordance with the provisions of Section 721(2) of the Companies Act, 2015 and to authorize the Board to fix their remuneration for the ensuing financial year.

7) To consider any other business of which due notice has been given.

SPECIAL BUSINESS:

8) Change of Company Name

To consider and if thought fit to pass the following resolution as a special resolution, as recommended by the Directors: -

"That the name of the Company be and is hereby changed from 'East African Breweries Limited' to 'East African Breweries Plc' in compliance with Section 53 of the Companies Act, 2015 and with effect from the date set out in the Certificate of Change of Name issued in that regards by the Registrar of Companies".

BY ORDER OF THE BOARD

KATHRYNE MAUNDU
COMPANY SECRETARY

Date: 17th August 2021

NOTES:

1) In view of the ongoing Coronavirus 2019 pandemic (COVID-19) and the related Public Health Regulations and directives passed by the Government of Kenya precluding inter alia public gatherings, East African Breweries Limited will hold the Ninety-Ninth Annual General Meeting (AGM) virtually, and in the manner prescribed in its Articles of Association.

2) East African Breweries Limited has convened and is conducting this Annual General Meeting virtually, via electronic means, in line with the provisions of the Company's Articles of Association.

3) Shareholders wishing to participate in the AGM should register by doing the following: -

a) Dialing *483*812# for all Kenyan telephone networks, *284*34# for Ugandan telephone networks, or *149*46*9# for Tanzania networks, *801*30# for Rwanda networks and *120*6210*10# for South Africa networks and following the various registration prompts; or

b) Send an email request to be registered to eabl.agm@eabl.com; or

c) Shareholders with email addresses will receive a registration link via email which they can use to register.

In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance, shareholders should dial the following helpline number: (+254) 709 170 041 from 8:00 a.m. to 5:00 p.m. from Monday to Friday. Any shareholder outside Kenya should dial the helpline number to be assisted to register or send their details to eabl.agm@eabl.com.

4) Registration for the AGM opens on Wednesday, 18 August 2021 at 11:00 am East Africa Time (GMT+3) and will close on Sunday, 12 September 2021 at 11:00 am East Africa Time (GMT+3).

5) In accordance with Section 180 of the Company's Articles of Association, the following documents may be viewed on the Company's website www.eabl.com

(i) a copy of this Notice and the proxy form;

(ii) the Company's Audited Financial Statements for the year ended 30th June 2021.

The Condensed Audited Financial Statements for the year ended 30th June 2021 have been published with this Notice.

The reports may also be accessed upon request by dialing the USSD code above and selecting the Reports option. The reports and agenda can also be accessed on the livestream link.

6) Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:

a) Sending their written questions by email to eabl.agm@eabl.com; or

b) Shareholders who will have registered to participate in the meeting shall be able to ask questions via SMS by dialing the USSD code above and selecting the option (ask Question) on the prompts; or

c) Visiting www.eabl.com and accessing the 2021 AGM page where you can log a question directly on the webpage; and

d) In the event that the above is not possible, written questions should be physically delivered with a return physical address or email address to the registered office of the Company at EABL Bustani Office, 5th Floor, Garden City Business Park, Block A, Garden City Road, off Exit 7 Thika Superhighway, Ruaraka, Nairobi. Kindly note that strict COVID-19 protocols will be observed at our offices, which includes the opening of physical letters after 48 hours of receipt.

Shareholders must provide their full details (full names, ID/Passport Number/CDSC Account Number) when submitting their questions and clarifications.

Any questions and clarifications must reach the Company on or before Sunday, 12 September 2021 at 11:00 am. Limited questions will be responded to during the Annual General Meeting.

Following receipt of the questions and clarifications, the directors of the Company shall provide written responses to the questions received to the return physical address or email address provided by the Shareholder no later than 12 hours before the start of the Annual General Meeting. A full list of all questions received, and the answers thereto will be published on the Company's website not later than 12 hours before the start of the Annual General Meeting.

7) In accordance with Section 298 (1) of the Companies Act, 2015 shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf.

A proxy need not be a member of the Company. If the Proxy appointed is not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone.

A proxy form is available on the Company's website via this link: www.eabl.com. Physical copies of the proxy form are also available at the Company Office Headquarters, situated at EABL Bustani Office, 5th Floor, Garden City Business Park, Block A, Garden City Road, off Exit 7 Thika Superhighway, Ruaraka, Nairobi or from Image Registrars Limited offices, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street.

A proxy must be signed by the appointor or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy 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 eabl.agm@eabl.com or delivered to Image

Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287 – 00100 GPO, Nairobi, so as to be received not later than 48 hours before the time of holding the meeting i.e. Sunday, 12 September, 2021 at 11:00 a.m. Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than Sunday, 12 September 2021 at 11:00 a.m. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than Sunday, 12 September 2021 to allow time to address any issues.

8) The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hour's time and providing a link to the live stream.

9) Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform and may access the agenda. Duly registered shareholders and proxies may vote when prompted by the Chairman.

10) A poll shall be conducted for all the resolutions put forward in the notice.

11) Results of the poll shall be published within 48 hours following conclusion of the AGM, in two newspapers of national circulation and on the Company's website.

12) Shareholders are encouraged to continuously monitor the Company's website www.eabl.com for updates relating to the AGM. Please report any challenges or issues that you may face to us immediately for quick resolution using the email address eabl.agm@eabl.com or our helpline (+254) 709 170 000 from 8:00 a.m. to 5:00 p.m. from Monday to Friday.

13) The Company offices are open during normal business hours on any weekday (Saturday, Sunday and Kenya public holidays excluded), unless closed for any other legal or legitimate reason. Unless stated otherwise, all timings quoted in this notice are East Africa Time (GMT+3).

ILANI NA AJENDA YA MKUTANO MKUU WA KILA MWAKA

KWA WENYEHISA WOTE

ILANI inatolewa hapa kwamba Mkutano Mkuu wa Kila Mwaka wa Tisini na Tisa wa East African Breweries Limited utafanyika kwa njia ya mawasiliano ya kielektroniki mnamo Jumanne, 14 Septemba, 2021 saa 11:00 a.m. (tano asubuhi) saa za Afrika Mashariki (GMT+3), kutekeleza shughuli zifuatazo: -

SHUGHULI ZA KAWAIDA:

1) Kupokea, kutathmini na iwapo itakubalika, kuidhinisha Ripoti ya Kila Mwaka na Taarifa za Kifedha Zilizokaguliwa za mwaka uliokamilika 30 Juni 2021 pamoja na ripoti ya Wakurugenzi na Ripoti ya Mkaguzi wa hesabu zilizomo kwenye ripoti hiyo.
2) Mgawo wa faida

   Kutambua kwamba Wakurugenzi hawapendekezi kulipwa kwa mgawo wowote wa mwisho wa faida kwa Mwaka wa Kifedha uliokamilika 30 Juni 2021.

3) Kuchaguliwa kwa Wakurugenzi:

a) Japheth Katto anastaafu kuambatana na Kifungu 2.5 cha Maadili ya Utawala katika Mashirika Yaliyotoa Hisa na Hati za Dhamana kwa Umma ya mwaka 2015. Ilani maalum inatolewa hapa kwamba kuambatana na Kifungu 287 cha Sheria za Kampuni za Kenya za mwaka 2015, kwamba ilani imepokelewa, kwa madhumuni ya kupendekeza azimio lifuatalo kama Azimio la Kawaida katika Mkutano Mkuu wa Kila Mwaka wa 2021:-

   'Kwamba Japheth Katto aliyetimiza miaka 70, awe na hapa anachaguliwa tena kuwa Mkurugenzi katika Kampuni.'

b) Ory Okolloh aliteuliwa wakati wa mwaka huo wa kifedha kujaza nafasi iliyokuwa imetokea kwenye Bodi. Anastaafu kuambatana na Kifungu 116 cha Sheria za Kuundwa kwa Kampuni, na, kwa kuwa amehitimu, anajiwasilisha kuomba kuchaguliwa tena.

c) Dayalan Nayager aliteuliwa wakati wa mwaka huo wa kifedha kujaza nafasi iliyokuwa imetokea kwenye Bodi. Anastaafu kuambatana na Kifungu 116 cha Sheria za Kuundwa kwa Kampuni, na, kwa kuwa amehitimu, anajiwasilisha kuomba kuchaguliwa tena.

d) Martin Oduor-Otieno anastaafu kwa mzunguko kuambatana na Kifungu 117 cha Sheria za Kuundwa kwa Kampuni, na, kwa kuwa amehitimu, anajiwasilisha kuomba kuchaguliwa tena.

e) John Ulanga anastaafu kwa mzunguko kuambatana na Kifungu 117 cha Sheria za Kuundwa kwa Kampuni, na, kwa kuwa amehitimu, anajiwasilisha kuomba kuchaguliwa tena.

4) Kwa mujibu wa maelezo katika Kifungu 769 cha Sheria za Kampuni, 2015, Wakurugenzi wafuatao, ambao ni wanachama wa Kamati ya Ukaguzi wa Hesabu & Usimamisi wa Hatari, wachaguliwe kuendelea kuhudumu kama wanachama wa Kamati hiyo:

a) John Ulanga
b) Japheth Katto
c) Jimmy Mugerwa
d) Leo Breen
e) Ory Okolloh

5) Kupokea, kutathmini na iwapo itakubalika, kuidhinisha Ripoti ya Malipo ya Wakurugenzi kwa mwaka uliomalizika 30 Juni 2021.
6) Kuwateua tena PricewaterhouseCoopers (PwC) LLP kuwa Wakaguzi wa Hesabu wa Kampuni kwa mujibu wa Kifungu 721(2) cha Sheria za Kampuni , 2015 na kuwapa idhini Wakurugenzi wa Bodi kuamua malipo yao kwa mwaka wa kifedha unaofuata.
7) Kutekeleza shughuli nyingine yoyote ile ambayo ilani yake itakuwa imepokelewa ifaavyo.

SHUGHULI MAALUM

8. Kubadilishwa kwa jina la Kampuni

Kujadili na iwapo itakubalika, kuidhinisha azimio lifuatalo kama Azimio Maalum, kama ilivyopendekezwa na Wakurugenzi: -

"Kwamba jina la Kampuni liwe na limebadilishwa kutoka kuwa "East African Breweries Limited" na kuwa "East African Breweries plc" kwa kufuata Kifungu 53 cha Sheria za Kampuni, 2015 na hili litatekelezwa kuanzia tarehe iliyoandikwa kwenye Cheti cha Kubadilishwa kwa Jina kilichotolewa kuhusiana na hili na Msajili wa Kampuni".

KWA AGIZO LA BODI

KATHRYNE MAUNDU (BI)
KATIBU WA KAMPUNI

Tarehe: 17 Agosti 2021

ILANI NA AJENDA YA MKUTANO MKUU WA KILA MWAKA

MAELEZO:

1) Kutokana na mlipuko unaoendelea wa Virusi vya Corona (COVID-19) na kanuni na maagizo ya Afya ya Umma ambayo yamepitishwa na Serikali ya Kenya ambapo miongoni mwa mengine mikusanyiko ya watu imepigwa marufuku, haiwezekani, East African Breweries Limited itaandaa Mkutano Mkuu wa Kila Mwaka (AGM) wa Tisini na Tisa kwa njia ya mtandao, kwa namna ambavyo imeelezwa kwenye Sheria za Kuundwa kwa Kampuni.

2) East African Breweries Limited imeitisha na itaandaa mkutano huu mkuu wa kila mwaka, kwa njia ya kielektroniki, kuambatana na Sheria za Kuundwa kwa Kampuni.

3) Wenyehisa ambao wangependa kushiriki katika mkutano huu wa AGM wanafaa kujisajili kwa kufanya yafuatayo:-

a) Kupiga simu *483*812# kwa mitandao yote ya simu Kenya, *284*34# kwa mitandao ya simu ya Uganda, au *149*46*9# kwa mitandao ya Tanzania, *801*30# kwa mitandao ya Rwanda na *120*6210*10# kwa mitandao ya Afrika Kusini na kufuata maelezo mbalimbali ya usajili yatakayotolewa; au

b) Kutuma ombi la kusajiliwa kwa njia ya barua pepe kwa eabl.agm@eabl.com; au

c) Wenyehisa waliowasilisha anwani za barua pepe watapokea kiunganisho au link cha kujisajili kupitia barua pepe ambacho wanaweza kukitumia kujisajili.

Ili kukamilisha shughuli hiyo ya kujisajili, wenyehisa watahitajika kuwa na nambari ya kitambulisho/pasipoti waliyoitumia kununua hisa zao na/au nambari ya akaunti ya CDSC. Kwa usaidizi, wenyehisa wanafaa kupiga nambari hii ya simu ya msaada: (+254) 709 170 041 kati ya saa mbili asubuhi (8:00 a.m.) na saa kumi na moja jioni (5:00 p.m.) kuanzia Jumatatu hadi Ijumaa. Mwenyehisa yeyote aliye nje ya Kenya anafaa kupiga simu hiyo ya msaada ili kusaidiwa kujiandikisha au atume maelezo kwa eabl.agm@eabl.com.

4) Shughuli ya kujisajili kwa ajili ya AGM itaanza mnamo Jumatano, 18 Agosti 2021 saa tano asubuhi (11:00 a.m.) saa za Afrika Mashariki (GMT+3) na kufungwa Jumapili tarehe 12 Septemba, 2021 saa tano asubuhi (11:00 a.m.) saa za Afrika Mashariki (GMT+3).

5) Kuambatana na Kifungu 180 cha Sheria za Kampuni, stakabadhi zifuatazo zinaweza kutazamwa kwenye tovuti ya Kampuni katika www.eabl.com

(i) nakala ya Ilani hii na fomu ya uwakilishi;

(ii) (ii) taarifa za kifedha za Kampuni zilizokaguliwa za mwaka uliokamilika 30 Juni 2021.

Nakala ya ufupisho wa Taarifa za Kifedha za mwaka uliomalizika 30 Julai 2021 imechapishwa pamoja na Ilani hii.

Ripoti hizi zinaweza pia kupatikana kwa kupiga simu nambari ya USSD iliyotolewa hapa juu na kuchagua kiungo cha ripoti. Ripoti na ajenda zinaweza pia kupatikana kwenye kiunganisho cha kupeperusha mkutano moja kwa moja.

6) Wenyehisa wenye nia ya kuuliza maswali au ufafanuzi kuhusu AGM hii wanaweza kufanya hivyo kwa:

a) Kutuma maswali yao kwa maandishi kama barua pepe kwa eabl.agm@eabl.com; au

b) Wenyehisa ambao watakuwa wamejiandikisha kuhudhuria mkutano huu wataweza kuuliza maswali kupitia SMS kwa kupiga nambari ya ujumbe (USSD) iliyoorodheshwa hapa juu na kuchagua sehemu ya (uliza Swali) kwenye yale yatakayojitokeza; au

c) Kutembelea www.eabl.com na kufika kwenye ukurasa wa 2021 AGM ambapo unaweza kutuma swali moja kwa moja kupitia ukurasa huo wa mtandao; na

d) Iwapo hayo hayatawezekana, kuwasilisha maswali hayo yakiwa kwa njia ya maandishi na yakiwa na anwani au barua pepe ya kupokelewa majibu kwa afisi zilizosajiliwa za Kampuni katika EABL Bustani Office, Ghorofa ya 5, Garden City Business Park, Jumba A, Barabara ya Garden City, ukitumia Exit 7 katika Barabara Kuu ya Thika, Ruaraka, Nairobi. Tafadhali, fahamu kuwa masharti ya kuzuia COVID-19 yatafuatwa kikamilifu katika afisi zetu, ambapo ni pamoja na barua kufunguliwa tu saa 48 baada ya kupokelewa.

Wenyehisa ni sharti waandike maelezo kamili kuwahusu (majina kamili, Nambari ya Kitambulisho/Nambari ya Pasipoti/Nambari ya Akaunti ya CDSC) wanapowasilisha maswali yao au maombi ya ufafanuzi.

Maswali yote na maombi ya ufafanuzi yanafaa kuifikia Kampuni mnamo au kabla ya Jumapili, 12 Septemba, 2021 saa tano asubuhi (11.00 a.m.). Baadhi ya maswali yatajibiwa wakati wa Mkutano Mkuu wa Kila Mwaka.

Baada ya kupokelewa kwa maswali yote na maombi ya ufafanuzi, wakurugenzi wa Kampuni watatoa majibu ya maswali hayo kwa njia ya maandishi na kuyatuma kwa anwani ya posta ya kupokea majibu iliyoorodheshwa au barua pepe iliyoorodheshwa na Mwenyehisa si chini ya saa 12 kabla ya kuanza kwa mkutano mkuu. Orodha kamili ya maswali yaliyopokelewa na majibu yaliyotolewa, itachapishwa katika tovuti ya Kampuni si chini ya saa 12 kabla ya Mkutano Mkuu kuanza.

7) Kuambatana na Kifungu 298 (1) cha Sheria za Kampuni, wenyehisa walio na haki ya kuhudhuria na kupiga kura katika AGM wana haki ya kuteua wawakilishi wa kupiga kura kwa niaba yao.

Mwakilishi huyo si lazima awe mwanchama wa Kampuni. Iwapo Mwakilishi aliyeteuliwa si Mwenyekiti wa AGM, mwakilishi aliyeteuliwa atahitaji kuwa na simu ya mkononi.

Fomu ya uwakilishi inapatikana katika tovuti ya Kampuni kwa kufuata kiunganisho hiki cha mtandaoni: www.eabl.com. Nakala za karatasi za fomu za uwakilishi pia zinapatikana katika afisi za Kampuni katika EABL Bustani Office, Ghorofa ya 5, Garden City Business Park, Jumba A, Barabara ya Garden City, ukitumia Exit 7 katika Barabara Kuu ya Thika, Ruaraka, Nairobi au kutoka kwa afisi za Image Registrars, Ghorofa ya 5, jumba la Absa Towers (zamani ikiitwa Barclays Plaza), Loita Street.

Fomu ya uwakilishi inafaa kutiwa saini na mwenyehisa anayefanya uteuzi au wakili aliyeidhinishwa na mwenyehisa kwa njia ya maandishi. Iwapo anayeteua mwakilishi ni kampuni au shirika, fomu ya uteuzi inafaa kupigwa mhuri rasmi wa kampuni au kuidhinishwa na afisa au wakili aliyeidhinishwa kuiwakilisha kampuni au shirika hilo.

Fomu ya uwakilishi iliyojazwa inafaa kutumwa kwa njia ya barua pepe kwa eabl.agm@eabl.com au ifikishwe kwa Image Registrars, Ghorofa ya 5, jumba la Absa Towers (zamani ikiitwa Barclays Plaza), Loita Street, S.L.P. 9287-00100 GPO, na ifike si chini ya saa 48 kabla ya wakati wa kufanyika kwa mkutano, sawa na kusema si baada ya Jumapili, 12 Septemba, 2021 saa tano asubuhi (11:00 a.m.). Mtu yeyote aliyeteuliwa kuwa mwakilishi anafaa kutuma nambari yake ya simu ya mkononi kwa Kampuni kabla ya Jumapili, 12 Septemba, 2021 saa tano asubuhi (11:00 a.m.) Mwenyehisa ambaye usajili wa mwakilishi wake utakataliwa atafahamishwa kabla ya Jumapili 12 Septemba 2021 kumpa muda wa kushughulikia masuala yatakayoibuka.

8) Matukio ya AGM yatapeperushwa moja kwa moja kupitia kiunganisho (link) ambacho kitatumwa kwa wenyehisa wote watakaokuwa wamejiandikisha kushiriki katika AGM. Wenyehisa na wawakilishi waliojiandikisha watapokea ujumbe mfupi (SMS/USSD) kwenye namba zao za simu zilizosajiliwa, saa 24 kabla ya AGM kufanyika kuwakumbusha kuhusu AGM. SMS/USSD ya pili itatumwa saa moja kabla ya AGM kufanyika, kuwakumbusha wenyehisa waliojisajili na wawakilishi kwamba AGM itaanza katika muda wa saa moja na ujumbe huo pia utakuwa na kiunganisho cha kufuatilia matukio moja kwa moja.

9) Wenyehisa na wawakilishi waliosajiliwa wanaweza kufuatilia matukio ya AGM wakitumia kiunganisho cha matangazo ya moja kwa moja na wanaweza kupata pia ajenda. Wenyehisa na wawakilishi waliosajiliwa wanaweza kupiga kura (wakiombwa kufanya hivyo na Mwenyekiti) kwa kutumia huduma ya USSD.

10) Kura itapigwa kwa maazimio yote ambayo yameorodheshwa kwenye ilani.

11) Matokeo ya kura yatachapishwa katika kipindi cha saa 48 baada ya kumalizika kwa AGM, katika magazeti mawili yanayosambazwa kitaifa na katika tovuti ya Kampuni.

12) Wenyehisa wanahimizwa kufuatilia tovuti ya Kampuni www.eabl.com mara kwa mara kwa taarifa na maelezo kuhusiana na AGM. Tafadhali tujulishe kuhusu matatizo au changamoto zozote unazoweza kukumbana nazo kwa utatuzi wa haraka kwa barua pepe eabl.agm@eabl.com au kwa kutumia nambari yetu ya simu ya msaada ambayo ni (+254) 709 170 000 kati ya saa mbili asubuhi (8:00 a.m.) na kumi na moja jioni (3:00 p.m.) Jumatatu hadi Ijumaa.

13) Afisi za Kampuni huwa zimefunguliwa wakati wa saa za kawaida za kuendesha shughuli kila siku ya wiki (isipokuwa Jumamosi, Jumapili na siku za mapumziko Kenya) isipokuwa tu ziwe zimefungwa kwa sababu nyingine za kisheria au halali. Isipokuwa kama imeelezwa vinginevyo, saa zote zilizorejelewa kwenye fomu hii ni za Afrika Mashariki (GMT+3)

Overview

Corporate Governance underpins the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realizing long term shareholder value, whilst taking into account the interests of other stakeholders. East African Breweries Limited (EABL) is committed to the highest standards of Corporate Governance and Business Ethics. The Company has instituted systems to ensure that high standards of corporate governance are maintained at all levels of the organization and is in compliance with the Capital Markets Authority Code of Corporate Governance Practices for Issuers of Securities to the Public (the CMA Code) as well as the equivalent guidelines for listed companies in Tanzania and Uganda.

Besides complying with the CMA Code, the Company has committed to embedding internal rules of engagement to support corporate governance. These internal guidelines are constituted in the Code of Business Conduct (CoBC) to which every Director and employee makes a commitment to comply. The CoBC is aligned to globally accepted standards and meets the requirements of local laws as well as internationally applicable laws and regulations. It guides activities in dealing with employees, customers, suppliers, competitors, government and the community at large. The CoBC also articulates the Company's policy on insider trading. Directors, management, staff members and related parties are instructed during closed periods, not to trade in their shares while in possession of any insider information not available to the public.

Governance Principles

Among the principles that the Board subscribes to in upholding the Group's Corporate Governance practices include but are not limited to:-

1. **Discipline:** the commitment by the Group's Senior Management to adhere to behavior that is universally recognized and accepted to be correct and prudent.
2. **Transparency and Disclosure:** the ease with which an outsider is able to access information relating to the Group and to make meaningful analysis of the Group's actions, its economic details and the non-financial aspects pertinent to the business.
3. **Independence:** the extent to which mechanisms have been put in place to minimize or avoid potential conflicts of interest that may exist, such as dominance by a strong chief executive or large shareholder.
4. **Accountability:** Individuals or groups in the Group, who make decisions and take actions on specific issues, need to be accountable for their decisions and actions.
5. **Adherence to laws and regulations:** with regard to management, this pertains to compliance with applicable laws and regulations and implementing standards of relevant best practice. Behaviour must allow for corrective action and for penalizing non-adherence or mismanagement. Responsible management would, when necessary, put in place what it would take to set the Group on the right path. While the Board is accountable to the Group's shareholders, it must act responsively to and with responsibility towards all stakeholders of the Group.
6. **Fairness:** the systems that exist within the Company must be impartial in taking into account all those that have an interest in the Company and its future. The rights of various groups have to be acknowledged and respected, and the Company must continually focus on stakeholder value free of favouritism.
7. **Social responsibility:** a well-managed Company will be aware of, and respond to, social issues while placing a high priority on ethical standards.

OUR CORPORATE GOVERNANCE FRAMEWORK

EABL is committed to implementing and adhering to good corporate governance and best practice. We have put in place a corporate governance structure which assists to attain the following objectives:

- Organize operational, financial, risk management, and reporting processes such that the Board receives the information it requires to effect good governance and management and the business units can conduct their activities in ways that comply with regulations and serve strategic ends.
- Bring the organization's governance framework down to the level of roles, responsibilities, reporting lines, and communications to bridge the gap between the governance framework and operational realities.
- Sustain governance by creating a feedback loop in which the Board and management can identify and respond to new business, operational, competitive, and regulatory needs.

> **"East African Breweries Limited (EABL) is committed to the highest standards of Corporate Governance and Business Ethics.**

Our governance framework is highlighted in the table below:

EABL CORPORATE GOVERNANCE FRAMEWORK

STRUCTURE

This includes organization design and reporting structure, committee structures and charters, and control and support function interdependencies

- Board of Directors
- Committee structure and Charters

OVERSIGHT RESPONSIBILITIES

Define Board oversight responsibilities, Committee and Management responsibilities, accountability matrices, and Management hiring and firing authority

- Board Oversight and Responsibilities
- Management Accountability and Authority
- Committee(s) Responsibilities and Responsibilities

TALENT AND CULTURE

Enable the behaviors and activities required for effective governance by establishing compensation policies (particularly regarding incentives), promotion policies, business and operating principles, performance measurement and management, training, and leadership and talent development programs

- Performance Management and Incentives
- Business and Operating Principles
- Leadership Development and Talent Programs

INFRASTRUCTURE

Comprises governance and risk oversight policies and procedures, reports, measures and metrics, and management capabilities, and the enabling IT and communications support

- Policies and Procedures
- Reporting and Communication
- Technology

THE BOARD OF DIRECTORS

The Board is committed to ensuring that a strong governance framework operates throughout the Group, recognising that good corporate governance is a vital component to support management in their delivery of the Company's strategic objectives, and to operate a sustainable business for the benefit of all stakeholders. The Board recognises that the process of identifying, developing and maintaining high standards of corporate governance suitable for the Company is ongoing and dynamic to reflect changes in the Company and its business, the composition of the Board and developments in corporate governance.

The role and functioning of the Board

The Board is comprised of six Independent Non-Executive Directors, three Non-Executive Director and two Executive Directors. The Directors have a balance and depth of skills and experience, together with long-standing knowledge of the Group, which enables them to discharge their respective duties and responsibilities effectively

The Board is collectively accountable to the Company's shareholders for the long-term success of the Company and for its overall strategic direction, its values and governance. It provides the leadership necessary for the organization to meet its business objectives within the framework of its internal controls, while also discharging the Company's obligations to its shareholders. Responsibility for implementing strategy and day-to-day operations has been delegated by the Board to the Group Managing Director and the Company's executive team.

There is a formal schedule of matters reserved for consideration by the Board, which include responsibility for the following:

- approval of overall Group strategy and objectives
- approval of the Group annual budget and monitoring progress towards its achievement
- changes to the Group's capital structure
- changes to the Group's principal activities
- review and approval of the annual financial statements
- changes to the senior management structure
- approval of Group financing arrangements and treasury policy
- approval of major investments, disposals and additional investments in existing operations
- Approval of major unbudgeted expenditure

These reserved matters are reviewed by the Board, at least annually, to ensure they remain appropriate and complete. In tandem, the Board also reviews an approved schedule of operational matters, which are delegated to management of the operating subsidiaries.

Division of Responsibilities

The Chairman and the Group Managing Director's roles are separate, with each having distinct and clearly defined duties and responsibilities. The Chairman is responsible for leadership of the Board, for ensuring its effectiveness on all aspects of its role and for facilitating productive contribution of all Directors. The separation of the functions of the Chairman (an Independent Non-Executive director) and the Group Managing Director (Executive director) supports and ensures the independence of the Board and Management. The balance of power, increased accountability, clear definition of responsibilities and improved decision-making are attained through a clear distinction between the non-executive and executive roles.

The Chairman serves as the link between the Board and management in between meetings and is responsible for ensuring that decisions of the Board are implemented. He is also responsible for ensuring that the interests of the Company's shareholders are safeguarded and that there is effective communication with them.

The Group Managing Director has overall responsibility for the performance of the business and provides leadership to facilitate successful planning and execution of the objectives and strategies agreed by the Board.

Non-Executive Directors

The Board had nine Non-Executive Directors, collectively made up of six Independent Non- Executive Directors and three Non-Executive Directors as at the end of the financial year.

The Non-Executive Directors help develop strategy and are responsible for ensuring that the business strategies proposed are fully discussed and critically reviewed. This enables the directors to promote the success of the Company for the benefit of its shareholders, with consideration of, among other matters, the interests of employees, the fostering of business relationships with customers, suppliers and other stakeholders. The Non-Executive Directors oversee the operational performance of the business, scrutinise performance of Management and the Company, bring an external perspective to the Board, monitor reporting of performance and should be available to meet with major stakeholders as appropriate. To perform these tasks, they have full access to all relevant information, with updates provided on governance, regulatory and other matters affecting the company.

The Non-Executive Directors come from broad industry and professional backgrounds, with varied experience and expertise aligned to the needs of the business. The Chairman and five of the Non-Executive Directors, as at the date of this Report, are independent as defined by the CMA Code and accordingly over half of the Board is constituted of Independent Non-Executive Directors.

On joining the Board, all Directors receive a full induction. Non-Executive Directors also receive a full programme of briefings on all areas of the Company's business from Executive Directors, the Company Secretary and other senior executives.

Board Membership and Committees

The constitution of the Company's Board is stipulated by the Company's Articles of Association. It currently comprises of eleven Directors, of whom nine are Non-Executive Directors and two are Executive Directors.

The Board carries out its obligations through Board Committees. During the year, there were three standing committees and one ad hoc committee of the Board. The standing committees were the Board Corporate Governance Committee, the Board Audit and Risk Management Committee and the Board Nominations & Remuneration Committee. The Board Investment Committee is an ad hoc Committee. The Committees are all chaired by Independent Non-Executive Directors who also form the majority of the Committee's membership.

The Board is currently comprised of six Independent Non-Executive Directors, three Non-Executive Directors and two Executive Directors. The profile of the Board is as set out on pages 84 to 87.

Board of Directors
Dr. M. Oduor-Otieno* – Group Chairman Mr. J. O'Keeffe ** - Group Vice Chairman Mr. A. Cowan*** (Former Group Managing Director) – Resigned as GMD and CEO on 31 December 2020 and as a Director on 1 March 2021 Mrs. J. Karuku*** (Group Managing Director and CEO) – Appointed GMD and CEO on 1 January 2021 Mr. J. Katto* Ms. C. Musyoka* Mr. J. Mugerwa* Mr. J Ulanga * Mr. L. Breen** Ms. Risper Ohaga*** Ms. Ory Okolloh* – Appointed on 16 October 2020 Mr. Dayalan Nayager ** - Appointed on 1 March 2021 **Company Secretary** Ms. Kathryne Maundu *Independent Non-Executive Director ** Non-Executive Director *** Executive Directors

Board Corporate Governance Committee	The Board Audit and Risk Management Committee	Board Nominations & Remuneration Committee	Board Investment Committee – Ad Hoc Committee
Mr. J. Katto – Chairman Ms. C. Musyoka Mr. J. Ulanga Ms. K. Maundu (Secretary)	Mr. J. Ulanga – Chairman Mr. J. Katto Mr. J. Mugerwa Mr. L. Breen Ms. O. Okolloh Ms. K. Maundu (Secretary)	Ms. C. Musyoka - Chairperson Dr. M. Oduor-Otieno Mr. J Mugerwa Mr. J. O'Keeffe Ms. K. Maundu (Secretary)	Ms. C. Musyoka - Chairperson Mr. J. Katto Ms. R. Ohaga Ms. O. Okolloh Ms. K. Maundu (Secretary)

The Board provided overall oversight of the Group. Amongst the key activities during the financial year were:

- Review of the strategy and the F21 Key performance indicators and Annual Operating Plan.
- Oversight of the Group and Subsidiaries performance as well as Committee performance.
- Review of significant tax matters and projects.
- Detailed discussion on the Group Capital structure.
- Issuing a corporate bond.
- Approval of the half year and full year financial results for FY 2021.
- Continued impact of COVID-19 to the business and response strategy.

Attendance at Board and Annual General Meetings during the Financial Year

	29.07.2020	16.09.2020	16.09.2020 (AGM)	10.11.2020	28.01.2021	04.03.2021 (Sp. Board)	17.05.2021	25.05.2021 (Sp. Board)
Martin Oduor-Otieno	√	√	√	√	√	√	√	√
Carol Musyoka	√	√	√	√	√	√	√	√
Jane Karuku	√	√	√	√	√	√	√	√
Andrew Cowan[1]	√	√	√	√	√	-	-	-
John O'Keeffe	√	√	√	√	√	√	√	√
Leo Breen	√	√	√	√	√	√	√	√
John Ulanga	√	√	√	√	√	√	√	√
Japheth Katto	√	√	√	√	√	√	√	√
Jimmy Mugerwa	√	√	√	√	√	√	√	√
Risper Ohaga	√	√	√	√	√	√	√	√
Ory Okolloh[2]	-	-	-	-	√	√	√	√
Dayalan Nayager[3]	-	-	-	-	-	√	√	√

1. Andrew Cowan resigned as a director with effect from 1 March 2021

2. Ory Okolloh was appointed as a director with effect from 16 October 2020.

3. Dayalan Nayager was appointed as a director with effect from 1 March 2021.

Board Corporate Governance Committee

The Board Corporate Governance Committee has oversight over the adherence and compliance by the Company to the principles and requirements of good corporate governance and business ethics. The Committee is also responsible for ensuring an annual Board evaluation is conducted for evaluating the performance of the Board, Board Committees, Individual Directors, Group Managing Director and the Company Secretary. All members of the Committee are Independent Non-Executive Directors.

The Committee monitored implementation of the requirements of the CMA Code and in that regard continued to monitor the independence of directors; to monitor the directors' interest in other entities and mitigation measures thereof; review of the Board Charter and the terms of reference of the various committees. The Committee also reviewed the compliance report to CMA, detailing the measures taken to ensure compliance with the CMA Code and continued to track the progress made in implementing recommendations from the Board Evaluation exercise and Legal and Compliance Audit conducted in FY19.

In carrying out its mandate to continuously enhance and entrench effective corporate governance within EABL, the Committee includes in its annual work plan a corporate governance training session for all Directors.

Attendance at Board Corporate Governance Committee meetings during the Financial Year

	28.07.2020	14.10.2020	25.01.2021	19.04.2021
Japheth Katto	√	√	√	√
Carol Musyoka	√	√	√	√
John Ulanga	√	√	√	√

Board Audit and Risk Management Committee

The Board Audit and Risk Management Committee (BARC) is responsible for monitoring and reviewing the integrity of the financial statements, the effectiveness of the accounting, internal control and business risk management systems of the Group, and the efficiency of the Group's procedures for handling complaints and whistle blowing allegations. The Mandate of the Committee also includes:

- Reviewing the integrity of the Group's financial statements.
- Compliance with legal and regulatory requirements.
- Monitoring and reviewing the performance of the Group's external auditors including their independence and objectivity, making recommendations as to their reappointments (or where appropriate, change) and approving their terms of engagement and the level of audit fees payable to them.
- Review of business operations policies.
- Overseeing the internal control and risk management systems in relation to the Company's financial reporting process and the Group's process for preparation of the consolidated financial statements.

During the year, the BARC met five times and reviewed the following business:

- Annual report and associated preliminary year end results announcement, focusing on key areas of accounting judgement and complexity, accounting and provisioning policies.
- The external audit strategy and the findings of the external auditor from its review of the interim results and hard close as at 30 April 2021 and the audit of the year-end consolidated financial statements.
- Interim results announcement, which included the condensed financial statements and Company's management results.
- Business integrity which covered risk management, controls and assurance, breach management and health, safety and environment.

Upon completion of the consolidated financial statements, the BARC reviewed the following:

- The consolidated financial statements for the year ended 30 June 2021, together with the accounting policies, disclosures and other explanatory information and based on the information provided to it, the Committee satisfied itself that in all material respects, the financial statements complied with the Companies Act, 2015 and the International Financial Reporting Standards (IFRS).
- Considered the appropriateness of management judgment and the accounting treatment of significant transactions.

In addition, the Committee reviewed various detailed reports from:

- The Control, Compliance and Ethics team (CCE) and the Global Audit and Risk (GAR) team.
- The annual GAR audit plan and the assessment of top risks identified by GAR as driving the plan and scope of audits for the year ended 30 June 2021.
- Legal and Regulatory updates from the Legal Director.

The BARC reviews annually the appointment of the auditors taking into account the auditors' effectiveness and independence and all appropriate guidelines and makes a recommendation to the Board accordingly. The Group has a policy on auditor independence and on the use of the external auditors for non-audit services which is reviewed annually. Any decision to open the external audit to tender is taken on the recommendation of the BARC. There are no contractual obligations that restrict the Company's current choice of external auditor.

PricewaterhouseCoopers (PwC) were the Group's auditors during the financial year. They have since issued a written confirmation to the Board of their intention to seek re-appointment as the Company's auditors at the Annual General Meeting, subject to approval by the Shareholders.

During the year, the committee comprised of four Independent Non-Executive Directors and one Non-Executive Director.

Attendance at Board Audit and Risk Management Committee meetings during the Financial Year

	27.07.2020	14.10.2020	25.01.2021	20.04.2021	23.06.2021
John Ulanga	√	√	√	√	√
Japheth Katto	√	√	√	√	√
Jimmy Mugerwa	√	√	√	√	√
Leo Breen	√	√	√	√	√
Ory Okolloh[1]	-	-	√	√	√

1. Ory Okolloh was appointed as a member of the Committee with effect from 30 November 2020.

Board Nominations and Remuneration Committee

The Board Nominations and Remuneration Committee (BNRC) is responsible for key business processes as listed below:

- Identifying and nominating for the approval of the Board, and EABL Subsidiary Boards candidates to fill Board vacancies as and when they arise.
- Approving key policies and principles driving remuneration decisions for management and non-management employees.
- Identifying and recommending for approval of the Board, remuneration proposals for executive and independent Directors of the Board.

The mandate of the Committee is executed through the processes indicated below:

- Succession planning and external talent pipelining for potential vacancies within the Board. This is done through nomination, selection and vetting from a pool of suitable candidates to fill vacancies that may arise from the Board and Board Committees.
- Assessing and recommending to the Board, the remuneration of management and non-executive Directors including approval of staff incentive schemes, pension plans, and other remuneration related terms and conditions of employment.

The Committee had three meetings during the year and dealt with the following business:

- Assessment of the effectiveness and adequacy of the Board succession pipeline and succession plans, with particular consideration for actual and potential vacancies in the longer term horizon.
- Board changes which occurred during the year.
- Review of the Remuneration policy.
- Review of senior management talent and succession review.
- Review and adoption of changes to reward pay principles, management pay structures, pension plans and other cash and non-cash benefits pursuant to the talent strategy.
- Review and approval of benefits associated with long term incentive plans related to the Employee Share Ownership Plan (ESOP) including the relevant Governance Framework and structures.

In the year ended June 2021, following the COVID-19 pandemic, the Committee continued to review policies and procedures on Employee Health and wellbeing in a COVID-19 environment.

Attendance at Board Nominations & Remuneration Committee meetings during the Financial Year

	23.07.2020	26.01.2021	19.04.2021
Carol Musyoka	√	√	√
John O'Keeffe	√	√	√
Martin Oduor-Otieno	√	√	√
Jimmy Mugerwa	√	√	√

Board Investment Committee

The Board Investment Committee is responsible for reviewing and interrogating any investments or divestments that would have a significant impact on the company's balance sheet.

The mandate of the Committee includes:

- Ensuring new investments made by the company and its subsidiaries comply with the company strategy and with all applicable laws and regulations.
- Ensuring the necessary due diligence is conducted before any investments or divestments are made by the company or its subsidiaries.
- Ensuring investments made by the company take into consideration all the stakeholders of the Company.
- During the year, the Committee had eight meetings during which, members reviewed new capital expenditure (capex) projects, and the restructuring of funding proposals. The Committee also discussed the capital structure of the Company and the early redemption of the medium term note.

Attendance at Board Investment Committee meetings during the Financial Year

	17.07.2020	17.12.2020	25.01.2021	25.02.2021	22.03.2021	06.05.2021	13.05.2021	20.05.2021
Carol Musyoka	√	√	√	√	√	√	√	√
Japheth Katto	√	√	√	√	√	√	√	√
Risper Ohaga	√	√	√	√	√	√	√	√
Ory Okolloh[1]	-	√	√	√	√	√	√	√

1. Ory Okolloh was appointed as a member of the Committee with effect from 30 November 2020.

Company Secretary

The Company secretary is a member in good standing with the Institute of Certified Secretaries (ICS). The Company Secretary provides a central source of guidance and advice to the Board on matters of ethics, statutory compliance, compliance with the regulators and good governance.

Role of the Company Secretary

- Providing a central source of guidance and advice to the Board and the Company, on matters of statutory and regulatory compliance and good governance.
- Providing the Board and the Directors individually with guidance on how their responsibilities should be discharged in the best interests of the Company.
- Facilitating the induction training of new Directors and assisting with the Directors' professional development as required. This includes identifying and facilitating continuous Board education.
- In consultation with the CEO and the Chairman, ensuring effective flow of information within the Board and its committees and between senior management and Non- Executive Directors. This includes timely compilation and distribution of Board papers and minutes, as well as communication of resolutions from Board meetings.
- Guiding the company in taking the initiative to not only disclose corporate governance matters as required by law, but also information of material importance to decision making by shareholders, customers and other stakeholders.
- Keeping formal records of Board discussions and following-up on the timely execution of agreed actions.

Promotion of Corporate Culture

Internal Regulations

Besides complying with the Code and the laws, the Group has committed to embed internal rules of engagement to support corporate governance. These internal guidelines are constituted in various policies and in the Code of Business Conduct to which every employee, supplier and the Board makes a commitment to comply with.

Board Charter

The Board charter outlines the specific roles and responsibilities of the Board which are separate from those of management. The Charter covers areas relating to Board structure, functions, processes, effectiveness and internal controls. The Charter has also embedded policies on Related Party Transactions. The Charter is not a substitute or a replacement of any laws and regulations that govern the running of the Company.

The Board Charter is periodically reviewed to ensure that it remains current.

The Charter and Committee Charters have been published on the Company's website.

Code of Conduct and Ethics

The Company pursues ethical decision making and leadership to promote corporate social responsibility, fair business practices, sustainability and the triple bottom line that focuses on the society, the environment and profitability.

The Board has implemented a Code of Ethics and Conduct which binds Directors and Employees and is subscribed to by all members of the Company. Initiatives to ensure its application include training, monitoring, mechanisms for whistle blowing, taking disciplinary action, etc. The Code has been integrated into the Company's operations through the development of various policies and reporting mechanisms.

Board policies

The Board has established policy and procedure documents to guide the Directors and management in the implementation of their roles and responsibilities. A brief summary of the governance documents and their key provisions are listed below:

Conflict of interest policy	• Directors are obligated to fully disclose to the Board any real or potential conflict of interest which come to their attention, whether direct or indirect. • All business transactions with all parties, directors or their related parties are carried out at arm's length.
Whistle Blowing policy	• The policy outlines mechanisms that facilitate anonymous reporting and anti ethical behaviour by all stakeholders. • The ethics hotline is managed by an independent, accredited and extenal institution.
Conflict of interest policy	• Directors are obligated to fully disclose to the Board any real or potential conflict of interest which come to their attention, whether direct or indirect. • All business transactions with all parties, directors or their related parties are carried out at arm's length.
Insider Trading policy	The policy is used to institute structures to prevent insider dealings by Directors and Management. Through this, the Company endeavors to preserve the confidentiality of unpublished sensitive information and prevent misuse of such information.
Anti Bribery Policy and Anti fraud and Corruption	• This policy prevents employees and agents from giving or receiving bribes (directly or indirectly) and attempts to induce favours by way of bribes. • We review compliance with regulatory obligations, particularly those surrounding fraud, corruption and Anti Money Laundering.
Board Remuneration Policy	This policy sets out the guidelines and criteria for the Board's compensation.
Operational policies	There are broad operational policies that guide Management in execution of the Group's operations in an efficient manner.

Independence of Directors

The Board recognises the importance of independent judgement and constructive engagement on all matters brought before the Board for deliberation. Directors views should have regard to the best interest of the organization and its stakeholders.

In accordance with the CMA Code, the Board undertakes an annual assessment of Director's independence based on the independence criteria outlined in the CMA Code.

Management of Conflicts of Interest

The Directors are obligated to fully disclose to the board any real or potential conflict of interest, which comes to any director's attention, whether direct or indirect. The statutory duty to avoid situations in which the directors have or may have interests that conflict with those of the Company has been observed by the Board in the financial year under review. All business transactions with all parties, directors or their related parties are carried out at arm's length. An acknowledgement that should it come to the attention of a director that a matter concerning the Company may result in a conflict of interest, obligates the director to declare the same and exclude himself / herself from any discussion or decision over the matter in question.

The Board has formal procedures for managing conflicts of interest in accordance with the Companies Act 2015 and the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public. Directors are required to give advance notice of any conflict issues to the Chairman or Company Secretary and these are considered at the next Board meeting.

Declaration of conflicts of interest is also a standard agenda item which is addressed at the onset of each Board and Committee meeting. Directors are excluded from the quorum and vote in respect of any matters in which they have an interest. No material conflicts were reported by Directors in the year under review.

The Board also requires all Directors to disclose on appointment, annually and at the beginning of each Board and Board Committee meeting, any circumstance which may give rise to an actual or potential conflict of interest with their roles as Directors.

Board Performance

Directors Training and Development

The Board is committed to on-going training and development of its Directors and towards that goal, appropriate training interventions were identified during the year for attendance by Directors. To enable the Non-Executive Director's gain exposure to the Group's business on the ground, one of the four scheduled Board meetings is held in the end markets, where Directors get an opportunity to undertake various trade visits, engage the sales team and outlet owners on market related issues. Despite the travel restrictions due to the COVID-19 pandemic, in May 2021 the Board had an opportunity to virtually undertake a deep dive on the Tanzania subsidiary, and engaged with the management team in Serengeti Breweries Limited to gain deeper insights on the market. The Board and its Committees also receive regular briefings on legal and regulatory developments that affect the business.

The Chairman and the Non-Executive Directors have a particular responsibility for ensuring that the organization's strategy, the key enablers and business operations are fully discussed and critically reviewed. This enables the Board to promote the success of the Company for the benefit of all its stakeholders as a whole. In so doing, the Board has regard to matters such as the interests of the Company's employees, the fostering of business relationships with customers, suppliers and other stakeholders and the impact that the Company has on the environment and communities in which it operates.

Non-Executive Directors do not have service contracts with the Company but instead have letters of appointment which stipulate the terms of their appointment.

Board Evaluation

The effectiveness of the Board, its Committees, the Executive and Non-Executive Directors, the Chairman, and the Company Secretary is reviewed annually. The Board evaluation for the year under review, was an internally facilitated process that was managed by the Company Secretary. The evaluation was aimed at assessing how the Board had performed in its oversight role over the period under review and to identify opportunities for improvement in its structures and processes in order to improve its effectiveness. The questionnaire was designed to gather some basic information and was intended to enable each director to express their views on the topics set out in the questionnaire in the following areas:

- Board composition, membership and appointment processes
- Board administration, meetings, agendas and provision of information
- Board, committee and directors' effectiveness and performance
- Crisis Management - COVID -19 pandemic; and
- Culture, values and purpose.

The Board obtained a very good rating on all areas of assessment. The overall results revealed that the Board continued to operate effectively.

Governance Audit

In compliance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, the Board appointed Ms. Catherine Musakali of Dorion Associates LLP to conduct the Company's Governance Audit for the year ended 30 June 2021. As at the date of this Annual report, the audit was ongoing.

Engagement with shareholders

The Board seeks to engage with shareholders to maintain a mutual understanding of objectives between them and the Company and manage their expectations. Relations with shareholders and potential investors are managed principally by the Executive Directors, who are contactable both directly and via the Shares Registrar. Shareholders are encouraged to participate in the Company's Annual General Meetings and contact the Company's officers with any questions. The Board, including the Chairs of the Committees, are available at the Company's AGMs to answer questions from shareholders. The Executive Directors make regular presentations to investors (both existing and potential shareholders), meet with shareholders to discuss long-term issues and obtain their views, present at externally run investor events and communicate regularly during the year. The annual and interim presentations made to investors, interviews with the Executive Directors and a description of the Company's investment case are all made available on the Company's website.

The Company also retains an external Shares Registrar who provides feedback from existing shareholders and potential investors.

Communication with Stakeholders

East African Breweries Limited is committed to ensuring that there is regular interaction and communication with its stakeholders who include shareholders, investors and the financial markets among others. The Board has mapped all its stakeholders and ensures that they are provided with full and timely information about the company's performance. This is achieved through the release of the half-year and annual results in the local press, distribution of annual reports and holding of investor briefings as appropriate. The Annual General Meeting provides a useful opportunity for shareholder engagement and in particular, for the Chairman to articulate the Company's progress, receive and answer questions from investors. The Board believes that there is an active and regular interaction with all its stakeholders. In addition to information on the Company's activities the following documents and policies are readily available to stakeholders on the Company's website:

1. The Board Charter;
2. Board Committees Terms of Reference;
3. The Board Diversity Policy;
4. Conflict and Dispute Resolution Policy;
5. Past and current copies of the Annual Reports;
6. Investor News;
7. Share Price performance – Kenya, Uganda and Tanzania.

Stakeholders and social responsibilities

The Group's business model relies heavily on developing and maintaining strong relationships with staff, clients and regulatory authorities. The Board is conscious of its responsibility towards all stakeholders and believes this is an important consideration for the long-term growth of the business. Stakeholder engagement and feedback is taken seriously throughout the Group. Regular communication is made around the Group companies and internal staff. The Group places considerable value on the involvement of its internal staff and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, information available on the Company's website and Workplace. The Group uses social media to engage directly with stakeholders through various channels including Facebook, Twitter and LinkedIn. The Group also engages with regulators and Government agencies both directly and through membership of worldwide trade associations.

Going Concern

The Board confirms the financial statements are prepared on a going concern basis and is satisfied that the Group has adequate resources to continue in business for the foreseeable future. In making this assessment, the directors consider a wide range of information relating to present and anticipated future conditions, including future projections of profitability, cash flows, capital and other resources.

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375ML - KSH. 900*

*RECOMMENDED RETAIL PRICE

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Annual Report and Financial Statements

Table of contents

CORPORATE INFORMATION

DIRECTORS

Dr. M Oduor-Otieno	Group Chairman
Mrs. J Karuku	Group Managing Director – Appointed on 1 January 2021
Mrs. R G Ohaga	Group Chief Financial Officer
Mr. J O'Keeffe**	
Mr. L Breen*	
Ms. C Musyoka	
Mr. J Ulanga****	
Mr. J Katto***	
Mr. J Mugerwa***	
Ms. Ory Okolloh	Appointed on 16 October 2020
Mr. Dayalan Nayager*****	Appointed on 1 March 2021
Mr. A Cowan*	Resigned on 1 March 2021

* British ** Irish *** Ugandan ****Tanzanian ***** South African

SECRETARY
Ms. Kathryne Maundu (CPS No. 2159)
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5th Floor, ICEA Lion Centre, West Wing
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P.O. Box 10643
00100 Nairobi, GPO

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PricewaterhouseCoopers LLP
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00100 Nairobi, GPO

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Riverside Park, Chiromo Road Nairobi
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00100 Nairobi, GPO

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00100 Nairobi, GPO

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00100 Nairobi, GPO

Stanbic Bank Limited
CfC Stanbic Center
Chiromo Road, Westlands
P.O. Box 30550
00100 Nairobi, GPO

Citibank NA
Citibank House
Upper Hill Road
P.O. Box 30711
00100 Nairobi, GPO

Absa Bank Kenya PLC (formerly Barclays Bank of Kenya Limited)
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Off Waiyaki Way
P.O. Box 30120
00100 Nairobi, GPO

REGISTERED OFFICE
East African Breweries Limited
Corporate Centre,
Garden City Business Park, Ruaraka
PO Box 30161
00100 Nairobi GPO

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements for the year ended 30 June 2021, which disclose the state of affairs of East African Breweries Limited ("EABL" or the "Company") together with its subsidiaries (together the "Group"). The annual report and financial statements have been prepared in accordance with the requirements of the Kenyan Companies Act 2015.

1. Principal activities

The Company and the Group are involved in marketing, production and distribution of a collection of brands that range from beer, spirits to adult non-alcoholic drinks.

2. Results

The Group and Company results for the year are set out on page 129 and page 131 respectively.

3. Business review

i) Business performance

In the year under review, the COVID-19 pandemic continued to present significant challenges to our business. This was characterized by starting the financial year under trade and movement restrictions with a partial re-opening of bars in Kenya in the first quarter of the financial year and closing the financial year in yet another lockdown in Uganda and limited bar operating hours in Kenya.

Throughout the year, the three countries were variously impacted by COVID-19. The Group's brands, financial stability, and resilience in the face of adversity were critical factors that helped us navigate this period, which demonstrates a recovery in performance. Net revenue increased 15% to Kshs 86 billion, driven by broad based growth across all markets.This performance reflects a strong recovery and resilience in consumer demand despite a challenging operating environment. Gross profit increased 13% to Kshs 37.4 billion compared to prior year as net revenue growth was partially offset by higher cost of sales. The drivers of high cost of sales include excise duty increases, additional costs related to digital tax stamp implementation in Uganda and general price inflation which was partially mitigated by pro-active cost-saving initiatives.

Profit before tax increased by 2% to Kshs 10.8 billion compared to the prior year with net revenue growth partially offset by the impact of one-off tax provisions. Profit after tax marginally declined 1% to Kshs 6.9 billion compared to Kshs 7.0 billion reported in the prior year. Excluding the impact of one-off tax provisions of Kshs 2.8 billion , the group's profit after tax would have closed at Kshs 8.8 billion, representing a 25% growth compared to the prior year.

Net cash from operating activities closed at Kshs14.6 billion, a significant improvement of Kshs 11.3 billion compared to the prior year where liquidity was strained due to the impact of COVID on business performance. The improvement in net cash from operations is attributable to improvement in operating profit and working capital benefits which demonstates how we are focusing on day to day cash management.

ii) Operating environment

The COVID-19 pandemic brought about socio-economic challenges that disrupted our customers, strained consumer wallets and interrupted the on-trade channel of our business. Beyond the pandemic, there were also macro-economic pressures, with the depreciation of the Kenya shilling, and the roll-back of COVID tax relief measures. The impact of the pandemic led to unpredictable times, which required us to closely track consumers' attitudes and motivations, and convert these trends to invest effectively in advertising and promotion, and drive sustainable innovation of new products for consumers.

Inflation was relatively stable across the countries, except for Kenya having a relatively higher inflation rate compared to her neighbors; the key driver being fuel and food prices. Tanzanian and Ugandan currencies were relatively stable for the better part of the financial year, with depreciation of the Kenya Shilling ranging between 5% and 9% within the year.

iii) Policy and regulation

The tax and regulatory landscape remain key influencers to the Group's business performance and strategic decisions. The market has some of the highest alcohol excise tax rates in Sub Saharan Africa. The Kenya excise regime is a lot more aggressive than that of Tanzania and Uganda. We expect the Kenya government to continue with between the 5-8% inflationary increases. With general elections concluded in Uganda and Tanzania, we anticipate there might be some policy shifts as governments seek to address post COVID recovery and stimulus packages for ailing sectors of the economy. Kenya general elections will be held in 2022 and there is a possibility of having a constitutional referendum in 2021.

In Uganda, the Alcohol Control Policy was passed in September 2019, and we anticipate this could introduce regulations directed at curbing marketing freedoms, trading hours and licensing, joining Kenya, who already have similar restrictions.

iv) Sustainability

We are committed to creating shared value in the communities where we live, work, source and sell, ensuring that our products and operations do not cause harm. We are therefore taking the lead in developing solutions to challenges such as climate change, water scarcity, inequality, and harmful alcohol consumption.

To promote positive drinking, our objective is to demonstrate leadership in ensuring people drink better, addressing alcohol misuse, and advocating for moderation. We have partnered with a range of organisations and state actors across the region, including the National Transport and Safety Authority Kenya (NTSA), Dodoma Regional Traffic Police Division and the Alcoholic Beverages Association of Kenya (ABAK), to launch a series of campaigns aimed at enhancing road safety and instilling responsible behaviour amongst road users. For example, our Don't Drink and Drive Campaign in Tanzania has reached over 300,000 people, including bus drivers and boda boda riders.

DIRECTORS' REPORT (continued)

3. Business review (Continued)

iv) Sustainability (Continued)

With the ever-increasing demand for visual content driven by global trends that has seen platforms like TikTok, SnapChat and Instagram Stories take root among the youth, UBL's Red Card and 'Cool Teens Don't Drink' campaign launched 'Suubi' under the global Smashed program.

Across East Africa, we are committed to driving an ambitious inclusion and diversity strategy that is consistent with our performance targets and relevant to the consumer base we serve. We successfully launched a pilot project in partnership with Sight Savers whereby 39 farmers with disabilities in Homa Bay county in Kenya were enlisted into our sorghum contract farming scheme. We are keen on advancing this by enlisting more people with disabilities as suppliers, distributors, and employees across our value chain and aim to have 3% representation by 2030.

As part of our commitment to grain to glass sustainability and under the banner 'Water for Life', we have launched a series of community-based water projects aimed at providing safe, reliable and sustainable supply of the commodity to communities across the East African region. Our water projects have improved access and availability of clean and safe water to over six million people in Tanzania, Uganda and Kenya. We are well on our way to accomplishing our 2030 targets on preserving water for life.

Water of Life

In Kenya, we have impacted over 2.5 million people, improving with their access to potable water. In Tanzania, Serengeti Breweries Limited has drilled over 18 boreholes across the country, providing water to over two million people in water-stressed areas. Between Uganda, Tanzania and Kenya, 'Water of Life' has improved access and availability of water for over six million people.

Water is a key ingredient in our manufacturing process. We also recognise that in Africa we operate in some of the most water stressed cities in the world. Water stewardship therefore is a critical enabler to building a sustainable business model for us. We have set ambitious targets to reduce water usage in all our manufacturing sites.

Every day, we treat all our water through an efficient water treatment plant with the aim of returning 100% of wastewater from our operations back to the environment safely. Over the past years we have invested in numerous areas of our business to substantially reduce the amount of water that we use in our processes. Currently, we are investing in new water recovery, purification and reuse facilities across 3 sites in East Africa, including both Tusker and Kisumu sites in Kenya, as well as in Uganda. This very modern technology will drastically reduce our consumption of water further.

When it comes to delivering efficiency in water and energy use per litre of beer produced, our sites are in the top five ranking of all global beer production sites. As of September 2020, Uganda Breweries Ltd recorded the lowest ever water ratio of 2.4HL/HL(2.4 hectolitres per hectolitre of beer) , against its stretch target of 2.79 HL/HL with a previous gross usage of 3.4HL/HL.

We also take pride in a network of over 60,000 farmers from whom we source our raw materials (sorghum and barley). Our local sourcing programme is a crucial business priority for us because it enables us to grow value together with the farmers in East Africa. During the lockdown due to COVID-19, the economic restrictions depressed our sales and in turn caused us to reduce our grain demand. However, we took various steps to mitigate the impacts of the pandemic on our farmers. We honoured all the contracts, purchasing approximately 45,000 tons of barley and 32,000 tons of sorghum and paid all the farmers.

Our smallholder farmers are already feeling the effects of climate change, which is unfortunately likely to get worse in the coming decade. We provide direct support to our farmers in the form of regular trainings on sustainable farming practices, early warning and assessment. We also provide drought-resistant seed varieties to our farmers to help them be more resilient in the face of climate challenges.

Lastly, we have strategically partnered with private and public entities to amplify environmental sustainability and promote coordinated responses to the climate emergency.

v) Employees

Employee support during the COVID-19 pandemic

The business has put in place specific guidelines on critical support to employees that covers the gamut of employee experience and challenges during these unprecedented times. These guidelines include specifics on individual employee well-being and resilience, support with tools and technology to work from home, keeping employees connected virtually, managing people processes such as recruitment, onboarding and absence, and pay principles that should apply due to changes in ways and nature of work.

Inclusion and diversity

We believe the most inclusive and diverse culture makes for a better business; we champion inclusion and diversity across our business, with our partners and communities.

We have targets for our leadership cohort to be 50% female by 2030, we are currently at 36%. We also focus on equal hiring throughout the business across all levels, for example our Commercial Graduate Program intake recruit is 100% women in Kenya and Uganda, we have increased the number of women in STEM (Science, Technology, Engineering Mathematics) roles to 30 through apprenticeships across Kenya, Uganda and Tanzania. Today, 100% of our Cube Spirits Line in Tanzania are female.

DIRECTORS' REPORT (continued)

3. Business review (Continued)

v) Employees (Continued)

We believe the importance of role models should never be overlooked. We make sure our female leaders through our Spirited Women network are highly visible, with a platform to share their career stories with candour; whether that is at panel discussions , awards or coaching and mentoring events.

Continuous learning journey

The pandemic presented a unique growth opportunity and we repurposed our learning to focus on wellbeing, life skills, navigating complex challenges, leading self and others in a virtual environment and building capabilities that are relevant for the future of work. Through the year, we continued to provoke everyday learning from everyday experiences and self-directed learning supported by My Learning Hub as well as leveraging Leaders as Teachers to build the requisite functional and leadership capabilities across the business.

vi) Internal policy framework

EABL endeavours to ensure that it has best in class policies in the region. EABL wishes to highlight in particular the diversity, procurement and ICT policies that are in place and are constantly updated in order to incorporate current trends in the region and the fast pace of advancement in technology.

vii) Related party transactions

The Directors confirm that they have disclosed the Group and Company related party transactions in these financial statements and there were no insider dealings for the year ended 30 June 2021.

4. Dividends

The Directors do not recommend a dividend for the year ended 30 June 2021 in recognition of the need to conserve cash in view of the continued volatility occasioned by the COVID-19 pandemic and the impact on our industry (2020: total dividend of Kshs 3 per share amounting to Kshs 2,372,323,000).

5. Directors

The Directors who held office during the year and to the date of this report are set out on page 110.

6. Employees

The Directors are pleased once again to record their appreciation to all the employees of the Group for their tireless efforts, energy and dedication during the year.

7. Disclosures to Auditors

The Directors confirm that with respect to each Director at the time of approval of this report:

a) there was, as far as each Director is aware, no relevant audit information of which the Company's auditor is unaware; and

b) each Director had taken all steps that ought to have been taken as a Director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

8. Terms of appointment of Auditor

PricewaterhouseCoopers continue in office in accordance with the Company's Articles of Association and Section 719 of the Kenyan Companies Act, 2015.

The Directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

9. Approval of financial statements

The financial statements were approved by the Board of Directors on 29 July 2021.

By order of the Board

Ms. Kathryne Maundu

Company Secretary

Date: 29 July 2021

RIPOTI YA WAKURUGENZI

Wakurugenzi wanawasilisha ripoti yao pamoja na taarifa za kifedha za mwaka uliokamilika 30 Juni 2021, ambazo zinaonyesha hali ya East African Breweries Limited ("EABL" au "Kampuni") pamoja na kampuni zake tanzu (kwa pamoja "Kundi"). Ripoti ya kila mwaka na taarifa za kifedha zimeandaliwa kwa mujibu wa maelezo kwenye Sheria ya Kampuni ya 2015.

1. Shughuli kuu

Kampuni hii na Kundi zinajihusisha katika mauzo, uzalishaji na usambazaji wa mkusanyiko wa nembo za bidhaa ambazo ni kuanzia bia, pombe kali hadi kwa vinywaji vya watu wazima visivyo na kileo.

2. Matokeo

Matokeo ya Kundi na Kampuni ya kipindi hicho yamechapishwa katika ukurasa wa 127 na ukurasa wa 129 mtawalia.

3. Utathmini wa biashara

i) Matokeo ya biashara

Katika mwaka tunaouangazia, janga la COVID-19 liliendelea kutoa changamoto kwa biashara yetu. Hii ilikuwa ni pamoja na kuanza mwaka kwa watu kuwekewa shuruti la kutotoka nje na masharti ya kutosafiri. Baa zilifunguliwa kwa muda katika robo ya kwanza ya mwaka Kenya. Mwaka wa kifedha ulimalizika kwa shuruti jingine la kutotoka nje Uganda na baa kufunguliwa kwa muda tu Kenya.

Katika mwaka huo wote, mataifa yote matatu yaliathiriwa na COVID-19 kwa njia mbalimbali. Nembo za Kundi, uthabiti wa kifedha, na ukakamavu wakati wa majanga ndivyo vitu vikuu vilivyotusaidia kupitia kipindi hicho ambapo matokeo yetu yalianza kuimarika. Mapato ghafi yalikua kwa 15% hadi Kshs 86 bilioni, hili likichangiwa na ukuaji mpana katika masoko yote. Matokeo haya ni dhihirisho la kuimarika tena na ukakamavu kwenye mahitaji upande wa wateja licha ya mazingira kuwa magumu. Faida ghafi iliongezeka 13% hadi Kshs 37.4 bilioni ukilinganisha na mwaka uliotangulia. Ukuaji wa mapato halisi ulipunguzwa kiasi na gharama ya juu ya kufanikisha mauzo. Vitu vilivyochangia gharama ya kufanikisha mauzo kupanda ni pamoja na; kuongezwa kwa kodi ya bidhaa, gharama za ziada zilizotokana na utekelezaji wa stempu za kidijitali Uganda pamoja na mfumko wa bei za bidhaa ambao kwa kiwango fulani athari zake zilipunguzwa na mikakati yetu ya kupunguza matumizi.

Faida kabla ya ushuru iliongezeka kwa 2% hadi Kshs 10.8 bilioni ukilinganisha na mwaka uliotangulia huku ukuaji wa mapato halisi ukiathiriwa kiasi na kutengwa kwa pesa za kulipa kodi ya mara moja. Faida baada ya ushuru ilipungua kidogo kwa 1% hadi Kshs 6.9 bilioni ukilinganisha na Kshs 7.0 bilioni tulizopata mwaka uliotangulia. Ukiondoa athari za kutengwa kwa kodi ya mara moja ya jumla ya Kshs 2.8 bilioni, faida ya Kundi baada ya ushuru ingelikuwa Kshs 8.8 bilioni ambao ungekuwa ni ukuaji wa 25% ukilinganisha na mwaka uliotangulia.

Fedha zilizoingia kwa kampuni kutokana na shughuli zetu za kibiashara zilifikia Kshs 14.6 bilioni, ambapo ni kuimarika pakubwa ukilinganisha na Kshs 11.3 bilioni mwaka uliotangulia ambapo kulikuwa na changamoto katika upatikanaji wa pesa kutokana na athari za COVID kwenye biashara yetu. Kuimarika huku kwa pesa zilizotokana na shughuli zetu kunatokana na kuimarika kwa faida ghafi baada ya kuondoa gharama ya uendeshaji shughuli na pia manufaa kutokana na mtaji. Haya yanadhihirisha jinsi tunavyoangazia usimamizi wa fedha siku kwa siku.

ii) Mazingira ya uendeshaji shughuli

Janga la COVID-19 lilileta changamoto za kijamii na kiuchumi zilizowatatiza wateja wetu, kuathiri uwezo wao wa kifedha na kutatiza pia mfumo wa uuzaji wa biashara yetu. Kando na janga, kulikuwa pia na shinikizo za kiuchumi zilizotokana na kushuka thamani kwa shilingi ya Kenya, na kuondolewa kwa nafuu za ushuru zilizokuwa zimewekwa kupunguza makali ya COVID. Athari za janga hili zilichangia kuwepo kwa kipindi cha kutotabirika kilichotuhitaji kufuatilia kwa karibu mitazamo ya wateja na sababu yao ya kufanya mambo, na pia kubadilisha mitindo ili kutuongoza kuwekeza katika matangazo na uvumishaji wa bidhaa, na kuongoza uvumbuzi wa bidhaa endelevu za kutumiwa na wateja.

Kiwango cha mfumko wa bei za bidhaa na huduma kilikuwa imara katika mataifa tunayohudumu, ingawa kiwango hiki Kenya kilikuwa juu kidogo ukilinganisha na majirani zake. Sababu kuu ilikuwa bei ya mafuta na vyakula. Sarafu za Tanzania na Uganda zilikuwa pia thabiti kwa sehemu kubwa ya mwaka huo wa kifedha, huku shilingi ya Kenya ikishuka thamani kwa kati ya 5% na 9% katika mwaka huo.

iii) Sera na sheria

Ushuru na sheria vimebaki kuwa vitu vinavyoathiri sana matokeo ya kibiashara ya Kundi na maamuzi makuu ya kimkakati. Soko hili lina viwango vya ushuru wa bidhaa za vileo vilivyo miongoni mwa viwango vya juu zaidi Afrika kusini mwa Sahara. Mfumo wa ushuru huo Kenya una makali zaidi kuliko Tanzania na Uganda. Tunaitarajia serikali ya Kenya kuendelea na ongezeko la 5-8% kuambatana na mfumko. Ikizingatiwa kwamba Uganda na Tanzania tayari wamefanya uchaguzi, tunatarajia kwamba huenda kukawa na mabadiliko fulani ya kisera serikali zinapokaribia kutafuta njia za kufufua uchumi baada ya janga la COVID na pia kutoa vichocheo kwa sekta zilizoathirika kwenye uchumi. Uchaguzi mkuu Kenya utafanyika 2022 na kuna uwezekano wa kura ya maamuzi kuhusu marekebisho ya katiba kufanyika 2021.

Nchini Uganda, Sera ya Udhibiti wa Vileo ilipitishwa Septemba 2019, na tunatarajia hii huenda ikaleta mabadiliko ya kisheria yenye lengo la kupunguza uhuru wa kutangaza, masaa ya kuuza vileo pamoja na utoaji leseni, na hivyo kujiunga na Kenya ambayo ina masharti kama hayo.

iv) Uendelevu

Tumejitolea kujenga thamani ya pamoja katika jamii katika maeneo ambapo tunaishi, kufanyia kazi, kununua malighafi na kuuza bidhaa, ili kuhakikisha bidhaa zetu na shughuli zetu hazisababishi madhara. Kwa hivyo, tumechukua uongozi katika kutengeneza suluhu kwa changamoto kama vile mabadiliko ya tabia nchi, uhaba wa maji, ukosefu wa usawa, na unywaji wa kiholela wa pombe.

Ili kuendeleza unywaji pombe wa kuwajibika, lengo letu ni kudhihirisha uongozi katika kuhakikisha watu wanakunywa pombe kwa njia ya kuwajibika, kuangazia matumizi mabaya ya pombe na kuendeleza unywaji wa pombe kwa kipimo. Tumeshirikiana na mashirika mbalimbali na idara za serikali kote kwenye kanda hii, ikiwemo Mamlaka ya Taifa ya Uchukuzi (NTSA), Polisi wa Trafiki Kanda ya Dodoma na Chama cha Vinywaji

RIPOTI YA WAKURUGENZI (inaendelea)

3. Utathmini wa biashara (mwendelezo)

iv) Uendelevu (mwendelezo)

vyenye Vileo Kenya (ABAK), kuzindua msururu wa kampeni zinazolenga kuimarisha usalama barabarani na kuhimiza tabia za kuwajibika kwa watu wanaotumia barabara. Kwa mfano, kampeni yetu ya Don't Drink and Drive kwa maana ya usinywe na kuendesha gari Tanzania imewafikia zaidi ya watu 300,000, wakiwemo madereva wa mabasi na waendeshaji boda boda.

Kutokana na ongezeko la umaarufu wa video ambao ndio mtindo sasa duniani ambapo mitandao kama vile Tik Tok, Snap Chat na Instagram Stories imekuwa maarufu sana miongoni mwa vijana, kampeni ya UBL ya Red Card (Kadi Nyekundu) na 'Cool Teens Don't Drink' (Vijana Wazuri Hawanywi) ilizindua filamu ya 'Suubi' kwenye mpango wa kuhamaisha na kuelimisha vijana wa Smashed.

Kote Afrika Mashariki, tumejitolea kuendeleza mkakati wa kuwajumuisha watu wa aina na asili mbalimbali, kuendana na malengo yetu na kuendana na wateja tunaowahudumia. Tulifanikiwa kuzindua mradi wa majaribio kwa ushirikiano na Sight Savers ambapo wakulima 39 wenye ulemavu wa aina mbalimbali kaunti ya Homa Bay nchini Kenya walijumuishwa kwenye mpango wetu wa wanakandarasi wanaotukuzia mtama. Tuna hamu ya kuendeleza mpango huu kwa kuwajumuisha watu zaidi wenye ulemavu kuwa wauzaji, wasambazaji na wafanyakazi wetu katika ngazi mbalimbali za shughuli zetu. Lengo letu ni wawe 3% kufikia 2030.

Kama sehemu ya kujitolea kwetu katika uendelevu wa kuanzia kwa nafaka hadi kwa gilasi na chini ya kauli mbiu ya 'Water of Life', kwa maana ya Maji ya Uhai, tulizindua msururu wa miradi kadha ya maji yenye lengo la kutoa maji safi, ya kutegemewa na endelevu kwa jamii maeneo mbalimbali kote kanda ya Afrika Mashariki. Miradi yetu ya maji imeboresha upatikanaji wa maji safi na salama kwa zaidi ya watu milioni sita Tanzania, Uganda na Kenya. Tumo kwenye hatua nzuri ya kutimiza malengo yetu ya 2030 kuhusu uhifadhi wa maji kwa ajili ya uhai.

Maji ya Uhai

Nchini Kenya, tumewafaa zaidi ya watu 2.5 milioni kwa kurahisisha upatikanaji wa maji safi kwao. Nchini Tanzania, SBL imechimba visima zaidi ya 18 kote nchini humo, vinavyotoa maji kwa watu zaidi ya milioni mbili katika maeneo yenye shida ya maji. Kwa jumla Uganda, Tanzania na Kenya, 'Maji ya Uhai' imeimarisha upatikanaji wa maji kwa watu zaidi ya milioni sita.

Maji ni kiungo muhimu katika shughuli yetu ya kutengeneza vileo viwandani. Tunatambua kwamba barani Afrika huwa tunaendesha shughuli zetu katika baadhi ya miji yenye shida kubwa zaidi za maji duniani. Uwajibikaji kuhusu maji kwa hivyo ni kiungo muhimu katika kuwa na muundo wa biashara endelevu kwetu. Tumejiwekea malengo makubwa ya kupunguza matumizi ya maji katika viwanda vyetu vyote, na hata zaidi Afrika ambapo hitaji ni la dharura zaidi.

Kila siku, huwa tunatibu maji yetu kupitia kiwanda cha kutibu maji kwa lengo la kuhakikisha 100% ya maji taka kutoka kwa shughuli zetu za viwandani yanarejeshwa kwenye mazingira yakiwa salama. Kwa miaka mingi iliyopita, tumewekeza katika maeneo mengi ya biashara yetu ili kupunguza maji tunayotumia katika viwanda vyetu kwa kiwango kikubwa. Kwa sasa, tunawekeza katika mitambo mipya ya kunusuru maji, kuyasafisha na kuyatumia tena katika viwanda vyetu katika maeneo 3 Afrika Mashariki, ambapo ni pamoja na Tusker na Kisumu nchini Kenya, pamoja na Uganda. Teknolojia hii ya kisasa sana itatusaidia kupunguza matumizi ya maji hata zaidi.

Katika kutumia vyema maji na nishati kwa kila lita ya bia inayozalishwa, viwanda vyetu vimo kwenye tano bora miongoni mwa viwanda bora zaidi duniani. Kufikia Septemba 2020, Uganda Breweries Ltd iliandikisha kipimo cha chini zaidi cha 2.4HL/HL(2.4 hektolita kwa kila hektolita ya bia) , ukilinganisha na lengo la 2.79 HL/HL. Kiwango cha awali kilikuwa 3.4HL/HL.

Tunajivunia pia mtandao wa zaidi ya wakulima 60,000 ambao huwa tunanunua malighafi (mtama na shayiri) kutoka kwao. Mpango wetu wa kununua kutoka kwa wenyeji unapewa kipaumbele sana nasi kibiashara kwani hutuwezesha kukuza thamani yetu kwa pamoja na wakulima Afrika Mashariki. Wakati wa shuruti la kutosafiri kutokana na COVID-19, vikwazo vya kiuchumi vilivyowekwa viliathiri mauzo yetu nalo hilo likaathiri mahitaji ya nafaka. Hata hivyo, tulichukua hatua mbalimbali kupunguza athari zake kwa wakulima. Tulitimiza ahadi zote kwenye mikataba ya ununuzi, kwa kununua takriban tani 45,000 za shayiri na tani 32,000 za mtama na kuwalipa wakulima wote.

Wakulima wadogo wadogo tayari wanahisi athari za mabadiliko ya tabia nchi, ambazo zinatarajiwa kuwa mbaya zaidi katika mwongo ujao. Huwa tunatoa usaidizi wa moja kwa moja kwa wakulima kwa njia ya mafunzo ya mara kwa mara kuhusu mbinu endelevu za ukulima, tahadhari ya mapema na utathmini. Pia huwa tunawapa aina za mbegu zinazoweza kuhimili kiangazi ili kuwasaidia kuweza kukabiliana na changamoto za mabadiliko ya tabia nchi.

Mwisho, tumeshirikiana na asasi za kibinafsi na za serikali kupigia debe zaidi uendelevu wa kimazingira na kuhimiza pia juhudi za pamoja katika kukabiliana na dharura ya mabadiliko ya tabia nchi.

v) Wafanyakazi

Usaidizi kwa wafanyakazi wakati wa janga la COVID-19

Biashara imeweka mwongozo wa kina kuhusu usaidizi muhimu kwa wafanyakazi ambao unaangazia upana wa ujuzi na uzoefu wa wafanyakazi na changamoto zilizojitokeza kipindi hicho. Mwongozo huu una miongoni mwa mengine maslahi na hali ya mfanyakazi pamoja na ukakamavu, usaidizi wa vifaa na teknolojia kuwezesha watu kufanyia kazi nyumbani, kuwaunganisha wafanyakazi kupitia mtandao, shughuli za usimamizi wa wafanyakazi kama vile uajiri, kukaribishwa kwa wafanyakazi wapya na wafanyakazi kutokuwa kazini. Pia, unaangazia maadili ya mishahara na marupurupu. Yote haya yanafaa kutumika kutokana na mabadiliko ya jinsi watu wanavyofanya kazi na kazi yenyewe.

Ujumuishaji na watu aina tofauti

Tunaamini kuwa utamaduni unaojumuisha wote na kukumbatia watu wa aina mbalimbali hufanikisha biashara; tunatetea ujumuishaji na uwepo wa watu wa aina mbalimbali kote katika biashara yetu, katika washirika wetu na katika jamii.

RIPOTI YA WAKURUGENZI (inaendelea)

3. Utathmini wa biashara (mwendelezo)

v) Wafanyakazi (mwendelezo)

Tuna malengo ya kuhakikisha viongozi wetu 50% ni wanawake kufikia 2030. Kwa sasa ni 36%. Tunaangazia pia kuajiri kwa msingi wa usawa katika ngazi zote. Kwa mfano, katika Mpango wetu wa Waliohitimu Vyuo, tulihakikisha kuna 100% Kenya na Uganda. Tumeongeza idadi ya wanawake katika nafasi za kazi za STEM (Sayansi, Teknolojia, Uhandisi na Hisabati) hadi 30 kupitia mpango wa kujifunza kazi Kenya, Uganda na Tanzania. Leo hii, 100% ya wanaohudumu Cube Spirits Line nchini Tanzania ni wanawake.

Tunatambua umuhimu wa mifano ya kuigwa. Huwa tunahakikisha kuwa viongozi wetu wanawake wanaonekana vyema kupitia mtandao wa Spirited Women. Kuna jukwaa lao kusimulia kuhusu safari zao za kitaaluma kwa njia ya uwazi; iwe ni katika mazungumzo ya majopo, hafla za utoaji wa tuzo au za utoaji wa mafunzo na ulezi.

Safari inayoendelea ya kujifunza

Janga hili lilitoa fursa ya kipekee ya ukuaji na tulifanyia maboresho mfumo wetu wa kujifunza kuangazia maslahi, ujuzi wa kufaa maishani, kukabiliana na changamoto, kujiongoza na kuwaongoza wengine katika mazingira ya kutokutana ana kwa ana na kujenga uwezo utakaofaa kwa kazi siku za usoni. Katika mwaka huo, tuliendelea kujifunza kutoka kwa matukio ya kila siku na mafunzo ya kupitia jukwaa la My Learning Hub pamoja na kuwatumia Viongozi kama Walimu kujenga uwezo unaohitajika kutekeleza majukumu na kuongoza kote katika biashara yetu.

vi) Mfumo wa sera ya ndani

EABL inapania kuhakikisha kuwa ina sera na sheria bora zaidi katika kanda hii. EABL ingependa kuangazia hasa sera zilizowekwa katika kuhakikisha kwamba watu wa asili mbalimbali wanakumbatiwa na kujumuishwa, manunuzi na teknolojia ya habari na mawasiliano (ICT) na kuhakikisha kwamba zinabadilishwa na kufanyiwa marekebisho ili kuendana na mabadiliko katika kanda na mabadiliko ya kiteknolojia yanayotokea kwa kasi.

vii) Shughuli za kibiashara za uhusiano

Wakurugenzi wanathibitisha kwamba wameweka wazi shughuli zao za kibiashara ambazo zinaweza kuwa zinahusiana na Kundi na Kampuni katika taarifa hizi za kifedha na kwamba hakukuwa na biashara haramu kwenye mwaka uliomalizika 30 Juni 2021.

4. Mgawo wa faida

Wakurugenzi hawapendekezi kulipwa kwa mgawo wa faida kwa mwaka uliomalizika 30 Juni 2021 kwa kutambua hitaji la kuhifadhi fedha kutokana na kuendelea kwa hali ya kutotabirika ambayo imetokana na janga la COVID-19 na athari zake kwa sekta yetu (2020: mgawo wa faida wa jumla ya Kshs 3 kwa kila hisa sawa na 2,372,323,000).

5. Wakurugenzi

Wakurugenzi waliohudumu katika mwaka huo na waliopo hadi tarehe ya kutolewa kwa ripoti hii wameorodheshwa katika ukurasa 82-85.

6. Wafanyakazi

Wakurugenzi wana furaha kwa mara nyingine tena kutoa shukrani kwa wafanyakazi wote wa Kundi kwa juhudi zao, nguvu na kujitolea kwao katika mwaka huo.

7. Kuweka bayana mambo kwa Wakaguzi wa Hesabu

Wakurugenzi wanathibitisha kwamba kuhusiana na kila Mkurugenzi wakati wa kuidhinishwa kwa ripoti hii:

a) Kwa uelewa wa kila Mkurugenzi, hakukuwepo taarifa zozote muhimu za ukaguzi wa hesabu za Kampuni ambazo mkaguzi wa hesabu hakuwa nazo; na

b) Kila Mkurugenzi alikuwa amechukua hatua zote zilizofaa kuchukuliwa kama Mkurugenzi ili kufahamu taarifa zozote muhimu za ukaguzi wa hesabu na kuhakikisha kwamba mkaguzi wa hesabu za Kampuni anafahamu taarifa hizo.

8. Masharti ya uteuzi wa Mkaguzi wa hesabu

PricewaterhouseCoopers wanaendelea kuhudumu kwa mujibu wa Mkataba wa Ushirikisho na Kanuni za Kampuni na Kifungu 719 cha Sheria yaKampuni za Kenya ya mwaka 2015.

Wakurugenzi hufuatilia utendaji kazi, kutopendelea upande wowote, na uhuru wa mkaguzi wa hesabu. Wajibu huu ni pamoja na uidhinishaji wa mkataba wa kuhudumu kama mkaguzi wa hesabu na malipo yanayohusiana na hilo kwa niaba ya wenyehisa.

9. Kuidhinishwa kwa taarifa za kifedha

Taarifa za kifedha ziliidhinishwa na bodi ya Wakurugenzi mnamo 29 Julai 2021.

Kwa agizo la Bodi

Bi. Kathryne Maundu

Katibu wa Kampuni

Tarehe: 29 Julai 2021

DIRECTORS' REMUNERATION REPORT

East African Breweries Limited ("EABL" or "Company") ambition is to be the best performing, most trusted and respected consumer products company in Africa. Achieving this will require significant leadership focus and investment behind an ambitious growth strategy. Reward is a key enabler to this strategy – impacting our ability to not only attract, but to motivate and retain talent with the capability to deliver EABL's strategy and performance goals.

EABL is pleased to present the Directors' remuneration report for the year ended 30 June 2021. This report is compiled pursuant to EABL's reward policy, the Capital Markets Authority Code of Corporate Governance, and the Kenyan Companies Act, 2015 Regulations on Directors' remuneration. A key provision of the Company's principles is that reward directly support the business strategy with clear and measurable linkage to business performance.

The EABL reward system seeks to recognise the contribution its employees make towards the success of the Company, while reflecting not only the value of the roles they perform, but also the level to which they perform them. Our approach to recognising our Directors' contribution to the business is based on our reward principles, which are summarised as below:

- **Competitiveness:** Our total reward levels are reflective of the competitive market, and compare favourably with our peers for such skills. Our reward structure is reviewed regularly and is subject to external benchmarking to ensure that we continually offer our Directors a competitive total reward package.
- **Transparency:** Our reward programme is simple and globally aligned in terms of core offerings and mechanism. We strive to explain to all stakeholders the component value of the total reward package and the criteria which may affect it.
- **Performance based:** Our reward programmes are linked to our performance ambition. They are simple and clearly communicated, recognising individual and business performance.

As at 30 June 2021, EABL's Board of Directors consisted of:

- 2 Executive Directors: Mrs. Jane Karuku and Mrs. Risper G. Ohaga. Mr. Andrew Cowan resigned from the Board on 1 March 2021.
- 3 Non-Executive Directors: Mr. John O'Keeffe, Mr. Leo Breen and Mr. Dayalan Nayager who was appointed as a Non-Executive Director on 1 March 2021.
- 6 Independent Non-Executive Directors ("INEDs"): Dr. Martin Oduor-Otieno, Ms. Carol Musyoka, Mr. John Ulanga, Mr. Japheth Katto, Mr Jimmy Mugerwa and Ms. Ory Okolloh. Ms. Ory Okolloh was appointed as Independent Non-Executive Director on 16 October 2020.

In accordance with Section 6 of the Companies (General) (Amendment) Regulations of 2017, the Directors Remuneration Report for the year ended 30 June 2020 was presented to shareholders for approval at the Annual General Meeting (AGM) held on 16th September 2020. 99.98% voted in favour of the report, 0.00% voted against the report while 0.02% of the votes were withheld or spoilt.

The next section outlines the details of the remuneration.

DIRECTORS' REMUNERATION REPORT (continued)

1. Executive Directors

The reward of the Executive Directors is guided by the principles set out above. It comprises guaranteed elements (base pay and fixed allowances), benefits and variable elements (bonus pay and stock options or awards).

The elements of the Executive Directors' remuneration are as detailed out on the table below:

Reward Element	Description
Base pay	**Purpose and link to Group Strategy** The base pay supports the attraction and retention of the best global talent with the capability to deliver EABL's strategy and performance goals.
	Operation • It is paid monthly (12 equal instalments) during the year, and is pensionable. • The base pay is reviewed annually in October, to reflect changes in market pay levels and individual performance. • The Board Nominations and Remuneration Committee (BNRC) approves the budgets that form the basis for the annual base salary increments on an annual basis. • **Performance measure** –It is based on individual's level of responsibility
Fixed allowances and benefits	**Purpose and link to Group Strategy** These allowances and benefits provide market competitive and cost effective benefits. **Operation** • Fixed allowances are provided in line with the Company's pay structure and may include a car allowance (unless in cases where an actual car is provided). Further, Executive Directors on international assignee contracts receive mobility related allowances to compensate for cost of living and location differentials. • Market competitive benefits that are in line with the Company's pay structure include pension, medical, accident and life insurance and club membership. • International assignees receive additonal benefits that include: home leave travel, housing support, dependants' education support and tax support through tax equalisation. **Performance measure** – It is based on individual's level of responsibility.
Bonus	**Purpose and link to Group Strategy** This incentivises delivery of EABL's annual strategic financial and non-financial targets. It provides focus on the key financial metrics and the individual's contribution to the Company's performance. **Operation** • Bonus pay is discretionary and is paid out in line with the Company's bonus scheme referred to as the Annual Incentive Plan (AIP). AIP seeks to reward an employee's contribution as part of a winning team'. • Bonuses are awarded during the EABL Annual Review Cycle and paid out in cash in October of every year. • The elements used to calculate the bonus are: o Annual base salary - Bonus is usually expressed in terms of one's annual base salary. o The business multiple – This is a reflection of the performance of the business against its annual operating plan. It could be between 0.0 and 3.0. o The bonus factor - is the proposed recommendation by the Line Manager. It is a reflection of one's individual performance in the performance year and is between 0% - 200%. **Performance measure** – This is based on individual and Company performance

DIRECTORS' REMUNERATION REPORT (continued)

Reward Element	Description
Shares / stock options	**Purpose and link to Group Strategy** These provide focus on delivering superior long term consistent performance in line with EABL's business strategy and to create alignment with the delivery of value and returns to shareholders. **Operation** The Executive Directors participate in the below plans: • Diageo Executive Long Term Investment Plan (DELTIP) – Under this plan, Diageo has discretion to grant Restricted Stock Units (RSUs) and/or share options in Diageo plc. Awards are normally made annually in September. DELTIP encourages leaders of the business to act like owners by linking reward to Diageo plc's share price performance. Awards will normally vest three years after grant, subject to continued employment. Employees can exercise their options at any time within the seven year period following the vesting date. • The Performance Share Plan (PSP) – This is a long-term incentive that offers the executive the opportunity to receive a conditional award overshares in Diageo plc, subject to the achievement of performance conditions: organic Profit Before Exceptional Items and Tax (PBET), organic Net Sales Value (NSV) growth and Environmental, Social and Governance (ESG) priorities. Provided that the performance conditions are met, shares will vest and be released to participants three years after the date of grant. The proportion of the award released depends on the extent to which the performance conditions are met. **Performance measure for the right to receive shares –** The vesting of awards is linked to a range of measures which may include, but are not limited to: • A growth measure (e.g. net sales growth, operating profit growth); • A measure of efficiency (e.g. operating margin, cumulative free cash flow, return on invested capital); • A measure of Diageo's performance in relation to its peers (e.g. relative total shareholder return); and • A measure relating to ESG priorities.
Company product	All Directors are eligible to receive a discretionary choice from a select product range to enable them experience the Company brands first hand. The value of the products is Kshs 3,000 per month. There is no cash alternative to product allowance and it is not a contractual benefit.
Notice period	The notice period is defined in the indvidual contracts. Local contracts provide for 3 months notice period. Notice period for international assignees is defined by their home contracts terms of service.
Termination payments	These are defined by Company policy, which provides for severance payment, payment in lieu of notice and payment of any accrued fixed pay and leave.
Compensation for past Directors	This report includes payments made in the relevant financial year to any person who was not a Director of the Company at the time the payment was made but had previously been a Director of the Company.

DIRECTORS' REMUNERATION REPORT (continued)

Executive Directors Remuneration – Auditable information

Table 1: Executive Directors Pay and Benefits

	Salary	Bonuses	Allowances and benefits	Total
	Kshs '000	**Kshs '000**	**Kshs '000**	**Kshs '000**
Year ended 30 June 2021				
Andrew Cowan	21,324	-	55,932	77,256
Jane Karuku	39,433	-	12,878	52,311
Risper G. Ohaga	23,910	-	4,742	28,652
Total	**84,667**	**-**	**73,552**	**158,219**
Year ended 30 June 2020				
Andrew Cowan	39,197	57,543	54,993	151,733
Jane Karuku	30,867	24,812	6,878	62,557
György Geiszl	16,183	23,181	52,943	92,307
Risper G. Ohaga	9,963	6,121	5,926	22,010
Total	**96,210**	**111,657**	**120,740**	**328,607**

The remuneration disclosed for directors who serve for a part of the year constitutes payments during the period they were in employment with the Company.

The bonus is awarded during the annual review cycle and paid out in October of every year. Therefore, the disclosed bonus remuneration is the amounts paid in the financial year based on the individual and company performance in the prior year.

Table 2: Executive Directors Stock options

The movement in the Executive Directors' share options awards is as follows:

	At start of year	Shares/options awarded	Shares/options exercised	At end of year
Year ended 30 June 2021				
Andrew Cowan	37,563	13,731	(12,797)	38,497
Jane Karuku	45,468	13,198	(8,365)	50,301
Risper G. Ohaga	1,328	5,811	-	7,139
Total	**84,359**	**32,740**	**(21,162)**	**95,937**
Year ended 30 June 2020				
Andrew Cowan	40,377	12,273	(15,087)	37,563
Jane Karuku	40,683	6,901	(2,116)	45,468
György Geiszl	11,541	1,069	(4,781)	7,829
Risper G. Ohaga	-	1,328	-	1,328
Total	**92,601**	**21,571**	**(21,984)**	**92,188**

The charge through profit or loss relating to the share options and awards was Kshs 47,504,000 (2020: Kshs 29,018,000)

DIRECTORS' REMUNERATION REPORT (continued)

2. Non-Executive Directors

The Non-Executive Directors, Mr. John O'Keeffe, Mr. Leo Breen and Mr. Dayalan Nayager are full time employees of the majority shareholder, Diageo plc. As a result of being full time employees of Diageo plc, these Non-Executive Directors did not earn any fees for sitting on the board of EABL.

3. Independent Non-Executive Directors (INEDS)

Independent Non-Executive Directors' remuneration policy and framework

Our reward policy targets to ensure that our pay is competitive at all levels across the business which also extends to include the compensation for the Non-Executive Directors. The Non-Executive Directors remuneration is based on an analysis and understanding of our market practices as well as the Capital Markets Authority (CMA) guidelines on good corporate governance that "the non-executive directors' remuneration should be competitive in line with remuneration for other directors in competing sectors".

EABL's preferred market positioning for remuneration is 75th percentile within a comparable peer group of companies. The approved internal policy and market practice is to review remuneration for Board Members every 2 years.

The list of the reward components is as follows:

(i) Consolidated fees

This is competitive taking into account market rates of pay. Fees are reviewed every two years after a survey of prevailing market rates. Any increases will be determined in accordance with the ability of the business to fund the increase. Retainer fees are paid on a monthly basis.

Effective financial year 2020, the Retainer Fees and Siting Allowance was consolidated to provide for one amount paid out monthly and differentiated by level of responsibility in the Board. Therefore, no separate attendance fees are paid in addition to the consolidate fees.

(ii) Insurance cover

EABL provides professional indemnity insurance for all the Independent Non-Executive Directors in line with best practice in the market.

(iii) Product allowance

Independent Non-Executive Directors' are eligible to receive a discretionary choice from a select product range to enable them experience the Group's brands first hand. The value of the products is Kshs 3,000 per month. There is no cash alternative to product allowance and it is not a contractual benefit.

(iv) Travel and accommodation when on Company business

EABL provides for travel and accommodation costs in line with its Travel and Entertainment policy. Independent Non-Executive Directors travel on business class when going for Company related meetings.

(v) Medical cover

The Company provides Independent Non-Executive Directors with medical cover, both inpatient and outpatient, within the limits provided for EABL employees.

The Company values continued dialogue with EABL's shareholders and engages directly with them at the Annual General Meeting when making any revisions to the INEDs remuneration package.

DIRECTORS' REMUNERATION REPORT (continued)

Independent non-executive Directors' remuneration policy and framework (continued)

INEDS Remuneration – Auditable information

	Retainer	Sitting allowances	Total
	Kshs '000	**Kshs '000**	**Kshs '000**
Year ended 30 June 2021			
Martin Oduor-Otieno	8,800	-	8,800
Carol Musyoka	5,580	-	5,580
Japheth Katto	6,558	-	6,558
Jimmy Mugerwa	6,251	-	6,251
John Ulanga	6,037	-	6,037
Ory Okolloh	3,720	-	3,720
Total	**36,946**	**-**	**36,946**
Year ended 30 June 2020			
Charles Muchene	3,772	280	4,052
Martin Oduor-Otieno	7,108	345	7,453
Carol Musyoka	5,497	375	5,872
Japheth Katto	5,651	67	5,718
Jimmy Mugerwa	5,651	67	5,718
John Ulanga	5,447	79	5,526
Total	**33,126**	**1,213**	**34,339**

By order of the Board

Ms Kathryne Maundu
Company Secretary

Date: 29 July 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and Company at the end of the financial year and its financial performance for the year then ended. The Directors are responsible for ensuring that the Group and Company keeps proper accounting records that are sufficient to show and explain the transactions of the Group and Company; disclose with reasonable accuracy at any time the financial position of the Group and Company; and that enables them to prepare financial statements of the Group and Company that comply with prescribed financial reporting standards and the requirements of the Kenyan Companies Act, 2015. They are also responsible for safeguarding the assets of the Group and Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

i. Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;

ii. Selecting suitable accounting policies and then applying them consistently; and

iii. Making judgements and accounting estimates that are reasonable in the circumstances.

Having made an assessment of the Company's ability to continue as a going concern, the Directors have disclosed in Note 2(a)(ii) of the financial statements matters relating to the use of going concern basis of preparation of the financial statements.

The Group's statement of financial position indicates a net current liabilities position of Kshs 5,609,779,000 (2020: Kshs 5,076,181,000). The Directors believe that this is transient in nature as the Group continues to align its capital expenditure with long term funding. The Capital Markets Authority has exempted the Group from maintaining a current ratio of 1 until June 2023. The Group had undrawn funding available as at 30 June 2021 of Kshs 11.4 billion (2020: Kshs 4.1 billion) as disclosed in Note 30.

The Directors have undertaken a detailed funding assessment of the Group, including a debt maturity analysis. Based on the outcome of the assessment, the Directors have concluded that the Group will generate/access sufficient funds to meet all its obligations over the next twelve-month period from the date of this report. They have also reviewed all the borrowing financial covenants and confirm that the Group is compliant.

As explained in Note 2(a)(ii) the Directors find it appropriate to prepare these financial statements on a going concern basis.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the Board of Directors on 29 July 2021 and signed on its behalf by:

Ms. Jane Karuku
Group Managing Director

Ms. Risper G Ohaga
Chief Financial Officer

Independent auditor's report to the shareholders of East African Breweries Limited

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of East African Breweries Limited (the Company) and its subsidiaries (together, the Group) set out on pages 129 to 196, which comprise the consolidated statement of financial position at 30 June 2021, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 30 June 2021, and the Company statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements of East African Breweries Limited give a true and fair view of the financial position of the Group and the Company at 30 June 2021 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent auditor's report to the shareholders of East African Breweries Limited

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Carrying value of intangible assets (goodwill and brands) and investments in subsidiaries As disclosed in Note 24 of the financial statements, the Group has goodwill of Kshs 2.9 billion and indefinite-lived brand intangible assets of Kshs 485 million as at 30 June 2021 arising from business acquisitions in prior years. The carrying amount of investments in subsidiaries in the Company's statement of financial position at 30 June 2021 was Kshs 47 billion. As explained in the accounting policies Note 2 (h) and 2 (s) in the financial statements, management perform an impairment assessment of intangible assets on an annual basis. The impairment assessment is based on a comparison of the carrying amount of the intangible assets and the investments in subsidiaries in the statement of financial position to their respective recoverable amounts. The determination of the recoverable amount, being the higher of value-in-use and fair value less costs to dispose, requires management judgement in both identifying and then valuing the relevant cash generating units (CGUs). Recoverable amounts are based on management's estimate of variables and market conditions such as future selling prices and sales volume growth rates, the timing of future operating expenditure, and the most appropriate discount and long-term growth rates. Variations in management estimates and judgements could result in material differences in the outcomes of the assessment.	We evaluated and validated the composition of management's cash flow forecasts and the underlying assumptions based on the historical performance of the CGUs, industry-specific reports and the macro economic outlook. Our audit procedures included assessing the appropriateness of the impairment models and the reasonableness of the assumptions by benchmarking the key market-related assumptions in the models, such as discount rates, long term growth rates and foreign exchange rates, against external data, and assessing the reliability of cash flow forecasts through a review of actual past performance and comparison to previous forecasts. We tested the mathematical accuracy and performed sensitivity analysis of the inputs and assumptions to the models. We assessed the adequacy and appropriateness of the related disclosures in Notes 24 and 25 of the financial statements.

Independent auditor's report to the shareholders of East African Breweries Limited

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Provisions and contingent liabilities As explained in Note 32 to the financial statements, the group entities have unresolved assessments and claims by tax authorities on a range of tax compliance matters arising in the normal course of business. The Directors use the best available information to make significant judgements at the year-end as to the likely outcome of these matters for purposes of calculating any potential liabilities and/or determining the level of disclosures in the financial statements. The future outcome of these claims could be materially different from the Directors' judgements.	As explained in Note 32 in the financial statements, since the settlement of these matters is subject to future negotiations and legal proceedings, the calculations of any provisions are subject to inherent uncertainty. We assessed the reasonableness of any provisions recorded in the financial statements in the context of the uncertainty. Our audit focused on assessing the reasonableness of the Directors' judgements in relation to unresolved tax assessments and claims. In particular, our procedures included the following: • where relevant, assessing independent professional opinions used in the management judgements and estimates; and • validation of the management judgements and estimates against the supporting internal information and documents, and communications with relevant tax authorities. We evaluated whether the disclosures in the financial statements appropriately reflect any significant uncertainties that exist around the unresolved tax matters.

Other information

The other information comprises of the Corporate information, the Directors' report, the Directors' remuneration report, the Statement of Directors' responsibilities and the Principal shareholders and share distribution information, which we obtained prior to the date of this auditor's report, and the rest of the other information in the 2021 Integrated Report and Financial Statements which are expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not and will express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information we have received prior to the date of this auditor's 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.

When we read the rest of the other information in the 2020 Integrated Report and Financial Statements, which was made available to us after the date of our report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Groups' 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 or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the shareholders of East African Breweries Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the 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'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's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's 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 the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the Group's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other matters as prescribed by the Companies Act, 2015

Report of the Directors

In our opinion, the information given in the Directors' report on pages 112 to 114 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the Directors' remuneration report on pages 118 to 123 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

FCPA Michael Mugasa, Practicing Certificate Number 1478
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

29th July 2021

Consolidated statement of profit or loss

	Year ended 30 June		
	Note	**2021**	**2020**
		Kshs '000	**Kshs '000**
Revenue from contracts with customers	6(a)	85,961,815	74,916,259
Cost of sales	7(a)	(48,548,122)	(41,896,229)
Gross profit		**37,413,693**	**33,020,030**
Selling and distribution costs		(7,362,119)	(6,590,629)
Administrative expenses	8(a)	(9,320,113)	(8,565,240)
Other expenses	9(a)	(5,924,689)	(3,382,811)
Finance income	12(a)	91,242	164,873
Finance costs	12(a)	(4,039,981)	(3,990,964)
Profit before income tax	10	**10,858,033**	**10,655,259**
Income tax expense	13(a)	(3,896,093)	(3,634,344)
Profit for the year		**6,961,940**	**7,020,915**
Profit attributable to:			
Equity holders of the Company		4,354,228	4,086,477
Non-controlling interests	18(a)	2,607,712	2,934,438
Profit for the year		**6,961,940**	**7,020,915**
Earnings per share			
-basic and diluted (Kshs per share)	15	5.51	5.17

Consolidated statement of comprehensive income

	Year ended 30 June	
	2021	**2020**
	Kshs '000	**Kshs '000**
Profit for the year	6,961,940	7,020,915
Other comprehensive income, net of tax:		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	209,841	657,748
Total comprehensive income for the year	**7,171,781**	**7,678,663**
Total comprehensive income for the year attributable to:		
Equity holders of the Company	4,549,415	4,617,270
Non-controlling interests	2,622,366	3,061,393
Total comprehensive income for the year	**7,171,781**	**7,678,663**

Company statement of profit or loss and other comprehensive income

		Year ended 30 June	
		2021	**2020**
	Note	**Kshs '000**	**Kshs '000**
Revenue from contracts with customers	6(b)	1,743,771	2,019,164
Cost of sales	7(b)	-	-
Gross profit		**1,743,771**	**2,019,164**
Administrative expenses	8(b)	(1,568,599)	(1,493,509)
Other income/(expenses)	9(b)	1,125,440	(942,523)
Dividend income		2,529,344	13,557,295
Finance income	12(b)	3,210,164	3,101,187
Finance costs	12(b)	(4,445,165)	(5,560,487)
Profit before income tax	10	**2,594,955**	**10,681,127**
Income tax credit/(expense)	13(b)	367,667	(620,194)
Profit for the year		**2,962,622**	**10,060,933**
Profit for the year		2,962,622	10,060,933
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		**2,962,622**	**10,060,933**

Consolidated statement of financial position

		At 30 June	
		2021	2020
	Note	Kshs '000	Kshs '000
Equity attributable to owners of the Company			
Share capital	16	1,581,547	1,581,547
Share premium	16	1,691,151	1,691,151
Other reserves	17(a)	(2,606,773)	(2,821,327)
Retained earnings		5,519,268	5,869,572
		6,185,193	**6,320,943**
Non-controlling interests	18	8,667,237	7,672,325
Total equity		**14,852,430**	**13,993,268**
Non-current liabilities			
Deferred income tax	19(a)	6,239,320	5,568,697
Borrowings	30(a)	38,260,591	36,900,000
Lease liabilities	31(a)	1,062,360	1,151,841
		45,562,271	**43,620,538**
Total equity and non-current liabilities		**60,414,701**	**57,613,806**
Non-current assets			
Property, plant and equipment	20(a)	59,747,234	56,734,910
Right-of-use assets	21(a)	1,451,980	1,577,415
Intangible assets – Software	23(a)	624,952	602,036
Intangible assets – Goodwill	24(a)	2,860,728	2,831,130
Intangible assets – Brand	24(b)	485,008	481,219
Other financial assets	26	10,000	10,000
Deferred income tax	19(a)	844,578	453,277
		66,024,480	**62,689,987**
Current assets			
Inventories	27(a)	11,688,157	10,916,370
Trade and other receivables	28(a)	13,022,880	5,681,444
Current income tax		3,769,587	3,708,970
Cash and bank balances	34(b)	5,611,910	5,661,635
		34,092,534	**25,968,419**
Current liabilities			
Trade and other payables	29(a)	30,543,718	21,731,083
Dividends payable	14	673,463	815,661
Borrowings	30(a)	6,900,000	4,106,253
Lease liabilities	31(a)	394,243	459,265
Bank overdraft	30(a)	1,190,889	3,932,338
		39,702,313	**31,044,600**
Net current liabilities		**(5,609,779)**	**(5,076,181)**
		60,414,701	**57,613,806**

The financial statements on pages 129 to 196 were approved for issue by the board of Directors on 29 July 2021 and signed on its behalf by:

Ms. Jane Karuku
Group Managing Director

Ms. Risper G Ohaga
Group Chief Financial Officer

Company statement of financial position

		At 30 June	
		2021	2020
	Note	Kshs '000	Kshs '000
Equity attributable to owners of the Company			
Share capital	16	1,581,547	1,581,547
Share premium	16	1,691,151	1,691,151
Other reserves	17	73,476	48,310
Retained earnings		19,540,747	16,578,125
Total equity		**22,886,921**	**19,899,133**
Non-current liabilities			
Borrowings	30(b)	37,108,333	36,900,000
Lease liabilities	31(b)	5,283	10,986
		37,113,616	**36,910,986**
Total equity and non-current liabilities		**60,000,537**	**56,810,119**
Non-current assets			
Property and equipment	20(b)	443,176	480,265
Right-of-use assets	21(b)	12,599	26,458
Intangible assets – software	23(b)	123,519	122,344
Investment in subsidiaries	25	47,037,625	40,620,200
Other financial assets	26	10,000	10,000
Receivables from related parties	35(b)	31,036,117	27,894,760
Deferred income tax	19(b)	841,629	442,533
		79,504,665	**69,596,560**
Current assets			
Trade and other receivables	28(b)	3,335,382	2,096,784
Current income tax		2,300,544	1,812,745
Cash and bank balances	34(b)	1,761,351	3,616,403
		7,397,277	**7,525,932**
Current liabilities			
Trade and other payables	29(b)	19,320,605	12,674,504
Dividends payable	14	673,463	815,661
Bank overdraft	34(b)	-	2,804,807
Borrowings	30(b)	6,900,000	4,000,000
Lease liabilities	31(b)	7,337	17,401
		26,901,405	**20,312,373**
Net current liabilities		**(19,504,128)**	**(12,786,441)**
		60,000,537	**56,810,119**

The financial statements on pages 129 to 196 were approved for issue by the board of Directors on 29 July 2021 and signed on its behalf by:

Ms. Jane Karuku
Group Managing Director

Ms. Risper G Ohaga
Group Chief Financial Officer

Consolidated statement of changes in equity

Year ended 30 June 2021	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
At 1 July 2020	**1,581,547**	**1,691,151**	**(2,821,327)**	**5,869,572**	**6,320,943**	**7,672,325**	**13,993,268**
Total comprehensive income							
Profit for the year	-	-	-	4,354,228	**4,354,228**	2,607,712	**6,961,940**
Other comprehensive income	-	-	195,187	-	**195,187**	14,654	**209,841**
Total comprehensive income for the year	**-**	**-**	**195,187**	**4,354,228**	**4,549,415**	**2,622,366**	**7,171,781**
Transactions with owners of the Company							
Acquisition of non-controlling interests (Note 18)	-	-	-	(4,704,532)	**(4,704,532)**	(1,566,844)	**(6,271,376)**
Share based payment reserve (Note 17(a))	-	-	25,166	-	**25,166**	-	**25,166**
Employees share ownership plan (Note 17(a))	-	-	(5,799)	-	**(5,799)**	-	**(5,799)**
Dividends:							
- Interim for 2021	-	-	-	-	-	(11,020)	**(11,020)**
- Final for 2020	-	-	-	-	-	(49,590)	**(49,590)**
Total transactions with owners of the Company	**-**	**-**	**19,367**	**(4,704,532)**	**(4,685,165)**	**(1,627,454)**	**(6,312,619)**
At 30 June 2021	**1,581,547**	**1,691,151**	**(2,606,773)**	**5,519,268**	**6,185,193**	**8,667,237**	**14,852,430**

Consolidated statement of changes in equity (continued)

Year ended 30 June 2020	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
At 1 July 2019	**1,581,547**	**1,691,151**	**(3,388,566)**	**8,760,247**	**8,644,379**	**7,510,372**	**16,154,751**
Total comprehensive income							
Profit for the year	-	-	-	4,086,477	**4,086,477**	2,934,438	**7,020,915**
Other comprehensive income	-	-	530,793	-	**530,793**	126,955	**657,748**
Total comprehensive income for the year	**-**	**-**	**530,793**	**4,086,477**	**4,617,270**	**3,061,393**	**7,678,663**
Transactions with owners of the Company							
Purchase of additional interest in a subsidiary (Note 18)	-	-	-	(308,147)	**(308,147)**	-	**(308,147)**
Adjustment arising from change in non-controlling interests (Note 18)	-	-	-	447,964	**447,964**	(447,964)	**-**
Share based payment reserve (Note 17(a))	-	-	22,126	-	**22,126**	-	**22,126**
Employees share ownership plan (Note 17(a))	-	-	14,320	-	**14,320**	-	**14,320**
Dividends:							
- Interim for 2020	-	-	-	(2,372,323)	**(2,372,323)**	(829,042)	**(3,201,365)**
- Final for 2019	-	-	-	(4,744,646)	**(4,744,646)**	(1,622,434)	**(6,367,080)**
Total transactions with owners of the Company	**-**	**-**	**36,446**	**(6,977,152)**	**(6,940,706)**	**(2,899,440)**	**(9,840,146)**
At 30 June 2020	**1,581,547**	**1,691,151**	**(2,821,327)**	**5,869,572**	**6,320,943**	**7,672,325**	**13,993,268**

Company statement of changes in equity

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	Kshs'000	**Kshs'000**	**Kshs '000**	**Kshs'000**	**Kshs'000**
At 1 July 2020	**1,581,547**	**1,691,151**	**48,310**	**16,578,125**	**19,899,133**
Total comprehensive income for the year	-	-	-	2,962,622	2,962,622
Transactions with owners of the company:					
Share based payment reserve (Note 17(a))	-	-	25,166	-	25,166
Total transactions with owners of the company	-	-	25,166	-	25,166
At 30 June 2021	**1,581,547**	**1,691,151**	**73,476**	**19,540,747**	**22,886,921**
At 1 July 2019	**1,581,547**	**1,691,151**	**26,184**	**13,634,161**	**16,933,043**
Total comprehensive income for the year	-	-		10,060,933	10,060,933
Transactions with owners of the company:					
Share based payment reserve (Note 17(a))	-	-	22,126	-	22,126
Dividends:					
- Interim for 2020	-	-	-	(2,372,323)	(2,372,323)
- Final for 2019	-	-	-	(4,744,646)	(4,744,646)
Total transactions with owners of the company	-	-	22,126	(7,116,969)	(7,094,843)
At 30 June 2020	**1,581,547**	**1,691,151**	**48,310**	**16,578,125**	**19,899,133**

Consolidated statement of cash flows

	Notes	At 30 June	
		2021	2020
		Kshs '000	Kshs '000
Operating activities			
Cash generated from operations	34(a)	21,523,733	13,636,327
Interest received	12(a)	91,242	164,873
Interest paid on borrowings		(3,141,386)	(3,865,182)
Interest paid on lease liabilities	31(a)	(89,530)	(104,349)
Income tax paid		(3,772,288)	(6,484,820)
Net cash flows from operating activities		**14,611,771**	**3,346,849**
Investing activities			
Purchase of property, plant and equipment	20(a)	(7,744,506)	(7,952,915)
Purchase of intangible assets - software	23(a)	(182,354)	(163,187)
Purchase of additional interest in a subsidiary	18(b)	(6,271,376)	(308,147)
Proceeds from disposal of property, plant and equipment		-	93,992
Net cash flows from investing activities		**(14,198,236)**	**(8,330,257)**
Financing activities			
Repayment of principal portion of lease liabilities	31(a)	(482,774)	(473,709)
Dividends paid to Company's shareholders	14	-	(7,131,156)
Dividends paid to non-controlling interests		(60,610)	(2,451,476)
Unclaimed dividend paid - Unclaimed Financial Assets Authority		(140,396)	-
Proceeds from borrowings	30(a)	23,552,160	23,400,000
Repayment of borrowings	30(a)	(19,398,508)	(18,716,209)
Movement in treasury shares	17	(5,799)	14,320
Net cash flows from financing activities		**3,464,073**	**(5,358,230)**
Increase/(decrease) in cash and cash equivalents		**3,877,608**	**(10,341,638)**
Movement in cash and cash equivalents			
At start of year		1,729,297	12,468,585
Foreign exchange impact on translation		(1,185,884)	(397,650)
Increase/(decrease) in the year		3,877,608	(10,341,638)
At end of year	34(b)	**4,421,021**	**1,729,297**

Company statement of cash flows

		At 30 June	
	Notes	**2021**	**2020**
		Kshs '000	**Kshs '000**
Operating activities			
Cash used in operations	34(a)	7,296,773	(6,324,044)
Interest received	12(b)	2,725,585	3,101,187
Interest paid on borrowings		(4,583,068)	(5,378,960)
Interest paid on lease liabilities	31(b)	(2,667)	(3,817)
Income tax paid		(519,229)	(596,072)
Net cash flows from operating activities		**4,917,394**	**(9,201,706)**
Investing activities			
Purchase of property, plant and equipment	20(b)	(70,716)	(686,808)
Purchase of intangible assets	23(b)	(108,770)	(75,988)
Purchase of additional interest in a subsidiary	25	(6,271,376)	(995,809)
Property, plant and equipment - transfer to related companies	20(b)	44,712	-
Proceeds from disposal of property and equipment		101,733	696,524
Movement in intercompany funding		(3,141,357)	(9,276,496)
Dividends received from subsidiaries		2,529,344	13,702,016
Net cash flows from investing activities		**(6,916,430)**	**3,363,439**
Financing activities			
Repayment of principal portion of lease liabilities	31(b)	(19,146)	(24,170)
Dividends paid to Company's shareholders	14	-	(7,131,156)
Unclaimed dividend paid - Unclaimed Financial Assets Authority		(140,396)	
Proceeds from borrowings - Long term bank loan	30(b)	22,400,000	23,400,000
Repayment of borrowings	30(b)	(19,291,667)	(18,615,178)
Net cash flows from financing activities		**2,948,791**	**(2,370,504)**
Increase/(decrease) in cash and cash equivalents		**949,755**	**(8,208,771)**
Movement in cash and cash equivalents			
At start of year		811,596	9,020,367
Increase/(decrease) during the year		949,755	(8,208,771)
At end of year	35(b)	**1,761,351**	**811,596**

Notes

1. General information

East African Breweries Limited is incorporated as a limited liability Company in Kenya under the Kenyan Companies Act and is domiciled in Kenya. The address of its registered office and principal place of business is as follows:

East African Breweries Limited
Corporate Centre,
Garden City Business Park, Ruaraka
PO Box 30161
00100 Nairobi GPO

The consolidated financial statements for the Company as at 30 June 2021 and for the year then ended comprise the Company and the subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). The Group is primarily involved in marketing, production and distribution of a collection of brands that range from beer, spirits to adult non-alcoholic drinks.

The Company's shares are listed on the Nairobi Securities Exchange, Dar es Salaam Stock Exchange and Uganda Stock Exchange.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit or loss account by the income statement, in these financial statements.

2. Summary of significant accounting policies

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

(a) Basis of preparation

(i) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Kenyan Companies Act, 2015. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below.

(ii) Going Concern

The Group's statement of financial position indicates a net current liabilities position of Kshs 5,609,779,000 (2020: Kshs 5,076,181,000). As Directors, we are satisfied that this is transient in nature as the Group continues to align its capital expenditure with long term funding. The Capital Markets Authority has exempted the Group from maintaining a current ratio of 1 until 2023. The Group had undrawn funding available as at 30 June 2021 of Kshs 11.4 billion (30 June 2020: Kshs 4.1 billion) as disclosed in Note 30.

To further satisfy themselves as to the going concern of the Group Management have undertaken a detailed funding assessment including a debt maturity analysis. Based on the outcome of this exercise it was concluded that the Group would generate/access sufficient funds to meet all its obligations over the next twelve-month period from the date of the financial statements.

(iii) Functional and presentation currency

The financial statements are presented in Kenya Shillings (Kshs) which is the Company's functional currency. All financial information presented in Kenya Shillings have been rounded to the nearest thousand except when otherwise indicated.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency) except where otherwise indicated.

(iv) Use of judgement and estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(v) New and amended standards adopted by the Group

The following standards and amendments have been applied by the Group for the first time for the financial year beginning 1 July 2020:

Amendments to IAS 1 and IAS 8: Definition of Material

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

The application of the amendments had no material impact on the consolidated financial statements.

Amendments to IFRS 3: Definition of a business

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

The application of the amendments had no material impact on the consolidated financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms.

Notes (continued)

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(v)New and amended standards adopted by the Group (continued)

The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

The application of the amendments had no material impact on the consolidated financial statements.

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting,
- reinstating prudence as a component of neutrality,
- defining a reporting entity, which may be a legal entity, or a portion of an entity,
- revising the definitions of an asset and a liability,
- removing the probability threshold for recognition and adding guidance on derecognition,
- adding guidance on different measurement basis, and,
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

The application of the amendments had no material impact on the consolidated financial statements.

(vi) Relevant new standards and interpretations not yet adopted by the Group

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

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg.: the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

The Directors of the Group do not anticipate that the application of the amendments in the future will have a material impact on the consolidated financial statements.

Amendments to IAS 16: Property, Plant and Equipment: Proceeds before intended use

The amendment to IAS 16 Property, Plant and Equipment prohibits an entity from deducting from the cost of an item of a property, planet and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities

The Directors of the Group do not anticipate that the application of the amendments in the future will have a material impact on the consolidated financial statements.

Amendments to IFRS 3: Reference to the Conceptual Framework

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

The Directors of the Group do not anticipate that the application of the amendments in the future will have a material impact on the consolidated financial statements.

Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract

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

The Directors of the Group do not anticipate that the application of the amendments in the future will have a material impact on the consolidated financial statements.

Annual Improvements to IFRS Standards 2018-2020

The Annual Improvements to IFRS Standards 2018-2020 cycle make amendments to the followings standards:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

Notes (continued)

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(vi) Relevant new standards and interpretations not yet adopted by the Group (continued)

- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

The Directors of the Group do not anticipate that the application of the amendments in the future will have a material impact on the consolidated financial statements.

(vii) Early adoption of standards

The Group did not early adopt new or amended standards in the year ended 30 June 2021.

(b) Basis of consolidation

The consolidated financial statements include the results of the Company and its subsidiaries. A subsidiary is an entity controlled by East African Breweries Limited. Control is the power to direct the relevant activities of the subsidiary that significantly affects the subsidiary's return so as to have rights to the variable return from its activities.

Where the Group has the ability to exercise joint control over an entity but has rights to specified assets and obligations for liabilities of that entity, the entity is consolidated on the basis of the group's rights over those assets and liabilities.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Investments in subsidiaries are accounted for at cost in the Company's financial statements.

(ii) Non-controlling interest (NCI)

NCI are initially measured at their proportionate share of the acquired identifiable net assets at the acquisition date.

(iii) Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair values of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(iv) Balances and transactions eliminated at consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Revenue recognition

The Group recognises revenue from the sale of goods and services in the ordinary course of the Group's activities. The Group recognises revenue at a point in time as and when it satisfies a performance obligation by transferring control of a product or service to a customer.

The amount of revenue recognised is the amount the Group expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as value-added tax (VAT), excises, returns, rebates and discounts and after eliminating sales within the Group.

Revenue is recognised as follows:

(i) Sales of goods are recognised in the period in which the Group delivers products to the customer, the customer accepts the products and collectability of the related receivables is reasonably assured.

(ii) Royalty income is recognised based on agreed rates applied on net sales value of the related products.

(iii) Management fee is recognised based on actual costs plus an agreed mark up.

(d) Dividend income

Dividend income is recognised as income in the period in which the right to receive the payment is established.

(e) Finance income and costs

Finance income comprises interest income and foreign exchange gains that relate to borrowings and cash and cash equivalents. Interest income is recognised in profit or loss on a time proportion basis using the effective interest method. Once a financial asset is identified as credit-impaired, the effective interest rate is applied to the amortised cost (net of impairment losses) in subsequent reporting periods.

Finance costs comprise interest expense and foreign exchange losses that relate to borrowings and cash and cash equivalents. Interest expense is recognised in profit or loss using the effective interest method.

All other foreign exchange gains and losses are presented in profit or loss within 'other income/expenses.

(f) Foreign currency translation

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the

Notes (continued)

2. Summary of significant accounting policies (continued)

(f) Foreign currency translation (continued)

translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Consolidation of Group entities

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at actual rates at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve except to the extent that the translation difference is allocated to Non-controlling interest (NCI).

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the profit or loss as part of the gain or loss on sale.

If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, then the relevant proportion of the cumulative amount is reattributed to NCI.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into presentation currency at the closing exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at actual exchange rates at the dates of the transactions.

(g) Property, plant and equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses. Costs include expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Expenditure on assets under construction is charged to work in progress until the asset is brought into use. Subsequent expenditure is capitalised only when it is probable that future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

Depreciation is calculated on a straight-line basis to write down the cost of each asset to its residual value over its estimated useful life as follows:

Buildings	25 years or unexpired period of lease if less than 25 years
Plant, equipment, furniture and fittings	5 – 33 years
Motor vehicles	4 – 5 years
Returnable packaging	5 – 15 years

Freehold land and capital work in progress is not depreciated.

Depreciation methods, useful lives and residual values are reassessed annually at each reporting date and adjusted if appropriate.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income/expenses" in the profit or loss.

(h) Intangible assets

(i) Computer software

Acquired computer software licences 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 of the software from the date that they are available for use. The estimated useful life is three to five years.

(ii) 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. Goodwill on subsidiaries is carried at cost less accumulated impairment losses. Goodwill is tested annually for impairment. Impairment losses on goodwill are not reversed. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(iii) Brands

Brands acquired as part of acquisitions of businesses are capitalised as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group. Brands are considered to have an indefinite economic life because of the institutional nature of the brands and the Group's commitment to develop and enhance their value. The carrying value of these intangible assets is reviewed at least annually for impairment and adjusted to the recoverable amount if required.

(i) Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

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.

Classification

The Group classifies its financial instruments into the following categories:

i) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset

Notes (continued)

2. Summary of significant accounting policies (continued)

(i) Financial instruments (continued)

give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost;

ii) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at fair value through other comprehensive income;

iii) All other financial assets are classified and measured at fair value through profit or loss.

iv) Notwithstanding the above, the Group may:

a) on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income.

b) on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

v) Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The Group may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

vi) All other financial liabilities are classified and measured at amortised cost.

Financial instruments held during the year were classified as follows:

- Demand and term deposits with banking institutions, trade and other receivables and balances with related parties. These were classified as at amortised cost.
- Borrowings and trade and other liabilities. These were also classified as at amortised cost.

Initial measurement

On initial recognition:

i) Financial assets or financial liabilities classified as fair value through profit or loss are measured at fair value.

ii) Trade receivables are measured at their transaction price.

iii) All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument.

Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss according to their classification.

Interest income, dividend income, and exchange gains and losses on monetary items are recognised in profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. A financial liability is derecognised when it is extinguished, cancelled or expires.

(j) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported on the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(k) Leases

(i) Leases under which the Group is the lessee

On the commencement date of each lease (excluding leases with a term of 12 months or less on commencement and leases for which the underlying asset is of low value), the Group recognizes a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Group is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used.

For leases that contain non-lease components, the Group allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the Group at the end of the lease term, the estimated useful life would not exceed the lease term.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognized in profit or loss on a straight-line basis over the lease period.

The above accounting policy has been applied from 1 July 2019.

Notes (continued)

2. Summary of significant accounting policies (continued)

(k) Leases (continued)

(ii) Leases under which the Group is the lessor

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments received under operating leases are recognized as income in the profit and loss account on a straight-line basis over the lease term.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average method and expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The cost of finished goods and work in progress comprises an appropriate share of production overheads 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.

(m) Treasury shares

Treasury shares are shares in East African Breweries Limited that are held by the East African Breweries Limited Employee Share Ownership Plan for the purpose of issuing shares under the Group's share ownership scheme. Treasury shares are recognised at cost where cost is determined to be the purchase price of the shares in an open market (Nairobi Securities Exchange). Shares issued to employees are recognised on a first-in-first-out basis.

(n) Share-based payment arrangements

The Group operates equity-settled share-based compensation plans for its employees and executives.

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share based payment reserve in equity.

(o) Employee benefits

(i) Retirement benefits obligations

The Group operates defined contribution retirement benefit schemes for some of its employees. The assets of all schemes are held in separate trustee administered funds, which are funded by contributions from both the Group and employees. The Group and all its employees also contribute to the National Social Security Funds, which are defined contribution schemes.

The Group's contributions to the defined contribution schemes are recognised in the profit or loss in the year to which they relate. The Group has no further obligation once the contributions have been paid.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income tax expense

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the amount of tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation and any adjustment to tax payable or receivable in respect of previous years. The current tax charge is calculated on the basis of the tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred income tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured using tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. A tax rate reconciliation that reconciles the notional taxation charge as calculated at the Kenya tax rate, to the actual total tax charge is prepared on a materiality basis. As a Group operating in multiple countries, the actual tax rates applicable to profits in some of countries are different from the Kenya tax rate.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Notes (continued)

2. Summary of significant accounting policies (continued)

(q) Dividends

Dividends payable on ordinary shares are charged to retained earnings in the period in which they are declared. Proposed dividends are not accrued for until ratified in an Annual General Meeting.

(r) Segmental reporting

Segment information is presented in respect of the Group's geographical segments, which is the primary format and is based on the countries in which the Group operates. The Group has no other distinguishable significant business segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis.

(s) Impairment

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial instruments that are measured at amortised cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset Group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment of loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

(t) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of any dilutive potential ordinary shares.

(u) Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(v) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

(w) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, bank balances and deposits held at call with the banks net of bank overdrafts.

(x) Comparatives

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

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expected future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal

Notes (continued)

3. Critical accounting estimates and judgements (continued)

the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Impairment of goodwill and other indefinite lived intangible assets (brand)

Assessment of the recoverable value of an intangible asset, the useful economic life of an asset, or that an asset has an indefinite life, requires management judgement. The Group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(t). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations as stated in Note 24.

(ii) Calculation of loss allowance on financial assets

When measuring expected credit loss on financial assets, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

(iii) Tax provisions

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the Group's provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax provisions in the period in which such determination is made. Disclosures on contingent liabilities with respect to tax are included in Note 32.

(iv) Property, plant and equipment

Critical estimates are made by the Directors in determining useful lives for property, plant and equipment. The rates used are set out in Note 2(g) above. Directors also apply estimates in determining the existence of returnable packaging materials.

(v) Lease liabilities

In order to make a judgement to determine the term of the lease and the corresponding lease liability, the Directors consider any options regarding extension or termination of the lease contract which may be available and whether it is probable that such options will be exercised.

Unless there is an implicit interest rate contained in the lease contract, the discount rate used to calculate the net present value of the lease liability is the Group's incremental borrowing rate. This rate is estimated by the Directors to be the rate which would be paid by the Group to purchase a similar asset.

4. Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risks which mainly comprise effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. This note presents information about the Group's exposure to financial risks, the Group's objectives, policies and processes for measuring and managing the financial risks. Further quantitative disclosures are included throughout these financial statements.

The Group has established a risk management committee made up of senior management which is responsible for developing and monitoring the Group's risk management policies. These policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group has also established a controls and compliance function, which carries out regular and adhoc reviews of risk management controls and procedures. The results are reported to senior management.

Market risk

i. Foreign currency risk

Foreign currency risk arises on sales, purchases, borrowings and other monetary balances denominated in currencies other than Kenya Shillings. Management's policy to manage foreign exchange risk is to actively manage the foreign currency denominated procurement contracts. The Group also enters into short term cash flow hedge contracts using available cash balance.

In addition, the Group manages the foreign currency exposure on foreign denominated borrowings through foreign exchange forward contracts.

A 5 percent strengthening of the Kenya shilling against the following currencies at 30 June 2021 would have increased/(decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remains constant. The analysis was performed on the same basis for 2020.

Notes (continued)

4. Financial risk management objectives and policies (continued)

Market risk (continued)

i. Foreign currency risk (continued)

Group		Profit or loss	
At 30 June		**2021**	**2020**
		Kshs'000	**Kshs'000**
EUR	Euro	61,659	(35,510)
GBP	Sterling Pound	(30,491)	18,137
RWF	Rwandan Franc	8,327	9,478
TZS	Tanzania Shillings	3,661	2,437
UGX	Uganda Shillings	52,751	51,284
USD	US Dollar	(57,597)	(41,801)
ZAR	South African Rand	(1,847)	4,664
		36,463	**8,689**

Company		Profit or loss	
At 30 June		**2021**	**2020**
		Kshs'000	**Kshs'000**
EUR	Euro	123	(676)
GBP	Pound Sterling	45,952	52,131
SSP	South Sudanese Pound	-	2,680
TZS	Tanzanian Shilling	3,714	-
UGX	Ugandan Shilling	56,533	53,797
USD	US Dollar	1,848	1,829
ZAR	South African Rand	41	310
		108,211	**110,071**

ii. Price risk
The Group does not hold any financial instruments subject to price risk.

iii. Interest rate risk
The Group's interest-bearing financial instruments include bank loans, bank overdrafts and related party borrowings. These are at various rates, and they are therefore exposed to cash flow interest rate risk. The Group regularly monitors financing options available to ensure optimum interest rates are obtained.

As at 30 June 2021, an increase/decrease of 1 percentage point would have resulted in a decrease/increase in profit for the year of Kshs 32,583,336 (2020: Kshs 38,260,910), mainly as a result of higher/lower interest charges on variable rate borrowings.

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from bank balances (including deposits with banks and financial institutions), derivative financial instruments, as well as credit exposures to customers, including outstanding trade and other receivables, financial guarantees and committed transactions.

Notes (continued)

4. Financial risk management objectives and policies (continued)

Credit risk (continued)

Maximum exposure to credit risk

The table below represents the Group's maximum exposure to credit risk at the end of the reporting period excluding the impact of any collateral held or other credit enhancements:

	2021	2020
	Kshs 000	**Kshs 000**
(a) Group		
Trade receivables (Note 28(a))	7,762,422	4,895,259
Other receivables (Note 28(a))	6,299,109	1,600,375
Receivables from related companies (Note 35(a))	161,355	299,857
Bank balances (Note 34(b))	5,611,910	5,661,635
	19,834,796	**12,457,126**
(b) Company		
Long-term receivables from subsidiaries (Note 35(b))	31,036,117	27,894,760
Receivables from related companies (Note 35(b))	3,061,335	1,430,603
Other receivables (Note 28(b))	267,762	655,103
Bank balances (Note 34(b))	1,761,351	3,616,403
	36,126,565	**33,596,869**

Credit risk management policy

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit rating of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk on deposits with banking institutions is managed by dealing with institutions with good credit ratings.

Trade and other receivables exposures are managed locally in the operating units where they arise, and credit limits are set as deemed appropriate for the customer. The operating units analyse credit risk for each new customer before standard payment and delivery terms are offered, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings. The utilisation of credit limits is monitored regularly. In addition, the Group manages credit risk by requiring the customers to provide financial guarantees.

The Group does not have any significant concentrations of credit risk with respect to trade and other receivables as the Group has a large number of customers which are geographically dispersed. The credit risk associated with receivables is minimal and the allowance expected credit losses that the Group has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

Notes (continued)

4. Financial risk management objectives and policies (continued)

Credit risk (continued)

Impairment of financial assets

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the customer and an analysis of the customer's current financial position, adjusted for factors that are specific to the customers, general economic conditions in which the customers operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The table below reflects the trade and other receivables, together with the provision for expected credit losses:

(a) Group

	2021	2020
	Kshs'000	**Kshs'000**
Not due	5,766,007	907,214
Past due but not impaired:		
-by up to 30 days	4,660,853	2,960,205
-by 31 to 120 days	437,178	1,362,379
-over 121 days	2,158,842	726,112
Trade and other receivables	**13,022,880**	**5,955,910**
Receivables determined to be impaired:		
Carrying amount before provision for expected credit losses	2,038,200	1,511,581
Provision for expected credit losses	(2,038,200)	(1,511,581)
Net carrying amount	**13,022,800**	**5,955,910**

(b) Company

	2021	2020
	Kshs'000	**Kshs'000**
Not due	3,219,724	1,795,162
Past due but not impaired:		
- by up to 30 days	62,949	290,521
- by 31 to 120 days	2,492	23
- by 121 days and above	50,218	-
Trade and other receivables	**3,335,383**	**2,085,706**
Receivables determined to be impaired:		
Carrying amount before provision for expected credit losses	-	-
Provision for expected credit losses	-	-
Net carrying amount	**3,335,383**	**2,085,706**

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 365 days past due.

Notes (continued)

4. Financial risk management objectives and policies (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances and ensuring the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines.

Management performs cash flow forecasting and monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The Group's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2021:
Group

	Current	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	Kshs'000	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
Borrowings	-	10,642,114	17,861,128	13,835,982	12,887,562	**55,226,786**
Lease liabilities	-	460,651	319,839	1,565,244	-	**2,345,734**
Trade and other payables	8,572,682	21,971,036	-	-	-	**30,543,718**
Bank overdraft	-	1,190,889	-	-	-	**1,190,889**
Dividend payable	673,463	-	-	-	-	**673,463**
	9,246,145	**34,264,690**	**18,180,967**	**15,401,226**	**12,887,562**	**89,980,589**

Company

	Current	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	Kshs'000	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
Borrowings	-	10,502,702	17,721,717	12,294,234	12,887,562	**53,406,215**
Lease liabilities	-	8,285	4,208	1,425	-	**13,918**
Trade and other payables	-	19,320,605	-	-	-	**19,320,605**
Bank overdraft	-	-	-	-	-	**-**
Dividend payable	673,463	-	-	-	-	**673,463**
	673,463	**29,831,592**	**17,725,925**	**12,295,659**	**12,887,562**	**73,414,201**

Notes (continued)

4. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

At 30 June 2020:
Group

	Current	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Borrowings	855,831	2,673,747	9,915,825	20,355,875	12,350,000	**46,151,278**
Lease liabilities	24,259	463,903	423,409	472,015	323,866	**1,707,452**
Trade and other payables	1,635,144	20,095,939	-	-	-	**21,731,083**
Bank overdraft	-	3,932,338	-	-	-	**3,932,338**
Dividend payable	815,661	-	-	-	-	**815,661**
	3,330,895	**27,165,927**	**10,339,234**	**20,827,890**	**12,673,866**	**74,337,812**

Company

	Current	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Borrowings	855,831	2,567,494	9,915,825	20,355,875	12,350,000	**46,045,025**
Lease liabilities	3,631	13,770	9,653	1,333	-	**28,387**
Trade and other payables	-	12,674,504	-	-	-	**12,674,504**
Bank overdraft	-	2,804,807	-	-	-	**2,804,807**
Dividend payable	815,661	-	-	-	-	**815,661**
	1,675,123	**18,060,575**	**9,925,478**	**20,357,208**	**12,350,000**	**62,368,384**

Capital risk management

The Group is committed to enhancing shareholder value in the long term, both by investing in the businesses and brands so as to deliver continued improvement in the return from those investments and by managing the capital structure. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group's objectives when managing capital are:

- To ensure that the Company and the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.
- To maintain a strong capital base to support the current and future development needs of the business.

In the management of the capital structure, the Group focuses on the net borrowings to earnings before interest, taxes, depreciation, and amortization (EBITDA) leverage. The Group targets a net borrowings to EBITDA leverage of 1.0 to 1.5 times. The Group regularly reviews the net borrowings to EBITDA leverage to ensure that it is within the set limits.

COVID-19 pandemic continued to present significant challenges for our business. This was characterized by starting the financial year under government imposed lockdown or restrictions with a partial re-opening of bars in Kenya in quarter one of the financial year and closing the financial year in yet another lockdown in Uganda and limited bar operating hours in Kenya. The Group's brands, financial stability, and resilience in the face of adversity were critical factors that helped the business navigate this period which demonstrates a recovery in performance. As a result net revenue increased by 15% compared compared to prior year, driven by broad based growth across all markets. EBITDA increased by 3% resulting from the impact of one-off tax provisions. The business remained heavily leveraged resulting from the one off cash requirements for example the purchase of additional 30% stake in its subsidiary, Serengeti Breweries Limited for Kshs 6.3 billion in order to tap into more returns in the future. This came at the time the COVID-19 impact was at its peak. The Directors believe that the financial impact of COVID-19 on the Group's and Company's operations is temporary in nature and they remain optimistic of the business prospects for the future as the global economy recovers from this crisis.

The Group is not subject to externally imposed capital requirements.

Notes (continued)

4. Financial risk management objectives and policies (continued)

Capital risk management (continued)

The Group reported net borrowings to EBITDA leverage reflected in the table below:

	2021	2020
	Kshs'000	**Kshs'000**
Net borrowings:		
Total borrowings (Note 30)	46,351,480	44,938,591
Lease liabilities (Note 31)	1,456,603	1,611,106
Less: cash and bank balances (Note 34(b))	(5,611,910)	(5,661,635)
Net debt	**42,196,173**	**40,888,062**
EBITDA		
Profit before tax	10,858,033	10,655,259
Adjusted for:		
Net finance costs	3,948,739	3,826,091
Depreciation and amortisation	5,293,444	4,985,669
Total EBITDA	20,100,216	19,467,019
Net Debt to EBITDA	**x2.10**	**x2.10**

Fair value measurement

Fair value measurements of financial instruments are presented through the use of a three-level fair value hierarchy that prioritizes the valuation techniques used in fair value calculations. The Group specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources while unobservable inputs reflect the Group's market assumptions.

The different levels in the fair value hierarchy have been defined as follows:

i) Level 1 fair value measurements are derived from quoted prices (unadjusted) in active trading markets for identical assets or liabilities. This level includes listed debt and equity instruments traded mainly on the Nairobi Securities Exchange ("NSE").

ii) Level 2 fair value measurements are derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices).

iii) Level 3 fair value measurements are derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs).

The Group maintains policies and procedures to value instruments using the most relevant data available. If multiple inputs that fall into different levels of the hierarchy are used in the valuation of an instrument, the instrument is categorised on the basis of the most subjective input.

Notes (continued)

4. Financial risk management objectives and policies (continued)

Fair value measurement (continued)

Foreign currency forward contracts are valued using discounted cash flows technique that incorporate the prevailing market rates. Under this technique, future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period), discounted at a rate that reflects the credit risk of the counterparties.

As significant inputs to the valuation are observable in active markets, these instruments are categorized as level 2 in the hierarchy. Other investments are carried at cost as there is no suitable basis for its valuation and are therefore categorized as level 3 in the hierarchy.

The following table presents the Group and Company's financial assets and liabilities that are measured at fair value at 30 June 2021.

	Level 1	Level 2	Level 3	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Financial assets at fair value through profit or loss:				
Other financial assets	-	-	10,000	**10,000**
Net assets at fair value through profit or loss	**-**	**-**	**10,000**	**10,000**

The following table presents the Group and Company's financial assets and liabilities that are measured at fair value at 30 June 2020.

	Level 1	Level 2	Level 3	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Financial assets at fair value through profit or loss:				
Other financial assets	-	-	10,000	**10,000**
Net assets at fair value through profit or loss	**-**	**-**	**10,000**	**10,000**

There were no transfers between levels during the years ended 30 June 2021 and 30 June 2020.

Notes (continued)

5. Operating segments

Directors have determined the operating segments based on the reports reviewed by the Group Executive Committee that are used to make strategic decisions. The Group Executive Committee includes the Group Managing Director and the Group Chief Financial Officer.

The Group Executive Committee considers the business from a geographical perspective. Geographically, the Group Executive Committee considers the performance of the business in Kenya, Uganda and Tanzania. Exports to South Sudan, Rwanda, Burundi and the Great Lakes Region are recognised in the country of origin.

The reportable operating segments derive their revenue primarily from brewing, marketing and selling of drinks, malt and barley. The Group Executive Committee assesses the performance of the operating segments based on a measure of net sales value.

The segmental information provided to the Group Executive Committee is as follows:

	Kenya		Uganda		Tanzania		Eliminations		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
External sales	56,849,012	51,518,731	16,021,240	12,047,155	13,091,563	11,350,373	-	-	85,961,815	74,916,259
Inter segment sales	4,521,313	3,959,299	63,250	37,849	4,587	-	(4,589,150)	(3,997,148)	-	-
Total sales	**61,370,325**	**55,478,030**	**16,084,490**	**12,085,004**	**13,096,150**	**11,350,373**	**(4,589,150)**	**(3,997,148)**	**85,961,815**	**74,916,259**

Notes (continued)

5. Operating segments (continued)

Reportable segments assets and liabilities agree to the consolidated assets as follows:

	Kenya		Uganda		Tanzania		Eliminations		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Segment non-current assets	90,210,157	83,298,222	11,306,820	9,183,143	10,535,754	9,888,947	(45,879,151)	(39,680,326)	66,024,480	62,689,987
Total segment assets	115,994,551	103,812,646	18,243,181	12,653,222	15,773,097	14,249,582	(48,982,531)	(42,056,984)	99,367,646	88,658,466
Segment liabilities	71,363,823	65,225,437	14,691,438	8,974,295	5,742,714	5,225,182	(5,706,289)	(4,759,777)	84,515,216	74,665,137
Capital expenditure	3,693,510	4,595,691	2,685,493	1,922,509	1,547,857	1,597,902	-	-	7,926,860	8,116,102
Depreciation and amortization	3,513,610	3,350,911	891,700	846,968	888,134	787,790	-	-	5,293,444	4,985,669

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year. Segment revenue is based on the geographical location of both customers and assets. The revenue from external parties reported to the Group Executive Committee is measured in a manner consistent with that in the statement of profit or loss. There is no reliance on individually significant customers by the Group. The amounts provided to the Group Executive Committee in respect to total assets and total liabilities are measured in a manner consistent with that of the statement of financial position.

Notes (continued)

6. Revenue from contracts with customers

a) Group

	2021	2020
	Kshs '000	**Kshs '000**
Gross sales	152,572,477	133,351,955
Indirect taxes	(66,610,662)	(58,435,696)
	85,961,815	**74,916,259**
(b) Company		
Management fees	913,784	1,212,836
Royalties	829,987	806,328
	1,743,771	**2,019,164**

7. Cost of sales

(a) Group

	2021	2020
	Kshs '000	**Kshs '000**
Raw materials and consumables	24,930,181	20,195,033
Distribution and warehousing	7,894,835	6,375,413
Maintenance and other costs	7,845,567	7,872,189
Staff costs	3,617,615	3,590,529
Depreciation and amortization	4,259,924	3,863,065
	48,548,122	**41,896,229**

Notes (continued)

8. Administrative expenses

(a) Group

	2021	2020
	Kshs '000	Kshs '000
Staff costs	6,734,013	6,378,316
Office supplies and other costs	1,425,264	1,077,330
Depreciation and amortisation	1,033,520	916,048
Travelling and entertainment	127,316	193,546
	9,320,113	**8,565,240**
(b) Company		
Staff costs	1,430,060	1,142,287
Office supplies and other costs	21,024	145,730
Depreciation and amortisation	110,329	152,852
Travelling and entertainment	7,186	52,640
	1,568,599	**1,493,509**

9. Other (expenses)/income

(a) Group

	2021	2020
Other income	**Kshs '000**	**Kshs '000**
Sundry income	44,007	144,000
	44,007	**144,000**
Other expenses		
Indirect tax expenses (*)	3,255,764	1,299,439
Expected credit losses on trade receivables (Note 28(a))	583,279	660,920
Transactional foreign exchange losses	1,218,413	195,143
Write-down of inventories	-	324,081
Loss on disposal of property, plant and equipment	-	68,390
Sundry expenses	911,240	978,838
	5,968,696	**3,526,811**
	(5,924,689)	**(3,382,811)**

(*) Indirect tax expenses are expenses associated with irrecoverable VAT, irrecoverable withholding tax and other tax provisions.

Notes (continued)

9. Other income/(expenses) (continued)

(b) Company

	2021	2020
	Kshs '000	**Kshs '000**
Other income		
Sundry income	1,711,290	-
	1,711,290	**-**
Other expenses		
Indirect expenses	222,478	-
Net transactional foreign exchange losses	58,857	24,451
Irrecoverable withholding tax	94,549	122,523
Loss on disposal of equipment	-	9,568
Sundry expenses	209,966	785,981
	585,850	**942,523**
	1,125,440	**(942,523)**

(*) Indirect tax expenses are expenses associated with irrecoverable VAT, irrecoverable withholding tax and other tax provisions.

10. Profit before income tax

(a) Group

The following items have been charged in arriving at the profit before tax

	2021	2020
	Kshs '000	**Kshs '000**
Inventories expensed (Note 27)	24,930,181	20,195,033
Employee benefits expense (Note 11(a))	10,024,254	9,968,845
Depreciation on property, plant and equipment (Note 20(a))	4,640,708	4,265,062
Depreciation of right-of-use assets (Note 21)	458,680	509,680
Amortisation of intangible assets - software (Note 23(a))	194,056	210,927
Auditor's remuneration	37,247	36,158

(b) Company

	2021	2020
	Kshs '000	**Kshs '000**
Employee benefits expense (Note 11(b))	1,159,656	1,413,372
Depreciation on property and equipment (Note 20(b))	30,120	51,588
Depreciation of right-of-use assets (Note 21)	17,239	26,099
Amortisation of intangible assets - software (Note 23(b))	37,517	78,947
Auditor's remuneration	6,623	5,746

Notes (continued)

11. Employee benefits expense

a) Group

The following items are included within employee benefits expense:

	2021	2020
	Kshs '000	**Kshs '000**
Salaries and wages	6,902,877	6,677,908
Defined contribution scheme	460,769	482,734
National Social Security Fund	146,892	127,338
Share based payments	25,166	22,126
Employee share ownership plan of the parent company(*)	83,022	63,980
Other staff costs	2,405,528	2,594,759
	10,024,254	**9,968,845**

The average number of employees during the year was as follows:

	2021	2020
Production	818	772
Sales and distribution	404	392
Management and administration	278	349
	1,500	**1,513**

(b) Company

The following items are included within employee benefits expense:

	2021	2020
	Kshs '000	**Kshs '000**
Salaries and wages	728,561	681,703
Defined contribution scheme	65,414	101,930
National Social Security Fund	(8,044)	23,430
Share based payments	25,166	22,126
Employee share ownership plan of the parent company(*)	48,797	48,807
Other staff costs	299,762	535,376
	1,159,656	**1,413,372**

The average number of employees during the year was as follows:

	2021	2020
Management and administration	85	148
	85	**148**

(*) Some of the senior executives of the Group participate in the share ownership schemes linked to the share price of Diageo plc shares and administered by Diageo plc. The schemes are of various categories. The costs associated with these schemes are recharged to the Company and accounted for as part of staff costs.

Notes (continued)

12. Finance income/(expenses)

(a) Group

	2021	2020
	Kshs '000	**Kshs '000**
Finance income		
Interest income	91,242	164,873
	91,242	**164,873**
Finance costs		
Interest expense on borrowings	(3,950,158)	(3,817,504)
Interest expense on lease liabilities	(89,530)	(104,349)
Other finance costs	(293)	(69,111)
	(4,039,981)	**(3,990,964)**

(b) Company

	2021	2020
	Kshs '000	**Kshs '000**
Finance income		
Interest income	3,210,164	3,101,187
	3,210,164	**3,101,187**
Finance costs		
Interest expense on borrowings	(4,442,498)	(5,489,497)
Interest expense on lease liabilities	(2,667)	(3,817)
Other finance costs	-	(67,173)
	(4,445,165)	**(5,560,487)**

13. Income tax expense

(a) Group

The income tax expense has been calculated using income tax rate of 27.5% as at 30 June 2021 (2020: 25%). The applicable rate changed from 25% to 30% during the year following the enactment of the Tax Laws (Amendment) Act, 2020 on 24 December 2020 in Kenya. In line with amendments, for Group entities incorporated in Kenya, the applied tax rate was 25% for the first half of the year and 30% for the second half of the year.

	2021	2020
	Kshs '000	**Kshs '000**
Income tax expense		
Current income tax:		
Current year charge	3,883,464	3,864,468
(Over)/under provision of tax in prior years	(166,702)	285,123
Current income tax charge	3,716,762	4,149,591
Deferred income tax:		
Current year (credit)/charge	(565,636)	267,463
Impact of change in tax rates	670,823	(799,089)
Under provision in prior years	74,144	16,379
Deferred income tax charge	179,331	(515,247)
Total income tax expense	**3,896,093**	**3,634,344**

Notes (continued)

13. Income tax expense (continued)

(a) Group (continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2021	2020
	Kshs '000	**Kshs '000**
Profit before income tax	10,858,033	10,655,259
Tax calculated at the statutory income tax rate of 27.5% (2020 - 25%)	2,985,959	2,663,813
Tax effects of:		
- Expenses not deductible for tax purposes	803,355	1,321,132
- Effect of different tax rates of foreign subsidiaries	74,254	146,984
- Tax losses previously not recognised	(521,990)	-
- Impact of change in tax rates	647,072	(799,089)
(Over)/under provision of current tax in prior years	(166,701)	285,123
(Over)/under provision of deferred tax in prior years	74,144	16,379
Income tax expense	**3,896,093**	**3,634,344**

(b) Company

	2021	2020
Income tax expense	**Kshs '000**	**Kshs '000**
Current income tax:		
Current year charge	171,035	221,214
(Over)/under provision of tax in prior years	(139,606)	333,825
Current income tax expense	31,429	555,039
Deferred income tax:		
Current year credit	(274,173)	(35,194)
Impact of change in tax rates	(94,576)	81,468
(Over)/under provision in prior years	(30,347)	18,881
Deferred income tax charge (Note 19(b))	(399,096)	65,155
Total tax (credit)/expense	**(367,667)**	**620,194**

Notes (continued)

13. Income tax expense (continued)

(b) Company (continued)

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2021	2020
	Kshs '000	**Kshs '000**
Profit before income tax	2,594,955	10,681,127
Tax calculated at the statutory income tax rate of 27.5% (2020 - 25%)	713,613	2,670,282
Tax effects of:		
- Non-taxable income	(695,570)	(4,164,621)
- Expenses not deductible for tax purposes	423,656	1,680,359
- Tax losses previously not recognised	(521,990)	-
- Impact of changes in tax rates	(117,423)	81,468
(Over)/under provision of deferred income tax in prior year	(30,347)	18,881
(Over)/under provision of current income tax in prior year	(139,606)	333,825
Income tax (credit)/expense	**(367,667)**	**620,194**

14. Dividends

The directors do not recommend a dividend for the year ended 30 June 2021 in recognition of the need to conserve cash in view of the continued volatility occasioned by the COVID-19 pandemic and the impact on our industry (2020: total dividend of Kshs 3 per share amounting to Kshs 2,372,323,000).

Payment of dividends is subject to withholding tax at a rate of 0%, 5% and 10% depending on the residence and the percentage shareholding of the respective shareholders.

15. Earnings per share

Basic and diluted earnings per share

The calculation of basic earnings per share at 30 June 2021 was based on profit attributable to ordinary shareholders of Kshs 4,354,228,000 (2020: Kshs 4,086,477,000) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2020 of 790,774,356 (2020: Kshs 790,774,356). The basic and diluted earnings per share are the same as there is no dilutive effect.

	2021	2020
	Kshs '000	**Kshs '000**
Profit attributable to ordinary shareholders	4,354,228	4,086,477
Weighted average number of ordinary shares		
Issued and paid shares (Note 16)	790,774,356	790,774,356
Basic and diluted earnings per share (Kshs per share)	5.51	5.17

Notes (continued)

16. Share capital

Group and Company	Number of shares	Ordinary shares	Share premium
		Kshs'000	Kshs'000
Issued and fully paid			
Balance as at 1 July 2019, 30 June 2020 and 30 June 2021	790,774,356	1,581,547	1,691,151

The total authorised number of ordinary shares is 1,000,000,000 with a par value of Kshs 2.00 per share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

17. Other reserves

(a) Employee share based payment reserves

The Company operates three equity settled employee share ownership plans (ESOPs) as follows:

a) **Executive Share Option Plan (ESOP) –** Under the plan, an employee is given an option to buy units at a future date but at a fixed price, which is set at the time when the option is granted. The vesting period for the shares is three years after which an employee can exercise the option within seven years. There are no performance conditions attached to this share plan.

b) **Restricted Share Units (RSU) –** Effective financial year 2020, the Group introduced RSU. RSU are shares offered for free i.e. at no subscription price as at grant date. The vesting period for the shares is three years after which an employee can exercise the option within seven years. There are no performance conditions attached to this share plan.

c) **Employees Share Save Scheme (ESSS) –** This plan enables the eligible employee to save a fixed amount of money over a three-year period. If an employee joins the plan, he or she is given an option to buy units at a future date at a fixed price set at the grant date. The grant price is fixed at 80% of the market price at grant date. The vesting period for the shares is three years after which an employee can exercise the option within seven years. There are no performance conditions attached to this share plan.

The reserves that arise from employee share based payments are as follows:

(i) Treasury shares reserve

Treasury shares reserve represent the cost of the shares held by the Company's Employee Share Ownership Plan at the end of year. The movement in the treasury shares reserve in the year is as follows:

	30 June 2021		30 June 2020	
	Number of shares	Kshs'000	Number of shares	Kshs'000
At start of year	2,815,644	594,677	2,915,194	608,997
Movement in the year:				
Transer of shares	40,326	6,765	-	-
Issue of shares upon exercise of options	(6,714)	(966)	(99,550)	(14,320)
Total movement in the year	**33,612**	**5,799**	**(99,550)**	**(14,320)**
At end of year	**2,849,256**	**600,476**	**2,815,644**	**594,677**

Notes (continued)

17. Other reserves (continued)

(a) Employee share based payment reserves (continued)

(ii) Share based payment reserve

The share based payment reserve represents the charge to the profit or loss account in respect of share options granted to employees. The allocated shares for the employee share based payments are held by the East African Breweries Employee Share Ownership Plan.

Share based payments are measured at fair value at the grant date, which is expensed over the period of vesting. The fair value of each option granted is estimated at the date of grant using Black Scholes option pricing model. The assumptions supporting inputs into the model for options granted during the period are as follows:

	2020 series	2019 series	2018 series
Grant date share price	n/a	197	187
Exercise price			
-ESOP	n/a	197	187
-RSU	n/a		
-ESSS	n/a	158	150
Expected volatility	n/a	46.20%	20.01%
Dividend yield	n/a	5.2%	3.6%
Forfeiture rate	n/a	3.3%	3.9%
Option life	n/a	5 years	5 years

During the year ended 30 June 2021, no share options were granted to the employees.

The assumptions above were determined based on the historical trends.

Share based payment reserves are not distributable.

(b) Currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currency to the Group's presentation currency (Kenya shillings) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on disposal or partial disposal of a foreign operation. Translation reserves are not distributable.

Notes (continued)

18. Non-controlling interests

(a) Subsidiaries with material non-controlling interests

The following table summarises the information relating to the Group's subsidiaries that have material non-controlling interests.

At 30 June 2021

	UDV (Kenya) Limited	Serengeti Breweries Limited	Other subsidiaries	Total
	Kshs'000	**Kshs'000**	**Kshs'000**	**Kshs'000**
Non-controlling interest percentage	**53.68%**	**7.5%**	**1% - 1.8%**	
Non-current assets	2,322,459	11,018,638	11,299,287	
Currents assets	19,218,002	5,183,871	6,750,324	
Non-current liabilities	(1,147,340)	(892,337)	(4,451,336)	
Current liabilities	(5,865,229)	(4,557,808)	(10,140,296)	
Net assets	14,527,892	10,752,364	3,457,979	
Carrying amount of non-controlling interest	**7,798,572**	**806,427**	**62,238**	**8,667,237**
Net sales	21,402,754	13,091,482	16,062,588	
Profit after tax	4,488,268	1,578,809	(135,151)	
Total comprehensive income	4,488,268	1,578,809	(135,151)	
In respect of non-controlling interest	**2,409,302**	**200,842**	**(2,432)**	**2,607,712**
Cash generated from				
Operating activities	1,453,751	2,450,960	3,647,365	
Cash used in investment activities	(332,018)	(1,153,554)	(2,010,843)	
Cash used in financing activities	(10,516)	(648,547)	451,057	
Net increase in cash and cash equivalents	**1,111,217**	**648,859**	**2,087,579**	

Notes (continued)

18. Non-controlling interests (continued)

(a) Subsidiaries with material non-controlling interests (continued)

At 30 June 2020

	UDV (Kenya) Limited	Serengeti Breweries Limited	Other subsidiaries	Total
Non-controlling interest percentage	**53.68%**	**22.5%**	**1% - 1.8%**	
Non-current assets	2,184,421	10,368,058	9,175,451	
Currents assets	11,709,862	3,794,185	3,955,818	
Non-current liabilities	(1,267,788)	(561,803)	(3,542,018)	
Current liabilities	(2,584,787)	(3,773,428)	(5,978,850)	
Net assets	10,041,708	9,827,012	3,610,401	
Carrying amount of non-controlling interest	**5,390,389**	**2,211,078**	**70,858**	**7,672,325**
Net sales	17,458,879	11,350,372	12,064,486	
Profit after tax	4,945,960	1,204,711	466,212	
Total profit for the year	4,945,960	1,204,711	466,212	
In respect of non-controlling interest	**2,654,991**	**271,060**	**8,387**	**2,934,438**
Cash generated from operating activities	4,895,823	3,019,565	1,226,973	
Cash used in investment activities	(263,516)	(1,526,048)	(1,954,158)	
Cash used in financing activities	(2,935,623)	(1,298,730)	(28,325)	
Net increase in cash and cash equivalents	**1,696,684**	**194,787**	**(755,510)**	

(b) Transactions with non- controlling interests

In February 2020, the Company entered into an agreement to purchase an additional 30% of the legal shareholding in Serengeti Breweries Limited (SBL) from the non-controlling shareholders. As a result of the transaction, the effective economic interest in SBL has increased from 77.50% to 92.50%, while the legal shareholding has increased from 55% to 85%. The transaction was completed with an effective date of 31 October 2020.

The consideration for the shares was Kshs 8,303 million. Out of this consideration, Kshs 6,271 million was paid in cash and the additional Kshs 2,032 million was utilised to repay the outstanding loan receivables from the non-controlling interest arising from the capital restructuring in 2018.

Financial impact of the transactions with non-controlling shareholder:

The difference arising on the transaction, as shown below, has been recognised in equity being a transaction between shareholders.

	Kshs'000
Cash consideration	6,271,376
15% additional share of net assets acquired at completion date	(1,566,844)
Difference arising on transactions with non-controlling interests	**4,704,532**

Notes (continued)

18. Non-controlling interests (continued)

(b) Transactions with non- controlling interests (continued)

Amounts due from non-controlling interests:

Movement of the amounts outstanding from the non controlling shareholders is as reflected in the table below:

	Kshs'000
Loan advanced to non-controlling shareholders	2,836,496
Settlement through assignment of 50% of dividends declared by the subsidiary	(39,845)
Settlement through purchase of shares (as disclosed above)	(2,031,727)
Total settlement of the loan to non-controlling shareholders	(2,071,572)
Effect of exchange rate changes	109,676
Balance as at 30 June 2021	**874,600**

19. Deferred income tax

Deferred income tax is calculated using the enacted domestic tax rate of 30% as at 30 June 2021 (2020 – 25%). The movement on the deferred income tax account is as follows:

(a) Group

	2021	2020
	Kshs'000	**Kshs'000**
At start of year	5,115,420	5,555,556
(Credit)/charge to profit or loss	(565,636)	267,463
Effect of change in tax rates	670,823	(799,089)
(Over)/under provision of deferred income tax in prior years	74,144	16,379
Effect of change in exchange rates	99,991	75,111
Total deferred income tax movement	279,322	(440,136)
At end of year	**5,394,742**	**5,115,420**
Analysed as follows:		
Deferred income tax liabilities	6,239,320	5,568,697
Deferred income tax assets	(844,578)	(453,277)
At end of year	**5,394,742**	**5,115,420**

(b) Company

	2021	2020
	Kshs'000	**Kshs'000**
At start of year	(442,533)	(507,688)
Credit to profit or loss	(274,173)	(35,194)
Effect of change in tax rates	(94,576)	81,468
(Over)/under provision of deferred income tax in prior year	(30,347)	18,881
Total deferred income tax movement	(399,096)	65,155
At end of year	**(841,629)**	**(442,533)**

Notes (continued)

19. Deferred income tax (continued)

Deferred income tax assets and liabilities and deferred income tax charge/(credit) in the profit or loss are attributable to the following items:

(a) Group

Year ended 30 June 2021

	At 1 July 2020	Impact of change in tax rate	Prior year (over)/under provision	Charged/ (credited) to profit or loss	Effects of exchange rate changes	At 30 June 2021
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Deferred income tax liabilities						
Property, plant and equipment	7,321,742	944,781	107,561	(60,081)	130,827	8,444,830
Right-of-use assets	450,278	49,400	1,401	(48,886)	8,851	461,044
Unrealised exchange gains/(losses)	167,881	111	-	34,345	1,593	203,930
Deferred income tax liabilities	**7,939,901**	**994,292**	**108,962**	**(74,622)**	**141,271**	**9,109,804**
Deferred income tax assets						
Property, plant and equipment	(274,782)	-	-	-	(1,670)	(276,452)
Unrealised exchange gains/(losses)	334,327	(24,031)	17,511	82,201	(1,561)	408,447
Lease liabilities	(459,088)	(51,541)	(9,251)	29,988	(62)	(489,954)
Tax losses carried forward	(1,255,297)	(14,980)	10,850	146,760	(4,780)	(1,117,447)
Tax losses previously not recognised	-	-	-	(515,098)	-	(515,098)
Other deductible differences	(1,169,641)	(232,917)	(53,928)	(234,865)	(33,207)	(1,724,558)
Deferred income tax assets	**(2,824,481)**	**(323,469)**	**(34,818)**	**(491,014)**	**(41,280)**	**(3,715,062)**
Net deferred income tax	**5,115,420**	**670,823**	**74,144**	**(565,636)**	**99,991**	**5,394,742**

Year ended 30 June 2020

	At 1 July 2019	Impact of change in tax rate	Prior year (over)/under provision	Charged/ (credited) to profit or loss	Effects of exchange rate changes	At 30 June 2020
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Deferred income tax liabilities						
Property, plant and equipment	7,987,768	(928,784)	80,369	97,871	84,518	7,321,742
Right-of-use assets	-	-	-	450,011	267	450,278
Unrealised exchange gains/(losses)	341,692	(7,865)	(52,795)	(115,486)	2,335	167,881
Deferred income tax liabilities	**8,329,460**	**(936,649)**	**27,574**	**432,396**	**87,120**	**7,939,901**
Deferred income tax assets						
Property, plant and equipment	(312,537)	5,267	-	40,320	(7,832)	(274,782)
Unrealised exchange gains/(losses)	341,207	(6,973)	123,430	(118,441)	(4,896)	334,327
Lease liabilities	-	-	-	(459,351)	263	(459,088)
Tax losses carried forward	(1,578,168)	-	-	343,143	(20,272)	(1,255,297)
Other deductible differences	(1,224,406)	139,266	(953)	(104,276)	20,728	(1,169,641)
Deferred income tax assets	**(2,773,904)**	**137,560**	**122,477**	**(298,605)**	**(12,009)**	**(2,824,481)**
Net deferred income tax	**5,555,556**	**(799,089)**	**150,051**	**267,463**	**75,111**	**5,115,420**

Notes (continued)

19. Deferred income tax (continued)

(b) Company

Year ended 30 June 2021

	At 1 July 2020	Impact of change in tax rate	Prior year (over)/under provision	Charged/ (credited) to profit or loss	At 30 June 2021
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Deferred income tax liabilities					
Property, plant and equipment	(44,304)	(8,861)	(1)	(4,281)	(57,447)
Right-of-use assets	6,615	(96)	1,419	(4,158)	3,780
Unrealised exchange gains	7	1	-	40,122	40,130
Deferred income tax liabilities	**(37,682)**	**(8,956)**	**1,418**	**31,683**	**(13,537)**
Deferred income tax assets					
Unrealised exchange losses	(83,705)	(13,072)	18,343	66,610	(11,824)
Lease liabilities	(7,097)	-	(1,419)	4,730	(3,786)
Tax losses previously not recognised	-	-	-	(515,098)	(515,098)
Other deductible differences	(314,049)	(72,548)	(48,689)	137,902	(297,384)
Deferred income tax assets	**(404,851)**	**(85,620)**	**(31,765)**	**(305,856)**	**(828,092)**
Net deferred income tax	**(442,533)**	**(94,576)**	**(30,347)**	**(274,173)**	**(841,629)**

Year ended 30 June 2020

	At 1 July 2019	Impact of change in tax rate	Prior year (over)/under provision	Charged/ (credited) to profit or loss	At 30 June 2020
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Deferred income tax liabilities					
Property, plant and equipment	(44,461)	7,437	(159)	(7,121)	(44,304)
Right-of-use assets	-	-	-	6,615	6,615
Unrealised exchange gains	39,121	(6,520)	-	(32,594)	7
Deferred income tax liabilities	**(5,340)**	**917**	**(159)**	**(33,100)**	**(37,682)**
Deferred income tax assets					
Unrealised exchange losses	874	(146)	3	(84,433)	(83,705)
Lease liabilities	-	-	-	(7,097)	(7,097)
Other deductible differences	(503,222)	80,697	19,037	89,436	(314,049)
Deferred income tax assets	(502,348)	80,551	19,040	(2,094)	(404,851)
Net deferred income tax	**(507,688)**	**81,468**	**18,881**	**(35,194)**	**(442,533)**

Notes (continued)

20. Property, plant and equipment

(a) Group

	Freehold property	Leasehold buildings	Plant & equipment	Returnable packaging	Capital work in progress	Total
Year ended 30 June 2021	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
Cost						
1 July 2020	6,074,617	6,241,585	55,461,615	13,999,283	7,548,309	**89,325,409**
Additions	83,739	498,641	1,717,839	2,293,921	3,150,366	**7,744,506**
Transfers from capital work in progress	366,346	437,059	2,395,290	95,687	(3,294,382)	**-**
Transfer to intangible assets (Note 22)	-	-	-	-	(38,878)	**(38,878)**
Assets written off	(3,899)	(15,412)	(1,653,888)	(1,187,574)	(8,149)	**(2,868,922)**
Effect of exchange rate changes	4,499	86,276	528,042	123,595	151,222	**893,634**
At 30 June 2021	**6,525,302**	**7,248,149**	**58,448,898**	**15,324,912**	**7,508,488**	**95,055,749**
Depreciation and impairment						
At 1 July 2020	1,339,609	1,090,541	23,057,793	7,102,556	-	**32,590,499**
Charge for the year	200,870	91,785	2,678,962	1,669,091	-	**4,640,708**
Assets written off	(2,491)	(9,452)	(1,156,519)	(1,020,377)	-	**(2,188,839)**
Effect of exchange rate changes	3,011	22,427	178,770	61,939	-	**266,147**
At 30 June 2021	**1,540,999**	**1,195,301**	**24,759,006**	**7,813,209**	**-**	**35,308,515**
Carrying amount at 30 June 2021	**4,984,303**	**6,052,848**	**33,689,892**	**7,511,703**	**7,508,488**	**59,747,234**

There are no assets pledged by the Group to secure liabilities other than as disclosed under Note 30.

The capital work in progress mainly relates to environmental projects in Kenya and Uganda which include the biomass project and water and effluent recovery projects. It also includes capacity expansion in Kenya, Uganda and Tanzania.

Notes (continued)

20. Property, plant and equipment (continued)

(a) Group (Continued)

Year ended 30 June 2020	Freehold property Kshs '000	Leasehold buildings Kshs '000	Plant & equipment Kshs '000	Returnable packaging Kshs '000	Capital work in progress Kshs '000	Total Kshs '000
Cost						
1 July 2019	5,084,598	5,743,341	50,931,269	14,739,259	7,333,880	**83,832,347**
Additions	260,025	54,678	2,174,799	1,525,250	3,938,163	**7,952,915**
Transfers from capital work in progress	750,333	395,838	2,592,323	69,677	(3,808,171)	**-**
Disposals	(22,745)	(2,007)	(829,611)	-	-	**(854,363)**
Transfer to intangible assets (Note 22)	-	-	-	-	(22,237)	**(22,237)**
Transfer to right-of-use assets (Note 21)	-	(62,068)	-	-	-	**(62,068)**
Assets written off	-	-	-	(2,480,113)	-	**(2,480,113)**
Effect of exchange rate changes	2,406	111,803	592,835	145,210	106,674	**958,928**
At 30 June 2020	**6,074,617**	**6,241,585**	**55,461,615**	**13,999,283**	**7,548,309**	**89,325,409**
Depreciation and impairment						
At 1 July 2019	1,178,448	1,014,083	20,974,790	7,627,215	-	**30,794,536**
Charge for the year	167,141	78,663	2,523,459	1,495,799	-	**4,265,062**
On assets disposed	(7,548)	(2,007)	(682,426)	-	-	**(691,981)**
Transfer to right-of-use assets (Note 21)	-	(26,885)	-	-	-	**(26,885)**
On assets written off	-	-	-	(2,098,582)	-	**(2,098,582)**
Effect of exchange rate changes	1,568	26,687	241,970	78,124	-	**348,349**
At 30 June 2020	**1,339,609**	**1,090,541**	**23,057,793**	**7,102,556**	**-**	**32,590,499**
Carrying amount at 30 June 2020	**4,735,008**	**5,151,044**	**32,403,822**	**6,896,727**	**7,548,309**	**56,734,910**

There are no assets pledged by the Group to secure liabilities other than as disclosed under Note 30.

The capital work in progress mainly relates to capacity expansion in Tanzania and beer and spirits upgrade in Uganda.

Notes (continued)

20. Property and equipment (continued)

(b) Company

Year ended 30 June 2021

	Freehold property	Leasehold buildings	Equipment	Capital work in progress	Total
	Kshs '000	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
1 July 2020	312,396	14,896	310,534	65,153	**702,979**
Additions	1,216	-	-	69,500	**70,716**
Write-off	-	-	(154,310)	-	**(154,310)**
Transfers from capital work in progress	854	-	-	(854)	**-**
Transfer to intangible assets - software	-	-	-	(31,655)	**(31,655)**
Transfers to Group companies	-	-	-	(44,712)	**(44,712)**
At 30 June 2021	**314,466**	**14,896**	**156,224**	**57,432**	**543,018**
Depreciation and impairment					
At 1 July 2020	4,822	877	217,015	-	**222,714**
Write-off	-	-	(152,992)	-	**(152,992)**
Charge for the year	4,711	-	25,409	-	**30,120**
At 30 June 2021	**9,533**	**877**	**89,432**	**-**	**99,842**
Carrying amount at 30 June 2021	**304,933**	**14,019**	**66,792**	**57,432**	**443,176**

There are no assets pledged by the Company to secure liabilities other than as disclosed under Note 30.

Notes (continued)

20. Property and equipment (continued)

(b) Company (Continued)

Year ended 30 June 2020

	Freehold property	Leasehold buildings	Equipment	Capital work in progress	Total
	Kshs '000	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
1 July 2019	129,599	14,896	333,351	348,640	**826,486**
Additions	182,297	-	19,463	485,048	**686,808**
Disposals	-	-	(114,774)	-	**(114,774)**
Transfers from capital work in progress	500	-	72,494	(72,994)	**-**
Transfers to Group companies	-	-	-	(695,541)	**(695,541)**
At 30 June 2020	**312,396**	**14,896**	**310,534**	**65,153**	**702,979**
Depreciation and impairment					
At 1 July 2019	2,258	877	274,180	-	**277,315**
On assets disposed	-	-	(106,189)	-	**(106,189)**
Charge for the year	2,564	-	49,024	-	**51,588**
At 30 June 2020	**4,822**	**877**	**217,015**	**-**	**222,714**
Carrying amount at 30 June 2020	**307,574**	**14,019**	**93,519**	**65,153**	**480,265**

There are no assets pledged by the Company to secure liabilities other than as disclosed under Note 30.

Notes (continued)

21. Right-of-use assets

Movement of right-of-use assets:

(a) Group

Year ended 30 June 2021

	Buildings	Motor vehicles	Leasehold property	Total
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Gross carrying value				
At 1 July 2020	689,296	1,362,954	69,235	**2,121,485**
Additions	33,526	346,875	-	**380,401**
Disposals	-	(159,642)	-	**(159,642)**
Effect of exchange rate changes	13,089	33,124	45	**46,258**
At 30 June 2021	**735,911**	**1,583,311**	**69,280**	**2,388,502**
Accumulated amortisation				
At 1 July 2020	47,576	469,432	27,062	**544,070**
Amortisation charge	84,812	373,860	8	**458,680**
Disposals	-	(82,944)	-	**(82,944)**
Effect of exchange rate changes	2,076	14,636	4	**16,716**
At 30 June 2021	**134,464**	**774,984**	**27,074**	**936,522**
Net carrying value	**601,447**	**808,327**	**42,206**	**1,451,980**

Year ended 30 June 2020

	Buildings	Motor vehicles	Leasehold property	Total
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Gross carrying value				
At 30 June 2019 - As reported	-	-	-	**-**
IFRS 16 transitional adjustment				
- Prepaid operating lease rentals (Note 22)	-	-	7,167	**7,167**
- Non-prepaid operating lease rentals (Note 31)	38,794	1,150,282	-	**1,189,076**
At 1 July 2019	38,794	1,150,282	7,167	**1,196,243**
Additions	647,681	193,585	-	**841,266**
Reclassifications from property, plant and equipments (Note 20(a))	-	-	62,068	**62,068**
Effect of exchange rate changes	2,821	19,087	-	**21,908**
At 30 June 2020	**689,296**	**1,362,954**	**69,235**	**2,121,485**
Accumulated amortisation				
At 1 July 2019	-	-	-	**-**
Amortisation charge	46,569	462,936	175	**509,680**
Reclassifications from property, plant and equipments (Note 20(a))	-	-	26,885	**26,885**
Effect of exchange rate changes	1,007	6,496	2	**7,505**
At 30 June 2020	**47,576**	**469,432**	**27,062**	**544,070**
Net carrying value	**641,720**	**893,522**	**42,173**	**1,577,415**

Notes (continued)

21. Right-of-use assets (Continued)

(b) Company

At 30 June 2021

	Motor vehicles Kshs '000	Total
Gross carrying value		
At 1 July 2020	52,557	52,557
Additions	3,379	3,379
Disposals	(31,407)	(31,408)
	24,529	**24,528**
Accumulated amortisation		
At 1 July 2020	26,099	26,099
Amortisation charge	17,239	17,239
Disposals	(31,408)	(31,408)
At 30 June 2021	**11,930**	**11,930**
Net carrying value	**12,599**	**12,598**

At 30 June 2020

	Motor vehicles Kshs '000	Total
Gross carrying value		
At 30 June 2019 – As reported	-	-
IFRS 16 transitional adjustment	52,557	52,557
At 1 July 2020 and 30 June 2020	52,557	52,557
Accumulated amortisation		
At 1 July 2019	-	-
Amortisation charge	26,099	26,099
At 30 June 2021	**26,099**	**26,099**
Net carrying value	**26,458**	**26,458**

The Group leases space for offices, motor vehicles and office equipment. The leases of office space is for an average of 10 years with an option to renew. The Directors were not reasonably certain that the option to renew the lease would be exercised at the expiry of the lease. The option has therefore not been considered in determining the lease term. The leases of motor vehicles is on average 4 to 5 years, while the leases of office equipment are for periods of not more than 12 months.

Notes (continued)

22. Prepaid operating lease rentals

(a) Group

	At 30 June 2020
	Kshs'000
Cost	
At start of year	10,385
Derecognition upon adoption of IFRS 16 Leases	(10,385)
Effect of exchange rate changes	-
At end of year	**-**
Amortisation	
At start of year	3,218
Charge for the year	-
Derecognition upon adoption of IFRS 16 Leases	(3,218)
Effect of exchange rate changes	-
At end of year	**-**
Net book value	**-**
Net book value derecognised upon adoption of IFRS 16 Leases (Note 21)	**7,167**

Notes (continued)

23. Intangible assets - software

(a) Group

	2021	2020
	Kshs'000	Kshs'000
Cost		
At start of year	2,384,698	2,309,929
Additions	182,354	163,187
Disposals	(31,902)	(128,666)
Transfer from property plant and equipment (Note 20(a))	38,878	22,237
Effect of exchange rate changes	7,143	18,011
At end of year	**2,581,171**	**2,384,698**
Amortisation		
At start of year	1,782,662	1,688,853
Charge for the year	194,056	210,927
Disposals	(29,081)	(128,666)
Effect of exchange rate changes	8,582	11,548
At end of year	**1,956,219**	**1,782,662**
Net book value	**624,952**	**602,036**

Transfer of assets from property and equipment to intangible assets relate to costs incurred in the acquisition of software.

(b) Company

	2021	2020
	Kshs'000	Kshs'000
Cost		
At start of year	1,434,894	1,487,572
Additions	108,770	75,988
Transfer from property plant and equipment (Note 20(a))	31,655	-
Transfer to Group companies	(101,733)	-
Disposals	-	(128,666)
At end of year	**1,473,586**	**1,434,894**
Amortisation		
At start of year	1,312,550	1,362,269
Charge for the year	37,517	78,947
On assets disposed	-	(128,666)
At end of year	**1,350,067**	**1,312,550**
Net book value	**123,519**	**122,344**

Notes (continued)

24. Intangible assets - goodwill and brand

(a) Goodwill

	Carrying amount at start of year	Effect of exchange rate changes	Carrying amount at end of year
Year ended 30 June 2021	**Kshs'000**	**Kshs'000**	**Kshs'000**
Serengeti Breweries Limited (SBL)	2,219,246	17,481	2,236,727
UDV (Kenya) Limited (UDV)	415,496	-	415,496
International Distillers (Uganda) Limited (IDU)	196,388	12,117	208,505
Total	**2,831,130**	**29,598**	**2,860,728**
Year ended 30 June 2020			
Serengeti Breweries Limited (SBL)	2,137,180	82,066	2,219,246
UDV (Kenya) Limited (UDV)	415,496	-	415,496
International Distillers (Uganda) Limited (IDU)	190,325	6,063	196,388
Total	**2,743,001**	**88,129**	**2,831,130**

Goodwill represents the excess of cost of acquisitions over the fair value of identifiable assets and liabilities of the respective subsidiaries at acquisition date. For each of the subsidiaries, the goodwill was recognised due to the expected synergies arising from the business combination as at the acquisition date.

(b) Brand

	2021	2020
	Kshs'000	**Kshs'000**
At start of year	481,219	463,430
Effect of exchange rate changes	3,789	17,789
At end of year	**485,008**	**481,219**

The balance represents the purchase price allocation to the "Premium Serengeti Lager" brand at acquisition of Serengeti Breweries Limited.

Notes (continued)

24. Intangible assets - goodwill and brand (continued)

(c) Impairment testing for cash-generating units containing goodwill and brand

(i) Impairment testing methodology

For the purposes of impairment testing, goodwill is allocated to the Group's operating segments which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of an operating segment is determined based on a detailed 5-year model that has been extrapolated in perpetuity by applying the long-term growth rate of the country. Profit has been amended with working capital and capital expenditure requirements. The net cashflows have been discounted using the country-specific pre-tax weighted average cost of capital (WACC). These calculations use cash flow projections approved by management covering a 5-year period. Cash flows beyond the five-year period are extrapolated using estimated terminal growth rates.

(ii) Key assumptions used for value in use calculations

	Tanzania		Kenya		Uganda	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Terminal growth rate[1]	4%	5%	5%	5%	5%	5%
WACC rate[2]	12%	15%	10%	13%	10%	14%

1. Weighted average growth rate used to extrapolate cash flows beyond the projected period.

2. Pre-tax discount rate applied to the cash flow projections.

These assumptions have been used for the analysis of each operating segment. Management determined forecast profit margin based on past performance and its expectations for market developments. The weighted average growth rates used are consistent with the forecasts included in industry reports.

(iii) Results of impairment testing on the carrying amount of goodwill and brand

Goodwill

Based on the above assumptions, the recoverable value of the relevant operating segment exceeded the carrying net asset amount (including the goodwill) for SBL, UDV and IDU at 30 June 2021. As a result, the Group has not recognized an impairment charge (2020: Nil).

Brand

Based on the above assumptions, the recoverable value of the brand exceeded the carrying value at 30 June 2021. As a result, the Group has not recognized an impairment charge (2020: Nil).

(iv) Significant estimates: Impact of possible changes in key assumptions

There were no reasonably possible changes in any of the key assumptions that would have resulted in an impairment charge for SBL, UDV and IDU goodwill and the SBL brand.

Notes (continued)

25. Investments in subsidiaries

	Country of incorporation	Effective ownership interest	Book value at 30 June 2021	Book value at 30 June 2020
			Kshs'000	Kshs'000
Kenya Breweries Limited	Kenya	100%	22,377,809	22,377,809
Serengeti Breweries Limited	Tanzania	92.5%	22,387,848	15,970,420
East African Maltings (Kenya) Limited	Kenya	100%	687,662	687,662
Uganda Breweries Limited	Uganda	98%	687,648	687,648
UDV (Kenya) Limited	Kenya	46%	589,410	589,410
International Distillers Uganda Limited	Uganda	100%	300,000	300,000
EABL Tanzania Limited	Tanzania	100%	5,610	5,610
East African Breweries (Rwanda) Limited	Rwanda	100%	1,337	1,337
East African Beverages (South Sudan) Limited	South Sudan	99%	299	299
Allsopps (EA) Sales Limited	Kenya	100%	3	3
EABL International Limited	Kenya	100%	2	2
Salopia Limited	Kenya	100%	-	-
East African Maltings (Uganda) Limited	Uganda	100%	-	-
Net book amount			**47,037,628**	**40,620,200**

Movement in investment in subsidiaries

The movement in the carrying amount of the total investment in subsidiaries figure is as reflected below:

Year ended 30 June 2021	
	Kshs'000
At 1 July 2020	40,620,200
Serengeti Breweries Limited	
Purchase of additional shares	6,271,376
Settlement of amounts due from non-controlling interests (Note 18 (b))	146,052
At 30 June 2021	**47,037,628**

Year ended 30 June 2020	
	Kshs'000
At 1 July 2019	39,955,009
Serengeti Breweries Limited	
Purchase of additional shares	308,147
Settlement of amounts due from non-controlling interests	(330,618)
East African Matlings (Kenya) Limited	
Conversion of long-term loan to equity investments	687,662
	995,809
At 30 June 2020	**40,620,200**

Notes (continued)

25. Investments in subsidiaries (continued)

Movement in investment in subsidiaries (continued)

As explained in Note 18, the carrying amount of investment in subsidiaries includes loans due from the non-controling shareholders in Serengeti Breweries Limited of Kshs 874,600,000 (2020: Kshs 2,836,496,000) arising from the capital restructuring of the subsidiary in 2018.

The details of the movement in investment in subsidiaries is as disclosed below:

(a) Serengeti Breweries Limited (SBL)

The investment in SBL increased by Kshs 308 million in the year ended 30 June 2020 and Kshs 6,271 million in the year ended 30 June 2021, arising from purchase of shares from non-controlling shareholders as disclosed in Note 18.

Impairment assessment

An impairment assessment of the carrying amount of the investment in SBL at Company level was performed at the end of the year using the value-in-use model. The key assumptions used in the value-in-use model are shown in Note 24. Based on the assumptions, the carrying amount of the investment was lower than the recoverable amount.

Significant estimate: Impact of possible changes in key assumptions

If the budgeted cash flows used in the value-in-use calculation for SBL had been 10% lower than management's estimates at 30 June 2021, the Company would not have recognized any impairment against the carrying amount of the investment in subsidiary (2020: Nil).

If the pre-tax discount rate applied to the cash flow projections for SBL had been 1% higher than management's estimates (13% instead of 12%), the Company would not have to recognize an impairment against the carrying value of the investment in subsidiary (2020: Nil).

If the terminal growth rate applied to the cash flow projections for SBL had been 1% lower than management's estimates (2.5% instead of 3.5%), the Company would not have had to recognize any impairment against the carrying value of the investment in subsidiary (2020: Nil).

(b) East African Maltings Limited (EAML)

During the year ended 30 June 2020, the Company converted a portion of its long term loan in EAML of Kshs 688 million into equity investment represented by issue of ordinary share capital.

26. Other financial assets (Group and Company)

	2021	2020
	Kshs '000	**Kshs '000**
20% investment in Challenge Fund Limited who in turn have subscribed to 50% in Central Depository and Settlement Corporation Limited	10,000	10,000
At end of year	**10,000**	**10,000**

During the year, the investment in Challenge Fund Limited did not change. The carrying amount of the investment estimates its fair value.

27. Inventories

	2021	2020
(a) Group	**Kshs'000**	**Kshs'000**
Raw materials and consumables	7,540,796	7,091,534
Work in progress	650,119	588,459
Finished goods	3,324,322	3,213,469
Goods in transit	172,920	22,908
	11,688,157	**10,916,370**

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to Kshs 24,930,181,000 (2020: Kshs 20,195,033,000).

Notes (continued)

28. Trade and other receivables

(a) Group

	2021	2020
	Kshs'000	**Kshs'000**
Trade receivables	7,762,422	4,895,259
Less: provision for expected credit losses	(1,419,475)	(1,142,429)
	6,342,947	**3,752,830**
Other receivables	**6,299,109**	**1,600,375**
Less: provision for expected credit losses	(618,725)	(369,152)
Prepayments	838,194	397,534
Receivables from related parties (Note 35 (a) (iii))	161,355	299,857
	13,022,880	**5,681,444**

Movement in expected credit losses allowance

The following table shows the movement in lifetime expected credit losses that has been recognized for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	2021	2020
	Kshs'000	**Kshs'000**
At start of year	1,511,581	850,661
Charge to profit or loss (Note 9(a))	583,279	660,920
Write-offs	(56,660)	-
At end of year	**2,038,200**	**1,511,581**

(b) Company

	2021	2020
	Kshs'000	**Kshs'000**
Receivables from related companies (Note 35 (b) (iii))	3,061,335	1,430,603
Other receivables	267,762	655,103
Prepayments	6,285	11,078
	3,335,382	**2,096,784**

Notes (continued)

29. Trade and other payables

(a) Group

	2021	2020
	Kshs'000	**Kshs'000**
Trade payables	8,772,866	5,672,679
Other payables and accrued expenses	20,076,301	15,186,925
Payables to related parties (Note 35 (a) (iii))	1,694,551	871,479
	30,543,718	**21,731,083**
(b) Company		
Trade payables	781,219	126,357
Payables to related parties (Note 35 (b) (iii))	17,661,253	10,356,587
Other payables and accrued expenses	878,133	2,191,560
	19,320,605	**12,674,504**

30. Borrowings

(a) Group

	2021	2020
	Kshs'000	**Kshs'000**
The borrowings are made up as follows:		
Non-current		
Bank loans	38,260,591	30,900,000
Medium term note	-	6,000,000
	38,260,591	**36,900,000**
Current		
Bank loans	6,900,000	4,106,253
	6,900,000	4,106,253
Bank overdraft	1,190,889	3,932,338
	8,090,889	**8,038,591**
	46,351,480	**44,938,591**

The carrying amounts of current borrowings approximate their fair value, as the impact of discounting is not material.

	2021	2020
	Kshs'000	**Kshs'000**
The movement in borrowings is as follows:		
At start of year	44,938,591	36,319,744
Advanced in the year	23,552,160	23,400,000
Repayments in the year	(19,398,508)	(18,716,209)
Movement in bank overdrafts	(2,741,449)	3,932,338
Effect of exchange rate changes	686	2,718
At end of year	**46,351,480**	**44,938,591**

Notes (continued)

30. Borrowings (continued)

(a) Group (continued)

(i) Bank loans comprise:

- Long term loan from Stanbic Bank Kenya Limited of Kshs 3,500,000,000 (2020: Kshs 4,500,000,000) at a weighted average interest rate of 8.9% (2020: 8.9%). The loan is unsecured and matures in March 2025.
- Long term loan from Standard Chartered bank of Kenya of Kshs 7,600,000,000 (2020: Kshs 7,600,000,000) at a weighted average interest rate of 9%. The loan is unsecured and matures in December 2026.
- Medium term loan from Absa Bank Kenya (formerly Barclays Bank of Kenya) of Kshs 3,000,000,000 (2020: Kshs 3,000,000,000) at average annual interest rates of (CBR+300bps), effectively 8.0% (2020: 8%). This facility is secured by a letter of comfort from Diageo Plc for Kshs 7.8 billion and matures in December 2026.
- Medium term loan from Stanbic Bank Kenya of Kshs 5,958,333,333.33 (2020: Kshs 6,500,000,000) at interest rate of 8.4% (2020: 8.4%). The loan is unsecured and matures on June 2026..
- Medium term loan from Standard Chartered bank of Kenya of Kshs 3,750,000,000 (2020: Kshs 4,500,000,000 at interest rate of 8.3% (2020: 8.3%). The loan is unsecured and matures on 28 December 2023.
- Medium term loan from Absa Bank Kenya (formerly Barclays Bank of Kenya) of Kshs 4,800,000,000 (2020: Kshs 4,800,000,000) at an interest of 8.0% (2020: 8%). The loan is unsecured and is repayable in 12 quarterly instalments of Kshs 400,000,000 beginning July 2022.
- Medium term loan from Absa Bank Kenya (formerly Barclays Bank of Kenya) of Kshs 11,000,000,000 (2020: Nil) at an interest of 10.3% (2020: Nil). The loan is unsecured and matures on July 2022.
- Medium term loan from Stanbic Bank of Uganda of UGX 38,000,000,000 at an effective interest rate of (182 T-bill rate +1.85%), effectively 12.10%.This facility is unsecured and matures on 15 April 2026.
- Short-term loan from Stanbic bank Kenya of Kshs. 2,400,000,000 (2020: Nil) at an interest of SPR (Stanbic Prime rate) +1.4% margin. The loan is unsecured and matures in September 2021.
- Short-term loan from Citibank Kenya of Kshs. 1,300,000,000 (2020: Nil) at an interest of 10% per annum. The loan is unsecured and matures on 28 July 2021.
- Short-term loan from Standard Chartered bank of Kshs. 700,000,000 (2020: Nil) at an interest of 9.8% per annum. The loan is unsecured and matures on 19 April 2022.

(ii) The bank overdraft facilities have an effective interest rate of 10% (2020: 9%) and is sourced from SCB Bank of Kenya, ABSA Kenya, Equity Bank Kenya, Absa Bank of Uganda, and Citibank Uganda.

(iii) Medium term note of Kshs Nil (2020: Kshs 6,000,000,000). The medium-term note was in two tranches previously. The first tranch of Kshs 5,000,000,000, which had an annual interest rate of 12.95% matured in March 2020. The second tranche of Kshs 6,000,000,000 was redeemed in June 2021 which was a date earlier than the maturity scheduled for March 2022 and it was refinanced by a long-term loan from Absa Bank Kenya

The Group is not in breach of any financial covenants for facilities issued by its bankers as at 30 June 2021. The Group had available undrawn facilities of Kshs 11.4 billion as at 30 June 2021 (2020: Kshs 4.1 billion).

Notes (continued)

30. Borrowings (continued)

(b) Company

	2021	2020
	Kshs'000	**Kshs'000**
The borrowings are made up as follows:		
Non-current		
Medium term note	37,108,333	6,000,000
Bank loans	-	30,900,000
	37,108,333	**36,900,000**
Current		
Bank loans	6,900,000	4,000,000
	6,900,000	4,000,000
Bank overdraft	-	2,804,807
	6,900,000	**6,804,807**
Total borrowings	**44,008,333**	**43,704,807**

The carrying amounts of current borrowings approximate their fair value, as the impact of discounting is not material.

The movement in borrowings is as follows:

	2021	2020
	Kshs'000	**Kshs'000**
The movement in borrowings is as follows:		
At start of year	43,704,807	36,115,178
Advanced in the year	22,400,000	23,400,000
Repayments	(19,291,667)	(18,615,178)
Movement in bank overdrafts	(2,804,807)	2,804,807
At end of year	**44,008,333**	**43,704,807**

(i) Bank loans comprise:

- Long term loan from Stanbic Bank Kenya Limited of Kshs 3,500,000,000 (2020: Kshs 4,500,000,000) at a weighted average interest rate of 8.9% (2020: 8.9%). The loan is unsecured and matures in March 2025.
- Long term loan from Standard Chartered bank of Kenya of Kshs 7,600,000,000 (2020: Kshs 7,600,000) at a weighted average interest rate of 9%. The loan is unsecured and matures in December 2026.
- Medium term loan from Absa Bank Kenya (formerly Barclays Bank of Kenya) of Kshs 3,000,000,000 (2020: Kshs 3,000,000,000) at average annual interest rates of (CBR+300bps), effectively 8.0% (2020: 8.0%). This facility is secured by a letter of comfort from Diageo Plc for Kshs 7.8 billion and matures in December 2026.
- Medium term loan from Stanbic Bank Kenya of Kshs 5,958,333,333.33 (2020: Kshs 6,500,000,000) at interest rate of 8.4% (2020: 10.4%). The loan is unsecured and matures on 31 December 2023.
- Medium term loan from Standard Chartered bank of Kenya of Kshs 3,750,000,000 (2020: Kshs 4,500,000,000) at interest rate of 8.3% (2020: 8.3%). The loan is unsecured and matures on 28 December 2023.
- Medium term loan from Absa Bank Kenya (formerly Barclays Bank of Kenya) of Kshs 4,800,000,000 (2020: 4,800,000,000) at an interest of 8.0% (2020: 8.0%). The loan is unsecured and is repayable in 12 quarterly instalments of Kshs 400,000,000 beginning July 2022.

Notes (continued)

30. Borrowings (continued)

(b) Company (Continued)

- Medium term loan from Absa Bank Kenya (formerly Barclays Bank of Kenya) of Kshs 11,000,000,000 (2020: Nil) at an interest of 10.3% (2020: Nil). The loan is unsecured and matures on July 2022.
- Short-term loan from Stanbic bank Kenya of Kshs. 2,400,000,000 (2020: Nil) at an interest of SPR (Stanbic Prime rate) +1.4% margin. The loan is unsecured and matures in September 2021.
- Short-term loan from Citibank Kenya of Kshs. 1,300,000,000 (2020: Nil) at an interest of 10% per annum. The loan is unsecured and matures on 28 July 2021.
- Short-term loan from Citibank Kenya of Kshs. 700,000,000 (2020: Nil) at an interest of 9.8% per annum. The loan is unsecured and matures on 19 April 2022.

(ii) The bank overdraft facilities have an effective interest rate of 10% (2020: 9%) and is sourced from SCB Bank of Kenya, ABSA Kenya, Equity Bank Kenya, Absa Bank of Uganda, and Citibank Uganda.

(iii) Medium term note of Kshs Nil (2020: Kshs 6,000,000,000). The medium-term note was in two tranches previously. The first tranch of Kshs 5,000,000,000, which had an annual interest rate of 12.95% matured in March 2020. The second tranche of Kshs 6,000,000,000 was redeemed in June 2021 which was a date earlier than the maturity scheduled for March 2022 and it was refinanced by a long-term loan from Absa Bank Kenya

Notes (continued)

31. Lease liabilities

(a) Group

	2021	2020
Movement of lease liabilities:		
	Kshs '000	**Kshs '000**
At 30 June 2019	-	-
IFRS 16 transitional adjustment (Note 2(a))	-	1,189,076
At 1 July	1,611,106	1,189,076
Additions	380,401	841,266
Interest expense on leases	89,530	104,349
Repayment of lease liabilities		
- Payment of the principal portion of the lease liability	(482,774)	(473,709)
- Interest paid on lease liabilities	(89,530)	(104,349)
Effect of change in exchange rates	(52,130)	54,473
At June 30	**1,456,603**	**1,611,106**
Presented as:		
Current lease liabilities	394,243	459,265
Non-current lease liabilities	1,062,360	1,151,841
	1,456,603	**1,611,106**

(b) Company

	2021	2020
Movement of lease liabilities:	**Kshs '000**	**Kshs '000**
At 30 June 2019	-	-
IFRS 16 transitional adjustment (Note 2(a))	-	52,557
At 1 July	28,387	52,557
Additions	3,379	-
Interest expense on leases	2,667	3,817
Repayment of lease liabilities		
- Payment of the principal portion of the lease liability	(19,146)	(24,170)
- Interest paid on lease liabilities	(2,667)	(3,817)
At June 30	**12,620**	**28,387**
Presented as:		
Current lease liabilities	7,337	17,401
Non-current lease liabilities	5,283	10,986
	12,620	**28,387**

Notes (continued)

32. Contingent liabilities

The Group has operations in several countries and is subject to a number of legal, customs duty, excise duty and other tax claims incidental to these operations, the outcome of which cannot at present be foreseen and the possible loss or range of loss of which cannot at present be meaningfully quantified. In particular, the Group is subject to certain claims in the markets that the Group operates in that challenge its interpretation of various tax regulations and the application thereof.

Based on their own judgement and professional advice received from legal, tax and other advisors, the Directors believe that the provision made for all these claims sufficiently covers the expected losses arising from them. For most of these cases, the likelihood that the Group will suffer significant charges or payments is remote; however, in a few cases the Directors consider it possible but not probable that such charges will be incurred.

The Group continues to vigorously defend its position. The Directors continue to monitor the development of these matters and to the extent those developments may have a major impact on its financial position, or may significantly affect its ability to meet its commitments, the Group shall disclose those developments in line with its listing obligations as required by relevant regulations.

33. Commitments

(i) Capital commitments - Group

Capital expenditure contracted for at the reporting date but not recognised in the financial statements is as follows:

	2021	2020
	Kshs'000	**Kshs'000**
Contracted but not provided for	4,064,138	5,138,376
Authorised but not contracted for	-	884,876
	4,064,138	**6,023,252**

Notes (continued)

34. Cash generated from operations

(a) Reconciliation of profit before income tax to cash generated from operations:

	2021	2020
Group	**Kshs'000**	**Kshs'000**
Profit before income tax	10,858,033	10,655,259
Adjusted for:		
Interest income (Note 12(a))	(91,242)	(164,873)
Interest expense on borrowings (Note 12(a))	3,950,158	3,886,615
Interest expense on lease liabilities (Note 12(a))	89,530	104,349
Depreciation of property, plant and equipment (Note 20(a))	4,640,708	4,265,062
Amortisation of right-of-use asset (Note 21(a))	458,680	509,680
Amortisation of intangible asset - software (Note 23(a))	194,056	210,927
Share based payments	25,166	22,126
Loss on disposal of property, plant and equipment	-	68,390
Adjustment of dividends payable	-	239,225
Write-off of property, plant and equipment	680,083	381,531
Cash generated from operations before working capital adjustments	**20,805,172**	**20,178,291**
Changes in working capital:		
-Trade and other receivables	(7,245,538)	2,621,475
- Inventories	(645,030)	(3,434,483)
-Trade and other payables	8,609,129	(5,728,956)
Cash generated from operations	**21,523,733**	**13,636,327**

Company		
Profit before income tax	2,594,955	10,681,127
Adjustments for:		
Interest income (Note 12(b))	(3,210,164)	(3,101,187)
Interest expense on borrowings (Note 12(b))	4,442,498	5,556,670
Interest expense on lease liabilities (Note 32(b))	2,667	3,817
Depreciation of property and equipment (Note 20(b))	30,120	51,588
Amortisation of right-of-use asset (Note 21(b))	17,239	26,099
Amortisation of intangible asset - software (Note 23(b))	37,517	78,947
Share based payments	25,166	22,126
Dividend income	(2,529,344)	(13,557,295)
Settlement of amounts due from non-controlling interests (non-cash) (Note 18(b))	(146,049)	185,897
Loss on disposal of property and equipment	1,318	9,568
Adjustment of dividends payable	-	239,225
Cash generated from operations	**1,265,923**	**196,582**
Changes in working capital:		
-Trade and other receivables (Note 35(c))	(754,019)	(946,310)
- Inventory	-	-
-Trade and other payables (Note 35(c))	6,784,869	(5,574,316)
Cash generated from operations	**7,296,773**	**(6,324,044)**

Notes (continued)

34. Cash generated from operations (continued)

(b) Cash and cash equivalents

	2021	2020
	Kshs'000	Kshs'000
Group		
Cash and bank balances	5,611,910	5,661,635
Bank overdraft (Note 30(a))	(1,190,889)	(3,932,338)
	4,421,021	**1,729,297**
Company		
Cash and bank balances	1,761,351	3,616,403
Bank overdraft (Note 30(b))	-	(2,804,807)
	1,761,351	**811,596**

(c) Movement in working capital

Group

	2021	2020
Movement in trade and other receivables		
Movement per statement of financial position	(7,341,436)	2,541,550
Foreign currency translation differences	95,898	79,925
Net movement in receivables as per cash flow	**(7,245,538)**	**2,621,475**
Movement in inventory		
Movement per statement of financial position	(771,787)	(3,548,358)
Foreign currency translation differences	126,757	113,875
Net movement in payables as per cash flow	**(645,030)**	**(3,434,483)**
Movement in trade and other payables		
Movement per statement of financial position	8,812,635	(6,133,109)
External interest payable	(382,299)	158,207
Foreign currency translation differences	178,793	245,946
Net movement in payables as per cash flow	**8,609,129**	**(5,728,956)**

Notes (continued)

35. Related party transactions

The ultimate parent of the Group is Diageo Plc, incorporated in the United Kingdom. The Company is controlled by Diageo Kenya Limited incorporated in Kenya and other subsidiaries of Diageo Plc. There are other Companies that are related to East African Breweries Limited through common shareholdings.

The following are transactions and balances with related parties:

(a) Group

(i) Management and manufacturing fees and royalties paid

	2021	2020
	Kshs'000	**Kshs'000**
Diageo Great Britain	916,956	1,385,933
Diageo Ireland	366,825	512,106
Diageo North America, Inc.	252,871	282,669
Diageo Brands B.V.	138,105	250,752
Diageo Scotland Limited	29,112	79,238
Guinness Cameroon S.A.	8,934	-
Diageo Business Services India	7,796	-
Diageo Business Services Hungary	-	48,513
Guinness Ghana Breweries Limited	-	15,761
R & A Bailey & Co	-	6,056
Other related parties	3,583	6,828
	1,724,182	**2,587,856**

(ii) Purchase of goods and services

	2021	2020
	Kshs'000	**Kshs'000**
Diageo Brands B.V.	1,764,326	1,255,601
Diageo Ireland	1,021,500	1,222,395
Diageo Great Britain	516,029	803,026
Guinness Storehouse Limited	69,937	-
Diageo South Africa (Pty) Limited	14,728	-
Diageo Scotland Limited	8,672	-
Diageo Business Services India	4	-
United Spirits Singapore Pte. Limited	-	7,858
	3,395,196	**3,288,880**

Notes (continued)

35. Related party transactions (continued)

(a) Group (continued)

(iii) Outstanding balances arising from sale and purchase of goods/services

Receivables from related parties

	2021	2020
	Kshs'000	**Kshs'000**
Meta Abo Breweries Limited	71,343	25,349
Diageo North America, Inc.	58,260	1,043
Guinness Nigeria Plc	17,897	23,037
Diageo plc	5,195	538
Guinness Cameroon S.A.	2,482	1,552
Guinness Ghana Breweries Limited	810	4,642
Seychelles Breweries Limited	162	3,071
Diageo Great Britain Limited	-	215,926
Diageo Ireland	-	16,104
Diageo Business Services Hungary	-	5,380
Other related parties	5,206	3,215
	161,355	**299,857**

Payables to related parties

	2021	2020
	Kshs'000	**Kshs'000**
Diageo Brands B.V	830,093	460,634
Diageo Ireland	609,500	132,867
Diageo Great Britain Limited	180,445	208,996
Diageo North America, Inc	57,550	41,035
Diageo South Africa (Pty) Limited	12,253	-
Guinness Cameroon S.A.	1,920	-
Diageo Business Services Hungary	1,101	1,497
United Spirits Limited	-	11,728
Other related parties	1,689	14,722
	1,694,551	**871,479**

Notes (continued)

35. Related party transactions (continued)

(b) Company

(i) Management fees and royalties received/(paid)

Transactions with subsidiaries

	2021	2020
	Kshs'000	**Kshs'000**
Kenya Breweries Limited	1,204,747	1,539,840
UDV (Kenya) Limited	327,954	289,947
Uganda Breweries Limited	258,103	189,377
Serengeti Breweries Limited	103,670	-
East Africa Maltings Limited	19,553	-
	1,914,027	**2,019,164**

Transactions with related parties with related parties

	2021	2020
	Kshs'000	**Kshs'000**
Diageo Great Britain Limited	(175,373)	-
Other related parties	5,117	-
	(170,256)	**-**
	1,743,771	**2,019,164**

(ii) Purchase of goods and services

	2021	2020
	Kshs 000	**Kshs 000**
Serengeti Breweries Limited	1,209,530	44,579
Diageo Great Britain Limited	773,986	912,425
Kenya Breweries Limited	97,806	217,444
Diageo Scotland Limited	29,112	77,272
Diageo Ireland	28,966	57,394
Uganda Breweries Limited	12,455	21,728
Diageo Business Services India	7,136	6,056
Guiness Nigeria plc	1,435	3,633
Diageo Business Services Hungary	838	48,513
Diageo Brands B.V.	-	71,032
Guinness Ghana Breweries Limited	-	15,761
Other related parties	4	4,302
	2,161,268	**1,480,139**

Notes (continued)

35. Related party transactions (continued)

(b) Company (continued)

(iii) Outstanding balances arising from sale and purchases of goods and services

Long-term receivables from subsidiaries	2021	2020
	Kshs'000	**Kshs'000**
Kenya Breweries Limited	26,800,000	23,800,000
Uganda Breweries Limited	2,449,117	2,308,422
UDV Kenya Limited	1,100,000	1,100,000
East Africa Maltings Limited	687,000	686,338
	31,036,117	**27,894,760**

The Company has advanced loans to the subsidiaries to finance their capital expenditure and working capital requirements as part of the Group's centralized treasury management process. The loans are repayable on demand depending on the cash flows of the subsidiaries. At the year end, the Company had committed not to recall the loans for at least twelve months from the date of approval of the financial statements. The loans receivable are unsecured. They attract interest based on the Central Bank of Kenya Rate (CBR) plus 2.5% p.a.

Notes (continued)

35. Related party transactions (continued)

(b) Company (continued)

(iii) Outstanding balances arising from sale and purchases of good/services (continued)

Receivables from related companies

	2021	2020
Receivables from subsidiaries	**Kshs'000**	**Kshs'000**
East African Maltings Limited	2,895,889	603,500
Kenya Breweries Limited	-	506,700
UDV (Kenya) Limited	-	48,503
Uganda Breweries Limited	73,606	23,277
Serengeti Breweries Limited	39,962	-
	3,009,457	**1,181,980**
Receivables from related parties		
Meta Abo Breweries Limited	30,197	1,428
Diageo Great Britain Limited	8,969	215,926
Guinness Nigeria Plc	3,273	17,215
Guinness Cameroun S.A.	2,482	1,552
Diageo Business Services Limited	2,482	-
Diageo Angola Limitada	2,314	-
Guinness Ghana Breweries Limited	810	4,642
Diageo plc	779	538
Diageo Polski Sp. Z.o.o.	410	-
Seychelles Breweries Limited	162	3,071
Diageo North America, Inc.	-	1,043
Other related parties	-	3,208
	51,878	**248,623**
	3,061,335	**1,430,603**

Payables to related companies

	2021	2020
	Kshs'000	**Kshs'000**
Payables to subsidiaries		
UDV (Kenya) Limited	11,368,851	7,627,310
Kenya Breweries Limited	5,984,098	2,448,966
EABL international Limited	254,524	254,524
	17,607,473	**10,330,800**
Payables to related parties		
Diageo Great Britain Limited	52,616	-
Diageo Ireland	227	-
Diageo Business Services India	937	-
Diageo Brands B.V	-	19,881
Diageo Scotland Limited	-	3,254
Diageo Business Services Hungary	-	1,497
Other related parties	-	1,155
	53,780	**25,787**
	17,661,253	**10,356,587**

Notes (continued)

35. Related party transactions (continued)

(c) Other related party disclosures

(i) Directors' remuneration

Group

	2021	2020
	Kshs'000	**Kshs'000**
Fees for services as a Director	36,946	34,339
Share based payments	47,504	29,018
Other emoluments (included in key management compensation in (ii) below)	158,219	328,607
	242,669	**391,964**

Directors' remuneration include fees in relation to non-executive Directors and compensation to executive Directors in the Company and its subsidiaries.

Company

	2021	2020
	Kshs'000	**Kshs'000**
Fees for services as a Director	36,946	34,339
Share based payments	37,044	17,277
Other emoluments included in key management		
compensation in (ii) below)	131,713	248,426
	205,703	**300,042**

(ii) Key management compensation

Key management includes executive Directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

Group

	2021	2020
	Kshs'000	**Kshs'000**
Salaries and other shorter term employment benefits	835,322	1,275,118
Share based payments	87,950	63,980
Post-employment benefits	79,558	55,513
	1,002,830	**1,394,611**

Company

	2021	2020
	Kshs'000	**Kshs'000**
Salaries and other shorter term employment benefits	165,758	447,938
Share based payments	54,580	17,277
Post-employment benefits	4,179	1,625
	224,517	**466,840**

36. Events after the reporting period

As at the date of approval of the financial statements for issue, the Directors were not aware of any matter or circumstances arising since the end of the financial year, not otherwise dealt with in the financial statements, which would significantly affect the financial position of the Group and results of its operation as laid out in these financial statements.

PRINCIPAL SHAREHOLDERS AND SHARE DISTRIBUTION

The ten largest shareholdings in the Company and the respective number of shares held at 30 June 2021 are as follows:

Name(s) and Address	Number of shares	%
Diageo Kenya Limited	395,608,434	50.03%
Standard Chartered Nominees Non-Resd. A/C KE10085	19,784,000	2.50%
Standard Chartered Nominees Non-Resd. A/C KE004667	10,999,994	1.39%
Kenya Commercial Bank Nominees Limited A/C 915B	9,575,144	1.21%
Standard Chartered Kenya Nominees Limited A/C KE004553	7,737,449	0.98%
Kenya Commercial Bank Nominees Limited A/C NR1873738	6,998,964	0.89%
Standard Chartered Nominees Non-Resd. A/C 915A	6,879,617	0.87%
Standard Chartered Nominees Limited	6,241,665	0.79%
Stanbic Nominees Limited A/C NR4323488	5,823,892	0.74%
Stanbic Nominees Limited A/C NR7522171	5,327,622	0.67%
Total number of shares	**474,976,781**	**60.06%**

Distribution of shareholders	Number of shares	Number of shareholders	%
1 – 500 shares	2,519,605	13,448	0.32%
501 – 5,000 shares	15,827,774	9,889	2.00%
5,001 – 10,000 shares	6,693,681	936	0.85%
10,001 – 100,000 shares	38,635,356	1,312	4.89%
100,001 – 1,000,000 shares	116,058,048	355	14.68%
Over 1,000,000 shares	611,039,892	79	77.27%
Total	**790,774,356**	**26,019**	**100.00%**

EABL Directors' shareholding as at 30 June 2021:

Director's names	Number of shares
Caroline Musyoka	2,782
Jane Karuku	1,296
Ory Okolloh	720
Risper Ohaga	700

PROXY FORM

I/WE____

Share A/c No____

Of (Address) ____

Being a member(s) of East African Breweries Limited, hereby appoint: ____________________________

Or failing him/her, the duly appointed Chairperson of the Meeting, to be my/our proxy, to vote for me/us and on my/our behalf at the AnnualGeneral Meeting of the Company, to be held virtually, by electronic means on Tuesday, 14th September 2021 at 11:00 a.m. East African Time (GMT+3) and at any adjournment thereof.

As witness I/We lay my/our hand (s) this __________________ day of __________________ 2021.

Signature __________________ Signature __________________

Please clearly mark the box below to instruct your proxy how to vote

RESOLUTION	**FOR**	**AGAINST**	**ABSTAIN**
1. To receive, consider and adopt the audited Financial Statements for the year ended 30th June 2021 together with the Chairman's, Directors' and Auditors' Reports thereon.			
2. To re-elect directors: a. Japheth Katto who has attained the age of 70 years, and being eligible, offers himself for re-election.			
b. Ory Okolloh who was appointed during the financial year to fill a casual vacancy on the Board. She retires in accordance with the provisions of Article 116 of the Company's Articles of Association, and, being eligible, offers herself for re-election..			
c. Dayalan Nayager who was appointed during the financial year to fill a casual vacancy on the Board. He retires in accordance with the provisions of Article 116 of the Company's Articles of Association, and being eligible, offers himself for re-election.			
d. Martin Otieno-Oduor, who retires by rotation in accordance with the provisions of Article 117 of the Company's Articles of Association, and being eligible, offers himself for re-election.			
e. John Ulanga, who retires by rotation in accordance with the provisions of Article 117 of the Company's Articles of Association, and being eligible, offers himself for re-election.			
3. To elect the following Directors, being members of the Board Audit & Risk Management Committee to continue to serve as members of the said Committee: - John Ulanga; Japheth Katto; Jimmy Mugerwa; Leo Breen and Ory Okolloh			
4. To receive, consider and if thought fit approve the Directors' Remuneration Report and the remuneration paid to the Directors' for the year ended 30th June 2021.			
5. To reappoint, PricewaterhouseCoopers (PwC) LLP as Auditors of the Company by virtue of Section 721(2) of the Companies Act, 2015 and to authorize the Board of Directors to fix their remuneration for the ensuing financial year.			
Special Business **Change of Company Name** To consider and if thought fit to pass the following resolution as a special resolution, as recommended by the Directors: - "That the name of the Company be and is hereby changed from 'East African Breweries Limited' to 'East African Breweries Plc' in compliance with Section 53 of the Companies Act, 2015 and with effect from the date set out in the Certificate of Change of Name issued in that regards by the Registrar of Companies".			

ELECTRONIC COMMUNICATIONS CONSENT FORM

Please complete in BLOCK CAPITALS

Full name of Proxy(s): ____

____

____

Address: ____

____

Mobile Number

[ ]

Date: ______________________ Signature: ______________________

Please tick ONE of the boxes below and return to Image Registrars at P.O. Box 9287- 00100 Nairobi, 5th floor, Absa Towers (formerly Barclays Plaza), Loita Street:

Approval of Registration I/We approve to register to participate in the virtual Annual General Meeting of East African Breweries Limited to be held on 14th September 2021.		
Consent for use of the Mobile Number provided I/WE would give my/our consent for the use of the mobile number provided for purposes of voting at the AGM.		

Notes:

1. If a member is unable to attend personally, this Proxy Form should be completed, signed and delivered (together with a power of attorney or other authority (if any) under which it is assigned or a notarized certified copy of such power or authority) to EABL offices situated at EABL Bustani Office, 5th Floor, Garden City Business Park, Block A, Garden City Road, off Exit 7 Thika Superhighway, Ruaraka, Nairobi P.O. Box 30161-00100 Nairobi, or sent via email to eabl.agm@eabl.com to arrive not later than Sunday, 12th September 2021 at 11:00 a.m. i.e. 48 hours before the meeting or any adjournment thereof or, in the case of a poll taken subsequent to the date of the meeting, or any adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll which is taken more than 48 hours after the day of the meeting or adjourned meeting.
2. If a member is unable to attend personally, this Proxy Form should be completed and delivered to EABL offices situated at EABL Bustani Office, 5th Floor, Garden City Business Park, Block A, Garden City Road, off Exit 7 Superhighway, Ruaraka, Nairobi P.O. Box 30161-00100 Nairobi, or sent via email to eabl.agm@eabl.com to arrive not later than Sunday, 12 September 2021 at 11:00 a.m. i.e. 48 hours before the meeting or any adjournment thereof.
3. In case of a member being a corporate body, the Proxy Form must be under its common seal or under the hand of an officer or duly authorized attorney of such corporate body.
4. As a shareholder you are entitled to appoint one or more proxies to exercise all or any of your shareholder rights to attend and to speak and vote on your behalf at the meeting. The appointment of the Chairman of the meeting as proxy has been included for convenience. To appoint as a proxy any other person, delete the words "the Chairman of the Meeting or" and insert the full name of your proxy in the space provided. A proxy need not to be a shareholder of the Company.
5. Completion and submission of the form of proxy will not prevent you from attending the meeting and voting at the meeting in person, in which case any votes cast by your proxy will be excluded.
6. In the case of a company being a shareholder then this proxy form must be executed under its common seal or signed on its behalf by an officer of that company or an authorized attorney for that company.
7. A vote "abstain" option has been included on the form of proxy. The legal effect of choosing this option on any resolution is that you will be treated as not having voted on the relevant resolution. The number of votes in respect of which votes are withheld will, however, be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.
8. The Company offices are open during normal business hours on any weekday (Saturday, Sunday and Kenya public holidays excluded) unless closed for any other legal or legitimate reason. Unless stated otherwise, all timings quoted in this form of proxy are East African Time (GMT+3).

FOMU YA UWAKILISHI

MIMI/SISI____

Akaunti ya Hisa Nambar ____________________________________

Wa (Anwani) ______________________________________

Nikiwa/tukiwa mwanachama/wanachama wa East African Breweries Limited, namteua/tunamteua: ____________________

____

Na asipopatikana Mwenyekiti wa mkutano, kuwa mwakilishi wangu/wetu na kupiga kura kwa niaba yangu/yetu katika Mkutano Mkuu wa Kila Mwaka wa kampuni utakaoandaliwa kwa njia ya kielektroniki Jumanne, 14 Septemba 2021 saa tano asubuhi (11:00 a.m.) saa za Afrika Mashariki (GMT+3) na tarehe nyingine yoyote iwapo utaahirishwa.

Kama shahidi/mashahidi Naweka saini /Tunaweka saini tarehe ________________ ya mwezi wa ________________ 2021.

Saini ____________________ Saini ____________________

Tafadhali weka alama vyema kwenye kijisanduku hapa chini kumuelekeza mwakilishi wako/wenu jinsi ya kupiga kura

AZIMIO	**KUUNGA MKONO**	**KUPINGA**	**KUSUSIA**
1. Kupokea, kutathmini na iwapo itakubalika, kuidhinisha Taarifa za Kifedha Zilizokaguliwa za mwaka uliokamilika mnamo 30 Juni 2021 pamoja na ripoti za Mwenyekiti, Mkurugenzi na Mkaguzi wa hesabu zilizomo.			
2. Kuwachagua tena wakurugenzi: a. Bw Japheth Katto aliyetimiza miaka 70, na, kwa kuwa amehitimu, anajiwasilisha kuomba kuchaguliwa tena.			
b. Ory Okolloh aliyeteuliwa wakati wa mwaka huo wa kifedha kujaza nafasi iliyokuwa imetokea kwenye Bodi. Anastaafu kuambatana na Kifungu 116 cha Sheria za Kuundwa kwa Kampuni, na, kwa kuwa amehitimu, anajiwasilisha kuomba kuchaguliwa tena.			
c. Dayalan Nayager aliyeteuliwa wakati wa mwaka huo wa kifedha kujaza nafasi iliyokuwa imetokea kwenye Bodi. Anastaafu kuambatana na Kifungu 116 cha Sheria za Kuundwa kwa Kampuni, na, kwa kuwa amehitimu, anajiwasilisha kuomba kuchaguliwa tena.			
d. Martin Oduor-Otieno, anayestaafu kwa mzunguko kuambatana na Kifungu 117 cha Sheria za Kuundwa kwa Kampuni, na, kwa kuwa amehitimu, anajiwasilisha kuomba kuchaguliwa tena.			
e. John Ulanga anayestaafu kwa mzunguko kuambatana na Kifungu 117 cha Sheria za Kuundwa kwa Kampuni, na, kwa kuwa amehitimu, anajiwasilisha kuomba kuchaguliwa tena.			
3. Kuwachagua Wakurugenzi wafuatao, ambao ni wanachama wa Kamati ya Ukaguzi wa Hesabu & Usimamisi wa Hatari, wachaguliwe kuendelea kuhudumu kama wanachama wa Kamati hiyo: - John Ulanga; Japheth Katto; Jimmy Mugerwa; Leo Breen na Ory Okolloh.			
4. Kupokea, kutathmini na iwapo itakubalika, kuidhinisha Ripoti ya Malipo ya Wakurugenzi kwa mwaka uliomalizika 30 Juni 2021.			
5. Kuwateua tena, PricewaterhouseCoopers (PwC) LLP kuhudumu kama Wakaguzi wa Hesabu wa Kampuni kwa mujibu wa Kifungu 721(2) cha Sheria za Kampuni, 2015 na kuwapa idhini Wakurugenzi wa Bodi kuamua malipo yao kwa mwaka wa kifedha unaofuata.			
Shughuli maalum **Kubadilishwa kwa jina la Kampuni** Kujadili na iwapo itakubalika, kuidhinisha azimio lifuatalo kama Azimio Maalum, kama ilivyopendekezwa na Wakurugenzi: - "Kwamba jina la Kampuni liwe na limebadilishwa kutoka kuwa "East African Breweries Limited" na kuwa "East African Breweries plc" kwa kufuata Kifungu 53 cha Sheria za Kampuni, 2015 na hili kutekelezwa kuanzia tarehe iliyoandikwa kwenye Cheti cha Kubadilishwa kwa Jina kilichotolewa kuhusiana na hili na Msajili wa Kampuni".			

FOMU YA IDHINI YA MAWASILIANO YA KIELEKTRONIKI

Tafadhali jaza kwa HERUFI KUBWA

Jina kamili la mwakilishi (wawakilishi): ______________________________

____

____

Anwani: ______________________________

____

Nambari ya simu

Tarehe: ______________________ Saini: ______________________

Tafadhali weka alama katika MOJA kati ya visanduku vilivyo hapa chini na kuirejesha fomu hii kwa Image Registrars S.L.P. 9287- 00100 Nairobi, Ghorofa ya 5, jumba la Absa Towers (zamani ikiitwa Barclays Plaza), Loita Street:

Idhini ya kusajiliwa MIMI/SISI ninatoa/tunatoa idhini ya kusajiliwa kushiriki katika Mkutano Mkuu wa Kila Mwaka utakaofanyika kwa njia ya kielektroniki mnamo 14 Septemba, 2021.		
Idhini ya kutumiwa kwa nambari ya simu iliyotolewa NINGEPENGA/TUNGEPENDA kutoa idhini yangu/yetu ya kutumiwa kwa nambari ya simu niliyotoa/tuliyotoa kwa ajili ya kupiga kura katika AGM.		

Maelezo:

1. Iwapo mwanachama atashindwa kuhudhuria yeye binafsi, Fomu hii ya Uwakilishi inafaa kujazwa na kutiwa saini na ifikishwe (pamoja na idhini kwa wakili au mamlaka nyingine yoyote (iwapo ipo) ambapo mamlaka yametolewa au barua yenye kiapo ya kutoa idhini au mamlaka hayo kwa mhusika) kwa afisi za EABL zilizopo EABL Bustani Office, Ghorofa ya 5, Garden City Business Park, Jumba A, Barabara ya Garden City, kwa kutumia Exit 7 katika Barabara Kuu ya Thika, Ruaraka, Nairobi S.L.P. 30161-00100, Nairobi au kwa njia ya barua pepe kupitia anwani eabl.agm@eabl.com ili ifike si baada ya Jumapili,12 Septemba, 2021 saa tano asubuhi (11:00 a.m.), yaani si chini ya saa 48 kabla ya wakati wa kufanyika kwa mkutano, au iwapo kura itapigwa katika tarehe nyingine baada ya mkutano, au mkutano ukiahirishwa hadi siku nyingine, sio chini ya saa 24 kabla ya wakati uliotengwa wa kupigwa kwa kura ambapo kawaida huwa ni zaidi ya saa 48 baada ya tarehe ya kuandaliwa kwa mkutano au ya kuandaliwa kwa mkutano ulioahirishwa.
2. Iwapo mwanachama atashindwa kuhudhuria yeye binafsi, Fomu hii ya Uwakilishi inafaa kujazwa na ifikishwe kwa afisi za EABL zilizopo EABL Bustani Office, Ghorofa ya 5, Garden City Business Park, Jumba A, Barabara ya Garden City, kwa kutumia Exit 7 katika Barabara Kuu ya Thika, Ruaraka, Nairobi S.L.P. 30161-00100, Nairobi, au kwa njia ya barua pepe kupitia anwani eabl.agm@eabl.com ili ifike si baada ya Jumapili tarehe 12 Septemba, 2020 saa tano asubuhi (11:00 a.m.), yaani si chini ya saa 48 kabla ya wakati wa kufanyika kwa mkutano, au siku yoyote ile nyingine iwapo mkutano utaahirishwa.
3. Iwapo anayeteua mwakilishi ni kampuni au shirika, Fomu ya Uwakilishi inafaa kupigwa mhuri rasmi wa kampuni au kuidhinishwa na afisa au wakili aliyeidhinishwa kuiwakilisha kampuni au shirika hilo.
4. Kama mwenyehisa, una haki ya kumteua mwakilishi au wawakilishi wa kutekeleza haki zote au baadhi ya haki zako kama mwenyehisa na kuzungumza na kupiga kura kwa niaba yako katika mkutano. Uteuzi wa Mwenyekiti kama mwakilishi umetolewa kama njia moja ili kurahisisha mambo. Ili kuteua mtu mwingine kuwa mwakilishi, piga kalamu maneno 'Mwenyekiti wa Mkutano au" na uandike majina kamili ya mwakilishi wako katika nafasi iliyotolewa. Mwakilishi sio lazima awe mwenyehisa wa Kampuni.
5. Kujazwa na kuwasilishwa kwa fomu ya uwakilishi hakutakuzuia wewe mwenyewe kuhudhuria na kupiga kura mkutanoni, ambapo iwapo itafanyika kura itakayopigwa na mwakilishi wako haitahesabiwa.
6. Iwapo shirika au kampuni ndiyo mwenyehisa basi fomu ya uwakilishi inafaa kupigwa mhuri rasmi wa kampuni au kuidhinishwa na afisa au wakili aliyeidhinishwa kuiwakilisha kampuni au shirika hilo.
7. Chaguo la "kususia" limeorodheshwa kwenye sehemu ya kupiga kura kwenye fomu hii ya uwakilishi. Matokeo ya kisheria ya kutumia chaguo hili kwenye azimio lolote ni kwamba utahesabiwa kama mtu ambaye hakupigia kura azimio hilo. Idadi ya kura zilizosusiwa, hata hivyo, itahesabiwa na kurekodiwa, lakini hazitatumiwa katika kuhesabu idadi ya kura zilizounga mkono au kupinga kila azimio.
8. Afisi za Kampuni huwa zimefunguliwa wakati wa saa za kawaida za kuendesha shughuli kila siku ya wiki (isipokuwa Jumamosi, Jumapili na siku za mapumziko Kenya) isipokuwa tu ziwe zimefungwa kwa sababu nyingine za kisheria au halali. Isipokuwa kama imeelezwa vinginevyo, saa zote zilizorejelewa kwenye fomu hii ni za Afrika Mashariki (GMT+3)

NOTES


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