SINCE 1922

eabl

CELEBRATING LIFE

Emerging Stronger A better Future

2021 INTEGRATED REPORT AND FINANCIAL STATEMENTS

About this Report

The Integrated Report for the year ended June 30, 2021, provides a holistic view of East African Breweries Limited (EABL) business model. It comprises of 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. Their independent report in relation to the financial statements of the Group is set out on pages 54 to 57 of this report.

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Our Business Model

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, spirits and adult non-alcoholic drinks (ANADs) reaffirming our standing as a total adult beverage (TAB) company. Our extensive network of breweries, distilleries, and distribution facilities span 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 East African 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.

Our Business Model

Our business operates with the simple purpose of supporting our consumers in 'Celebrating life every day, everywhere'. Hence, the consumer is 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:

> **"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.**

- 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.

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 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

Our Business Model

Our business activities

Consumer insights
We have well established proprietary data tools to understand consumers' attitudes and motivations. We convert this information into insights which enable us to respond with agility to our consumers' interests and preferences.

Sourcing
From smallholder farmers in Africa to multinational companies, we work with our suppliers to procure high-quality raw materials and services. Where it makes sense, we source locally.

Marketing
We invest in world-class marketing to responsibly build vibrant brands that resonate with our consumers. We have a rigorous Marketing Code and belong to the Global Alliance for Responsible Media, working with peers to push for further consumer and brand safeguards.

Innovation
Using our deep understanding of trends and consumer socialising occasions, we focus on driving sustainable innovation that provides new products and experiences for consumers, whether they choose to drink alcohol or not.

Distilling and brewing
We distil, brew, bottle and distribute our premium spirits and beer brands through a globally co-ordinated supply operation, working to the highest quality and manufacturing standards. Where it makes sense, we produce locally.

Selling
We grow by working in partnership with our customers. Our global and local sales teams use proprietary data tools and insights to extend our sales reach and improve our execution. When our customers grow, we grow tool.

Our expertise in distillation and brewing

Our supply chain teams are the guardians of our brands' quality and craftsmanship. Their skills and experience range from the craft of barrel-making and coppersmithing, to blending scotch, brewing premium beer, designing packaging and ensuring our complex modern supply operations are working to the highest standards.

The value we create(i)

Our people
We want our people to be the best they can be. We offer a diverse and inclusive workplace with opportunities for development and progression.

Our consumers
We are passionate about the role our brands play in celebrations globally. We are committed to promoting moderation and reducing alcohol misuse.

Our customers
We work closely with customers to build sustainable partnerships that help grow their businesses through great insight and execution.

Our communities
We help build thriving communities by making lasting contributions where we live, work, source and sell.

Our suppliers
We partner with suppliers to ensure long-term, mutually beneficial relationships. Respect for human rights is embedded throughout our global supply chain.

Our investors
We aim to maximise shareholder returns through consistent, efficient growth and a disciplined approach to capital allocation.

Governments and regulators
We contribute to economic and development priorities and advocate laws that protect communities where these are not already in place.

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

Our Strategy

Our strategy is underpinned by our passionate desire to serve our consumers with high quality brands to suit every occasion and economic levels, 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.

SINCE 1922
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CELEBRATING LIFE

AMBITION

To create the best performing, most trusted and respected consumer products company in Africa.

STRATEGIC IMPERATIVES

- Vibrant Mainstream Beer
- Explode Mainstream Spirits
- Win in Premium
- Shape new frontiers

KEY ENABLERS

Aspirational and Accessible Innovations.

Route to Consumer
Competitive coverage that drives marketshare gains across the 4 imperatives.

Reputation
Respected partner by all stakeholders for being best in class in compliance, brand protection and sustainability. Culture of compliance embedded at all levels.

Supply Footprint
Guarantee supply through an advantaged but fit for purpose value chain

Efficient Growth /Productivity
Culture of Monitoring and Evaluation and investment allocation to drive out cost and make every shilling worth more.

Unlock growth Through People and Organisation

- Continuous and purposeful learning powers performance and growth
- A simple, agile, fully resourced and resilient organisation
- Diverse and inclusive environment that drives unlimited ideas and opportunites
- Diverse capable talent as a distinctive competitive advantage

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

Proud of our global iconic brands

Beer Brands

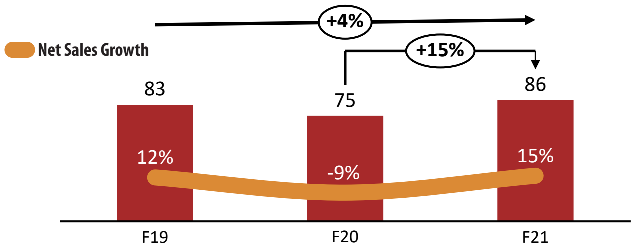
Can be individual to any one market and provide platform for our business to grow

Spirits Brands

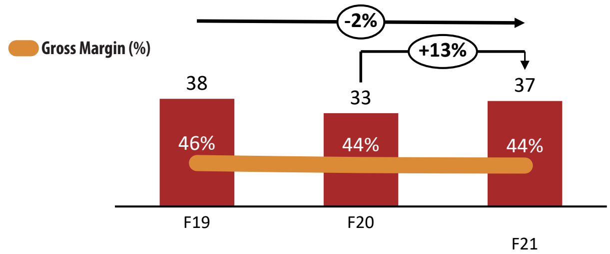
Small selection from our extensive portfolio of spirit brands.

Financial Highlights

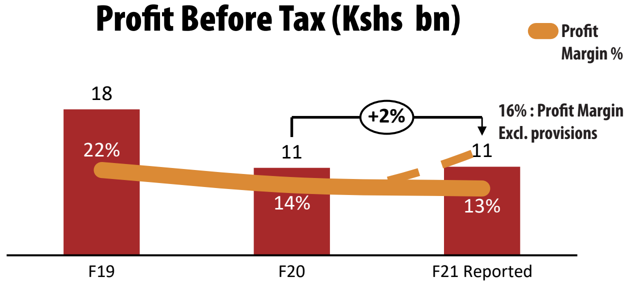
Net Sales (Kshs bn)



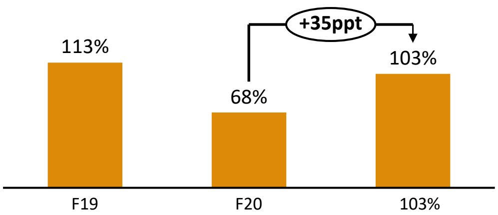
Gross Profit (Kshs bn)



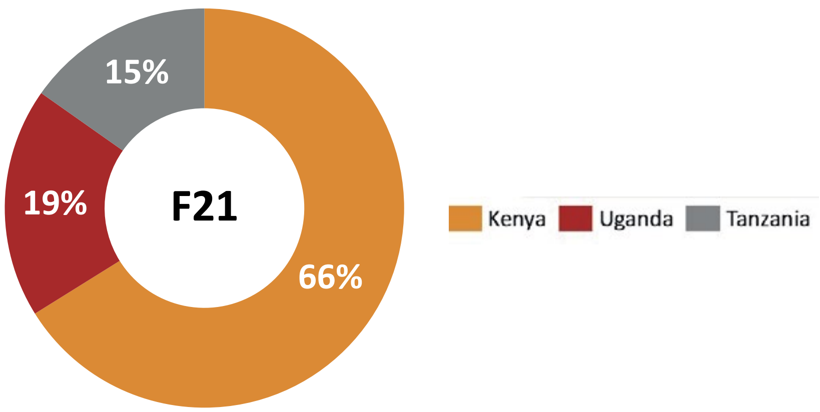
Profit Before Tax (Kshs bn)



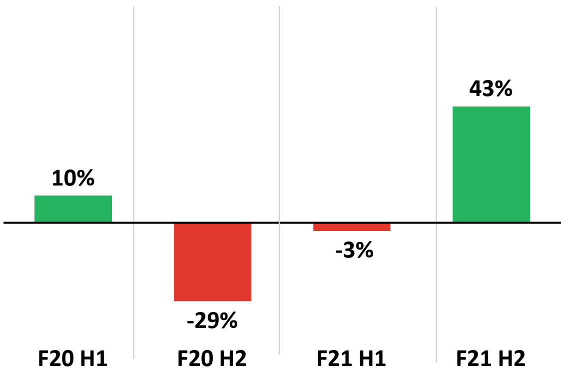
Operating Cash Conversion



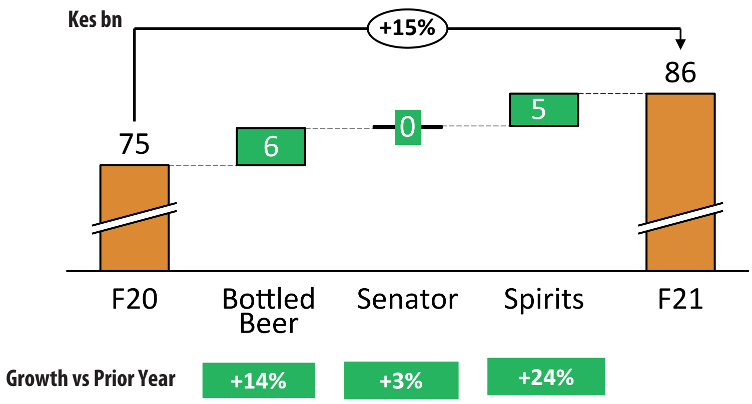
Net sales contribution by country



Sequential recovery



Unrelenting recovery across segments




White Cap
LAGER
Enjoy a Cold One Today
NO ADDED SUGAR

Executive Summary

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 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, 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, 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 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 period 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 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 62,000 farmers across the region supply us with barley and sorghum for brewing.

With resilience and character, we emerge stronger

Dr. Martin Oduor-Otieno
Group Chairman

> **We responded with agility and remained focused on executing smartly, leveraging emerging opportunities with consumers and trade partners. Our actions amidst this unwelcome pandemic delivered significant efficiencies and enabled us to invest in the long-term future.**

Overview

Fiscal 2021 was our first full year operating in a terrible global pandemic and I am pleased to report that EABL has demonstrated remarkable organisational resilience and character to emerge stronger. EABL's business growth during the year is the result of our people's determination, consistency, and strategic clarity to deliver, leveraging our wide 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 unwelcome pandemic delivered significant efficiencies and enabled us to invest in the long-term future.

Regional Operating Environment

Even with the lingering socio-economic uncertainty, we have witnessed less 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 our insights to respond to consumer shifts and purchasing behaviours to guarantee our future success.

As regional economies recover from the pandemic's terrible toll, we believe normalcy will return. Broader reopening will set us up on better growth platform as consumers enjoy our products in moments and occasions on trade.

We are proud of the socio-economic contribution we continue to make in driving development among 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 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. 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 we have provided this help; for instance, we are now seeing more outdoor spaces in the outlets.

Our efforts to promote positive drinking continued apace, 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 female packaging lines in Tanzania and Uganda, in line with our diversity and inclusion agenda

Water recovery has been a significant part of our sustainability efforts and our replenishment efforts are bearing fruit. Our Water of Life programme is one of the key initiatives in this direction and in Fiscal 21, 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 62,000 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.

We are witnessing significant resilience from our consumers and believe 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.

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 interesting 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 the 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

Group Managing Director's Statement

We rode the storm and have a foundation for growth

Jane Karuku
Group Managing Director and Chief Executive Officer

> **The dynamic and challenging environment brought about by this unwelcome pandemic will have great insights and perspectives about how we serve our consumers, who have reacted to the impact of the COVID-19 restrictions by moving to our off-trade, e-commerce, and home delivery channels.**

Overview

Our 2021 financial year at East African Breweries Limited (EABL) has been a mixed bag of positive things and interesting developments. For the second consecutive fiscal year, the COVID-19 pandemic continued to disrupt EABL's operations, impacting how we run our business. To adapt to nationwide curfews and social distancing requirements, we had to make significant changes to our ways of working and how we serve our consumers who enjoyed our products within 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.

EABL's 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.

The dynamic and challenging environment brought about by this unwelcome pandemic will have great insights and perspectives about how we serve our consumers, who have reacted to the impact of the COVID-19 restrictions by moving to our off-trade, e-commerce, and home delivery channels. Whereas we have seen many consumers return to the bars as the economy reopens, the business expects that these channels will continue to be relevant in coming days.

The decision to invest smartly behind brands in advertising and promotions helped to not only manage our fixed costs, by filling our brewery, but also lift the margins. Further, we protected our business by managing our costs while putting our shilling where we can reap the most, under the circumstances. Our business choices provided EABL with the right impetus for growth, critical for our people and community, while delivering shareholder value.

E-commerce is one of the biggest trends in the pandemic and EABL adjusted to this new reality by enhancing its existing new channel and developing partnerships with existing online platforms to drive sales. The growth of e-commerce was accompanied by the development of a trend where consumers prefer to meet in smaller groups at home and on special occasions to limit interaction with strangers. To respond to these shifting dynamics, we reshaped and executed plans in our packaging, delivery and sale of our products, leading to better performance.

Markets Performance

Our Kenya business rode the storm of multiple partial closures to deliver 10% year on year net sales growth. The relatively broader economic reopening in the second half led to more significant business recovery delivering 45% growth, which helped offset a 10% decline in the first half. We accomplished this performance by doubling down on our advantaged route to market and new channels to meet shifting consumer demands and purchasing power.

In Uganda, where the restrictions were not as harsh as Kenya, revenues grew 33% year on year, the highest in the region, with both beers and spirits recording double digit growth. Once again, the ability of the business to adjust to the changing consumer shifts and emerging channels was key to the growth. Despite the gloom of the pandemic, the continued investments in the expansion to support sales growth in line with EABL's strategy also paid off.

Tanzania's reaction to the pandemic did not cause much of a disruption to the business and revenues here increased by 15%, with beer and spirits both registering double digit growth. The country still has great market potential and the business has been deliberate in making more investments behind the brands and expanding capacity for the production of beer and local spirits, which is paying off.

Strategy

Our performance this year has proven that the rebuilding phase has set a good foundation for sustained growth. Our optimism is boosted by ongoing vaccination efforts across our markets to protect people. The investments we have made, the adoption of new channels and adaptation to consumer trends have demonstrated that we have the agility and creativity to adapt to change. We have adopted flexible planning and forecasting to align with the changing realities of the business across the countries in which we operate and sell.

Looking forward

Aligned to our sustainability goals and efforts, we will continue to invest in the various initiatives, as detailed elsewhere in this report, because we recognise the need for prosperous communities where we operate and the need to protect the planet.

As we embark on emerging stronger into a better future, we will prioritise on the delivery on our strategy, executing with speed, clarity and enthusiasm to serve our consumers who continue to enjoy our fantastic brands across East Africa.

Jane Karuku,

Group Managing Director and Chief Executive Officer

"E-commerce is one of the biggest trends in the pandemic and EABL adjusted to this new reality by enhancing its existing new channel and developing partnerships with existing online platforms to drive sales.

"Our performance this year has proven that the rebuilding phase has set a good foundation for sustained growth.

Our Leadership

Board of Directors

Dr. Martin 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 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, Kenya Airways 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/Maastritch 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, 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 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, Junior Achievement-Kenya and is a former Trustee of the United States International University (USIU). She is currently the Chairperson of the private sector led Kenya Covid-19 Fund board, Chairperson of Kenya's Vision 2030 Board, 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, Stanbic Bank Uganda and Uganda Breweries Limited. He is also an adjunct faculty at Strathmore University Business School. He was also 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.

Ms. Carol Musyoka (Age 49)

Independent Non- Executive Director, Kenyan

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 nonexecutive directorships in BAT Kenya plc and Kenya Airways 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.

Ms. Risper Ohaga (Age 45)

Executive Director, 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.

Board of Directors

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.

Mr. Jimmy D Mugerwa (Age 57)

Independent Non- Executive Director, Ugandan

Appointed to the Board in July, 2018.

Mr. Jimmy D 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 NonExecutive 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. 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. He holds other non-executive directorship roles as a Director of Mwananchi Communications Limited (publishers of The Citizen, Mwananchi and Mwanaspoti Newspapers), Director and Vice Chair of the Board of Directors of Tanzania Media Foundation.

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. Kathryne Maundu (Age 42)

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 Coulson Harney LLP. 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. Maundu 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. Maundu 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.

Ms. Ory Okolloh (Age 44)

Non-Executive Director, Kenyan

Appointed to the Board in October, 2020.

Until recently, Ms. Okolloh was 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, Harvard University's Centre for African Studies, Stanbic Holdings Plc and Stanbic Bank Kenya.

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.

Ms. Okolloh holds a Bachelor of Arts (Political Science) degree from the University of Pittsburgh and a Juris Doctor (J.D.) from Harvard Law School.

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. He is based in London and is a member of the Diageo Europe Executive team.

Prior to this role, Dayalan 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, Dayalan was Commercial Director of Brandhouse in Diageo South Africa where he delivered strong performance and deepened customer partnerships.

Dayalan 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.

Dayalan 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.

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. John Musunga,
Kenya Breweries Limited Managing Director

Mr. Graham Villiers-Tuthill
Group Marketing and Innovations Director

Mr. Eric Kiniti,
Group Corporate Relations Director

Mr. Nadida Rowlands
Group Legal Director

Mr. Mark Ocitti,
Serengeti Breweries Limited Managing Director

Mr. Alvin Mbugua,
Uganda Breweries Limited Managing Director

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

Ms. Ednah Otieno
Group Human Resources Director


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

NOTICE AND AGENDA OF THE 2021 ANNUAL GENERAL MEETING

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

NOTICE AND AGENDA OF THE 2021 ANNUAL GENERAL MEETING

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).

Statement of Corporate Governance

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.

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.

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.

WHO GOVERNS US

Composition of the Board and Board Committees

Board Size, Composition and Appointments

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 xxxxx and xxxx.

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; the early redemption of the medium term note and fund raising proposal.

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.

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.

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.

Annual Report and Financial Statements

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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)
Stamford Corporate Services LLP
5th Floor, ICEA Lion Centre, West Wing
Riverside Park, Chiromo Road Nairobi
P.O. Box 10643
00100 Nairobi, GPO

AUDITOR
PricewaterhouseCoopers LLP
PwC Tower
Waiyaki Way / Chiromo Road
P.O. Box 43963
00100 Nairobi, GPO

ADVOCATES
Bowmans
5th Floor, ICEA Lion Centre, West Wing
Riverside Park, Chiromo Road Nairobi
P.O. Box 10643
00100 Nairobi, GPO

SHARE REGISTRARS
Custody & Registrar Services Limited
IKM Place
Tower B, 1st Floor
5th Ngong Avenue
P.O. Box 8484
00100 Nairobi, GPO

PRINCIPAL BANKERS
Standard Chartered Bank Kenya Limited
48 Westlands Road, Nairobi, Kenya
P.O. Box 30003
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)
Barclays Westend Building
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 60 and page 62 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 Kshs86 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 Kshs37.4 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 Ksh 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 Kshs6.9 billion compared to Kshs7.0 billion reported in the prior year. Excluding the impact of one-off tax provisions of Kshs2.8 billion , the group's profit after tax would have closed at Kshs8.8 billion, representing a 25% growth compared to the prior year.

Net cash from operating activities closed at KShs14.6 billion, a significant improvement of KSh 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 adversting 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 PWDs 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 for Life

In Kenya, we have impacted over 2.5 million people, improving with their access to potable water. In Tanzania, SBL 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 for 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 63,000 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 approx. 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 & 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 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 42.

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

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 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 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 thee 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 (environmental, social or governance) 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 if 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 accomodation 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 58 to 126, 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 (t) 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.

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

Independent auditor's report to the shareholders of East African Breweries Limited

Auditor's responsibilities for the audit of the financial statements (continued)

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 44 to 46 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the Directors' remuneration report on pages 47 to 52 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 58 to 126 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 58 to 126 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 interest	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 generated from 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

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:		Less than 1	Between 1	Between 2	Over 5	
	Current	year	and 2 years	and 5 years	years	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Group						
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**

At 30 June 2021:		Less than 1	Between 1	Between 2	Over 5	
	Current	year	and 2 years	and 5 years	years	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Company						
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:	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
Group						
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**

At 30 June 2020:	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
Company						
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

	2021	2020
	Kshs '000	**Kshs '000**
(a) Group		
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		
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

	2021	2020
	Kshs '000	**Kshs '000**
(a) Group		
Staff costs	6,734,013	6,378,316
Office supplies and other costs	1,425,264	1,077,330
Depreciation and amortization	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

Other income		
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)

	2021	2020
	Kshs '000	**Kshs '000**
(b) Company		
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

The following items have been charged in arriving at the profit before tax

	2021	2020
(a) Group	**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

	2021	2020
(b) Company	**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.w

Notes (continued)

12. Finance income/(expenses)

	2021	2020
(a) Group	**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		
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

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
(a) Group	**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 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: 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	Ksh'000	Number of shares	Ksh'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:

	2021	2020
(a) Group	**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**

	2021	2020
(b) Company	**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	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
Year ended 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	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
Year ended 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
Unrealized 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					
Unrealized 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)**

	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
Year ended 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
Unrealized 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					
Unrealized 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 finalisation of Kisumu Brewery in Kenya, and capacity expansion in Kenya, Uganda and Tanzania.
Property, plant and equipment (continued)

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 the Kisumu Brewery in Kenya in finalisation, capacity expansion in Tanzania and beer and spirits upgrade in Uganda.

Included under additions to capital work in progress are borrowing costs of Kshs 340,639,000 incurred on the long-term loans that were received during the year to finance the construction of the new brewery in Kisumu. The weighted average capitalization rate on funds borrowed is 7%.

Notes (continued)

20. Property and equipment (continued)

(b) Company

	Freehold property	Leasehold buildings	Equipment	Capital work in progress	Total
Year ended 30 June 2021	**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)

	Freehold property	Leasehold buildings	Equipment	Capital work in progress	Total
Year ended 30 June 2020	**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

	Buildings	Motor vehicles	Leasehold property	Total
Period ended 30 June 2021	**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**

	Buildings	Motor vehicles	Leasehold property	Total
Year ended 30 June 2020	**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

	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)
At 30 June 2021	**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 2020	**11,930**	**11,930**
Net carrying value	**12,599**	**12,598**
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 2020	**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	Kenya	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

	2021	2020
(a) Group	**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**

	2021	2020
(b) Company	**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**

29. Trade and other payables

	2021	2020
(a) Group	**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**

Notes (continued)

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 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: 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.

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) Medium term note of Kshs 6,000,000,000 (2020: Kshs 6,000,000,000). The medium-term note was in two tranches previously. The first tranche of Kshs 5,000,000,000, which had an annual interest rate of 12.95% matured in March 2022. The second tranche of Kshs 6,000,000,000 was redeemed earlier than the maturity in March 2020 and it was refinanced by a long-term loan from Absa Bank Kenya.

(iii) The bank overdraft facilities have an effective interest rate of 10% (2020: 9%) and is sourced from SCB Kenya, ABSA, Citibank, Equity Bank and other loans.

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, pland 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		
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		
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)

	2021	2020
Transactions with subsidiaries	**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	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.
Related party transactions (continued)

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

	2021	2020
	Kshs'000	**Kshs'000**
Group		
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.

	2021	2020
	Kshs'000	**Kshs'000**
Company		
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**

Notes (continued)

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: ______________________

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).

NOTES