East African Breweries PLC

INFORMATION MEMORANDUM

KES 11 BILLION DOMESTIC MEDIUM-TERM NOTE PROGRAMME

Arrangers

Absa Securities Limited and
Absa Bank Kenya PLC

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Important Notices

The Programme

Under this KES. 11 billion medium-term note programme, the Issuer may from time to time issue Notes subject to the Conditions contained in or referred to in this Information Memorandum. Any other terms and conditions not contained in the Conditions which are applicable to any Notes will be set forth in a Pricing Supplement. Save as set out herein, the Notes will not be subject to any minimum or maximum maturity and the maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed KES. 11 billion.

The Notes will be made available to the general public in Kenya. Applications for participation may be processed through the Placing Agent, details of which are provided in this Information Memorandum (under Section 5 (Subscription and sale)).

The Notes may be issued in Tranches and be placed by the Placing Agent described under the section "Summary of the Programme", and any additional Placing Agent appointed from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "Placing Agent" and together the "Placing Agents").

The price/yield, tenor, amount and allocation of Notes to be issued under this Programme will be determined by the Issuer, the Arrangers and Placing Agents at the time of issue in accordance with the prevailing market conditions as set out in the relevant Pricing Supplement.

Cautionary Statement

Prospective investors should carefully consider the matters set forth under the section "Risk Factors" covered in section 9 of this Information Memorandum.

Relevant Approvals

The Capital Markets Authority has approved the public offering and listing of the Notes on the Fixed Income Securities Market Segment of the Nairobi Securities Exchange. As a matter of policy, the CMA assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Information Memorandum. Approval of the Issue and/or listing is not to be taken as an indication of the merits of the Issuer or of the Notes.

The NSE has authorised the Issuer to list the Notes on the FISMS. The Notes have not been and will not be registered under any other securities legislation whether in Kenya or any other country. The NSE assumes no responsibility for the correctness of any of the statements made or opinions or reports expressed or referred to in this Information Memorandum. Admission to the FISMS of the NSE is not to be taken as an indication of the merits of the Notes or the Issuer.

A copy of this Information Memorandum, together with the documents required to be attached has been delivered to the Registrar of Companies in Nairobi.

The Notes have been prescribed as a dematerialized security by the Central Depository and Settlement Corporation under section 24 of the Central Depositories Act.

The sale or transfer of Notes by Noteholders will be subject to the rules of the NSE, and where applicable, the CDSC rules, the Conditions of the Notes and the provisions of the Agency Agreement. The register for the Notes will be the record of depositors maintained by the CDSC in accordance with the Central Depositories Act. There are currently no other restrictions on the sale or transfer of Notes under Kenyan law. In particular, there are no restrictions on the sale or transfer of Notes by or to nonresidents of Kenya.

Responsibility

The Directors whose names appear under section 7.2 accept responsibility for the information contained in this Information Memorandum. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors, having made all reasonable enquiries, confirm that this Information Memorandum contains or incorporates all information which is material in the context of the issue and the offering of the Notes, that the information contained or incorporated in this Information Memorandum is true and accurate in all material respects and is not misleading in any material respect, that the opinions and the intentions expressed in this document are honestly held and that there are no other factual omissions which would make this document, or any such information or expression of any such opinions or intentions, misleading in any material respect and that all proper enquiries have been made to verify the foregoing.

The information presented herein was prepared or obtained by the Issuer and is being furnished to the Arrangers and the Placing Agent solely for use by prospective investors in connection with the Notes. Neither of the Arrangers nor the Placing Agent or any of their respective directors, affiliates, advisers or agents has assumed any responsibility for independent verification of the information contained herein or otherwise made available in connection with the Notes, and they make no representation or warranty as to the accuracy or completeness of such information.

Disclaimers

Neither this Information Memorandum nor any other information supplied in connection with the Notes is intended to provide the complete basis of any credit or other evaluation, nor should it be considered as a recommendation by the Arrangers or the Placing Agent or any of their respective directors, affiliates, advisers or agents, that any recipient of this Information Memorandum (or any other information supplied in connection with the Issue) should purchase any Notes. Each investor contemplating purchasing a Note should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Each investor is advised to conduct and rely on their own evaluation of the Issuer and the terms of the offering including the merits and risks involved in making an investment decision with respect to the Notes. Neither this Information Memorandum nor any other information supplied in connection with the Issue constitutes an offer or invitation to any person by or on behalf of the Arrangers or the Placing Agent or any of their respective directors, affiliates, advisers or agents to subscribe for or to purchase any Notes.

Nothing contained in this Information Memorandum is to be construed as, or shall be relied upon as, a promise, warranty or representation, whether to the past or the future, by the Arrangers or the Placing Agent, or any of their respective directors, affiliates, advisers or agents, in any respect. Furthermore, neither the Arrangers or the Placing Agent nor any of their respective directors, affiliates, advisers or agents, maKES. any representation or warranty or assumes any responsibility, liability or obligation in respect of the legality, validity or enforceability of the Notes, the performance and observance by the Issuer of its obligations in respect of the Notes, or the recoverability of any sums due or to become due from the Issuer under the Notes.

The delivery of this Information Memorandum does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same.

No person has been authorised to give any information or make any representation other than that contained in this Information Memorandum and if given or made, such information or representation should not be relied upon as having been authorised by or on behalf of the Issuer, the Arrangers or the Placing Agent or any of their respective directors, affiliates, advisers or agents.

Selling Restrictions

The Notes may not be offered or sold, directly or indirectly, and neither this document nor any other supplemental Information Memorandum or any prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any jurisdiction, other than in Kenya.

The distribution of this Information Memorandum and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Information Memorandum or any Notes may come must first inform themselves about and observe any such restrictions.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended ("the Securities Act"). The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of US persons (as defined in Regulation S under the Securities Act). The Issuer considers that Notes issued under this Information Memorandum will constitute a domestic issue of the Notes within Kenya. The Arrangers and the Placing Agent have represented, warranted and undertaken that they will (i) observe all applicable laws and regulations within Kenya; (ii) will not make any offer or sales of Notes under this Information Memorandum in any jurisdiction other than Kenya; (iii) will distribute the Information Memorandum and/or any advertisement or offering material within Kenya only under circumstances that will result in compliance with all applicable laws and regulations; and (iv) will not distribute the Information Memorandum and/or any advertisement or offering material in any other jurisdiction.

It is intended by the Issuer and the Placing Agent that the Notes will only be sold pursuant to a domestic offer in Kenya, and that any investor or potential investor who purchases the Notes shall inform themselves of the risks involved in investing in the Notes and has understood that the information contained in this Information Memorandum is consistent with information that would be required in connection with a domestic offer of securities in Kenya which differs substantially from international markets.

Supplemental Information Memorandum

The Issuer will, in connection with the listing of Notes on the NSE or on such other exchange or further exchange or exchanges as may be selected by the Issuer, and for so long as any Note remains outstanding and listed on such exchange, publish a supplement to the Information Memorandum on the occasion of any subsequent issue of Notes where there has been:

(a) a material adverse change in the condition (financial or otherwise) of the Issuer which is not then reflected in the Information Memorandum or any supplement to the Information Memorandum; or
(b) any modification of the terms of the Programme which would then make the Information Memorandum inaccurate or misleading.

Any such supplemental Information Memorandum shall be deemed to have been substituted for the previous Information Memorandum from the date of its issue.

The Issuer shall seek the prior approval of the CMA and the NSE in connection with any proposed amendment or supplement to this Information Memorandum and the Issuer shall, in addition, supply to the Arrangers, Sponsoring Stockbroker, the Placing Agent, the CMA, the NSE and the CDSC in Kenya such number of copies of such supplement to this Information Memorandum or replacement Information Memorandum as the Arrangers, Sponsoring Stockbroker, the Placing Agent, the CMA, the NSE and the CDSC may reasonably require or as may be required to be provided by law. If the terms of the Issue are modified or amended in a manner which would make this Information Memorandum, as supplemented, inaccurate or misleading, a new Information Memorandum will be prepared by the Issuer after seeking the approval of the CMA and the NSE.

Forward Looking Statements

Some statements in this Information Memorandum may be deemed to be “forward-looking statements”. Forward-looking statements include statements concerning the Issuer’s plans, objectives, goals, strategies and future operations and performance and the assumptions underlying these forward-looking statements. When used in this Information Memorandum, the words “anticipates”, “estimates”, “believes”, “intends” “plans”, “may”, “will”, “should” and any similar expressions are used to identify forward-looking statements. The Issuer has based these forward-looking statements on the current view of its management with respect to future events and financial performance. These views reflect the best judgement of the Issuer’s management but involve uncertainties and are subject to certain risks the occurrence of which could cause actual results to differ materially from those predicted in the Issuer’s forward-looking statements and from past results, performance or achievements. Although the Issuer believes that the estimates and the projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise or occur, including those which the Issuer has identified in this Information Memorandum, or if any of the Issuer’s underlying assumptions prove to be incomplete or incorrect, the Issuer’s actual results of operations may vary from those expected, estimated or projected.

These forward-looking statements apply only as at the date of this Information Memorandum. Without prejudice to any requirements under Applicable Laws and regulations, the Issuer expressly disclaims any obligations or undertaking to disseminate after the date of this Information Memorandum any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based. A prospective purchaser of the Notes should not place undue reliance on these forward-looking statements.

Rounding

Some numerical figures included in this Information Memorandum have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain figures may not be an arithmetic aggregation of the figures that preceded them.

Documents incorporated by reference

The following documents shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

a) any supplements to this Information Memorandum circulated by the Issuer from time to time in accordance with the Agency Agreement;

b) the audited annual financial statements, and notes thereto, of the Issuer for the five financial years ended 30 June 2020 as well as the published audited annual financial statements, and notes thereto, of the Issuer in respect of further financial years, as and when such become available;

c) the interim financial statements of the Issuer as at 31 December 2020 and any subsequent published interim financial statements of the Issuer in respect of further years, as and when such become available;

d) each relevant Pricing Supplement relating to any Tranche of Notes issued under the Programme on or after the Programme Date; and

e) all information pertaining to the Issuer which is relevant to the Programme and/or this Information Memorandum which is electronically submitted to the CMA and NSE.

Save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Issuer will provide, free of charge, to each person to whom a copy of the Information Memorandum has been delivered, upon request of such person, a copy of any of the documents deemed to be incorporated herein by reference, unless such documents have been modified or superseded.

Requests for such documents should be directed to East African Breweries PLC, Garden City Business Park, 5th Floor, Block A, Ruaraka, P.O. Box 30161, 00100 Nairobi GPO for the attention of the Company Secretary or request made on email to EABL.Company.Secretary@eabl.com.

The information may also be obtained from the Issuer's website: www.eabl.com.

Definitions and abbreviations

In the Information Memorandum, unless a contrary indication appears, the following expressions shall have the meanings indicated in the table below:

Words in the singular shall include the plural and vice versa, references to a person shall include references to a body corporate, and reference to a gender includes the other gender.

Table 1: Definitions and abbreviations

"Agency Agreement"	means the agreement 05 October 2021 between East African Breweries PLC, Image Registrars ("Agent") and MTC Trust & Corporate Services Limited ("Note Trustee") as varied from time to time;
"Agent"	means Image Registrars Limited acting in its capacity as Paying Agent and Registrar;
"Allotment Date"	means the date specified as such in the applicable Pricing Supplement on which Notes are allotted to the successful applicants;
"Applicable Laws"	means any applicable laws or regulations (including any foreign exchange rules or regulations) of any governmental or other regulatory authority which may govern the Issue, the Notes and the Conditions;
"Board of Directors" or "Directors"	means the members of the Board of Directors of East African Breweries PLC;
"Business Day"	means a day on which banks are open for business in Nairobi, Kenya;
"Capital Markets Authority" "CMA"	means the Capital Markets Authority established under the Capital Markets Act (Chapter 485A of the Laws of Kenya) and includes any successor thereto;
"CD Act"	means the Central Depositories Act (Act No. 4 of 2000 of the Laws of Kenya);
"CDSC Account"	means a depository account of a Noteholder which is held with the CDSC;
"CDSC"	Central Depository and Settlement Corporation;
"CEO"	Chief Executive Officer;
"Companies Act"	means the Companies Act, No. 17 2015 of the Laws of Kenya;
"Conditions"	means the terms and conditions of the Notes as set out in the First Schedule of the Trust Deed as the same may from time to time be modified and any reference to a numbered "Condition" is to a correspondingly numbered provision thereof;
"Diageo"	means Diageo plc, a public company incorporated in England and Wales, which is the ultimate parent company of EABL;
"EABL" or the "Company" or the "Issuer" or the "Group"	means East African Breweries PLC, a limited liability company incorporated in Kenya, with registration number 5/34 of Garden City Business Park, 5th Floor, Block A, Ruaraka, P.O.. Box 30161, 00100 Nairobi GPO;
"EABLI"	means EABL International Limited, a limited liability company incorporated in Kenya;
"EAML"	means East African Maltings Limited, a limited liability company incorporated in Kenya;
"Final Redemption Amount"	means the amount, as specified in the applicable Pricing Supplement, due on final redemption of the Notes;
"FISMS"	means the Fixed Income Securities Market Segment of the NSE;
"Interest Amount"	means in relation to a Tranche of Notes and an Interest Period, the amount of interest payable in respect of that Tranche of Notes for that Interest Period;
"Interest Commencement Date"	means the first date from which interest on the Notes will accrue as specified in the applicable Pricing Supplement;
"Interest Determination Date"	means the date specified in the applicable Pricing Supplement;
"Interest Payment Date"	means in relation to a Tranche of Notes, the dates indicated in the applicable Pricing Supplement commencing on the date specified in the applicable Pricing Supplement until the Principal Amount of each Note is repaid in full;
"Interest Period"	means the period beginning on and including the Issue Date, to but excluding, the first Interest Payment Date, and each successive interest period from and including an Interest Payment Date to but excluding the next Interest Payment Date;
"Interest Rate"	means the rate of interest applicable to the Notes as specified in the applicable Pricing Supplement;

"Issue Date"	means the date specified in the applicable Pricing Supplement;
"Issue Price"	means the prices specified as such, being the price at which the Issuer issues the Notes referred to in the applicable Pricing Supplement;
"Issue"	means the issue by the Company of medium-term notes denominated in Shillings of an aggregate amount of up to Kenya Shillings eleven billion (KES. 11,000,000,000);
"KBL"	means Kenya Breweries Limited a limited liability company incorporated in Kenya;
"Kenya"	means the Republic of Kenya and "Kenyan" shall be construed accordingly;
"KShs" or "KES." or "Shillings"	"KShs" or "KES." or "Shillings" means Kenya Shillings, the lawful currency of Kenya;
"MD"	Managing Director;
"Noteholder"	"Noteholder" means the person in whose name a Note is registered in the CDSC Account, or in the case of joint holders, the first-named thereof;
"Notes"	means the medium-term notes of the aggregate Principal Amount of up to eleven billion Kenya Shillings (KES. 11,000,000,000) to be issued by the Issuer in accordance with the terms of the Agency Agreement;
"NSE"	means the securities exchange operated by the Nairobi Securities Exchange Limited;
"Note Trustee"	means MTC Trust & Corporate Services Limited
"Paying Agent"	means Image Registrars Limited and its successors and assigns from time to time;
"Placing Agent"	means the Placing Agents appointed from time to time in accordance with the Placing Agreement dated 05 October 2021 between East African Breweries PLC and Absa Securities Limited and Absa Bank Kenya PLC;
"Pricing Supplement"	means a pricing supplement approved by the Issuer which is supplemental to the Information Memorandum containing the relevant details of individual Tranches of the Notes;
"Principal Amount"	means in relation to any Note, the total amount, excluding interest owing by the Issuer under the Note, as specified in the applicable Pricing Supplement;
"Programme Date"	05 October 2021;
"Programme"	means the medium-term note programme established by the Company pursuant to the Agency Agreement;
"Register"	means the register established by the Registrar pursuant to the provisions of Clause 9 of the Agency Agreement;
"RTGS"	Means Real Time Gross Settlement
"SBL"	means Serengeti Breweries Limited, a limited liability company incorporated in the United Republic of Tanzania;
"Series"	means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series; and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;
"Specified Denomination"	means the amount specified as such in the applicable Pricing Supplement;
"Specified Office"	means the specified office of the Paying Agent and Registrar as specified in the Information Memorandum;
"Sponsoring Stockbroker"	means Absa Securities Limited;
"TBL"	means Tanzania Breweries Limited a limited liability company incorporated in the United Republic of Tanzania;
"Tranche"	"Tranche" means a series of Notes comprising one or more series that (except in respect of the first Interest Payment Date and their Issue Price) have the identical terms of issue and are expressed to have the same tranche number. Details applicable to each tranche are to be specified in the applicable Pricing Supplement;
"Trust Deed"	The agreement dated 05 October 2021 appointing the Note Trustee as varied from time to time
"TShs"	means Tanzania Shillings, the lawful currency of Tanzania;
"UBL"	means Uganda Breweries Limited, a limited liability company incorporated in the Republic of Uganda;
"UK"	means the United Kingdom of Great Britain and Northern Ireland;

1. Summary of the Programme

The following summary does not purport to be complete and is taken from, and qualified by, the remainder of this Information Memorandum and, in relation to the Conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Capitalised terms not separately defined herein shall bear the meaning given to them in the Conditions.

Table 2: Summary of the Programme

Issuer	East African Breweries PLC.
Arranger	Absa Securities Limited and Absa Bank Kenya PLC.
Placing Agent	Absa Securities Limited and Absa Bank Kenya PLC.
Sponsoring Stockbroker	Absa Securities Limited.
Receiving Bank	Absa Bank Kenya PLC
Paying Agent and Registrar	Image Registrars Limited
Transaction Legal Counsel	Coulson Harney LLP.
Reporting Accountant	PricewaterhouseCoopers LLP
Note Trustee	MTC Trust & Corporate Services Limited.
GENERAL	
Description of the programme	Notes issued in Tranches under a KES. 11,000,000,000 medium-term note programme; details applicable to each Tranche are to be specified in the relevant Pricing Supplement.
Form of Notes	Book-entry.
Denomination of Notes	Notes will be issued in such denominations as may be specified in the applicable Pricing Supplement.
Governing Law	Kenyan Law.
Issue Price	Notes may be issued on a fully-paid basis and at an issue price which is at their Principal Amount or at a discount to, or premium over, their Principal Amount as specified in the applicable Pricing Supplement.
Listing	The Notes will, upon their issue, be listed on the FISMS of the NSE or any successor exchange or on such other or further exchange as may be determined by the Issuer subject to any relevant ruling law.
Interest Period(s) or Interest Payment Date(s)	The interest Rate(s), Interest Payment Date(s) and Interest Period(s) applicable to a Tranche or Series of Notes will be specified in the applicable Pricing Supplement.
Noteholder	When used with respect to any Note, means the person in whose name a Note is registered in the CDSC account, or in the case of joint holders, the first-named thereof.
Programme Amount	The maximum aggregate Principal Amount of all Notes outstanding that may be issued under the Programme at any one point in time, being as at the Programme Date, KES. 11,000,000,000.
Risk Factors	Investing in the Notes involves certain risks (see the section of the Information Memorandum headed "Risk Factors").
Currency	Kenyan Shillings.
Notes	Notes may comprise: Fixed Rate Notes: Fixed Rate Notes will bear interest at a fixed interest rate, as indicated in the applicable Pricing Supplement. Floating Rate Notes: Floating Rate Notes will bear interest at a floating rate, as indicated in the applicable Pricing Supplement.
Selling Restrictions	The distribution of this Information Memorandum and/or any relevant Pricing Supplement and any offering or sale of or subscription of Notes may be restricted by law in certain jurisdictions, and is restricted by law in the United States, the United Kingdom and South Africa (see section headed "Subscription and sale"). Any other or additional restrictions which are applicable and which may be required to be met in relation to an of-

	fering or sale of Notes will be included in the applicable Pricing Supplement. Persons who come into possession of this Information Memorandum and/or any applicable Pricing Supplement must inform themselves about and observe all applicable selling restrictions.
Status of Notes	Unless otherwise specified in the relevant Pricing Supplement, the Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank pari passu among themselves and (save for certain debt preferred by law) equally with all other unsecured obligations (other than subordinated obligations (if any)) of the Issuer outstanding from time to time.
Redemption	The Notes will be redeemed on the date(s) specified in the applicable Pricing Supplement
Taxation	Refer to the sections of this Information Memorandum headed "Taxation".
Conditions	The Conditions of the Notes are set out in the section of this Information Memorandum headed "Terms and Conditions".

2. Terms and Conditions of the Notes

The issue of medium-term notes of up to Kenya Shillings eleven billion (KES. 11,000,000,000) within the Republic of Kenya by East African Breweries PLC (the "**Issuer**") was duly authorised pursuant to a resolution of the Board of Directors passed on 5 October 2021. The Notes are issued with the benefit of, and are subject to, an Agency Agreement dated 05 October 2021 (the "**Agency Agreement**") between the Issuer and the Paying Agent and Registrar and the Trust Deed dated 05 October 2021 (the "**Trust Deed**") between the Issuer and the Trustee.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement and the Trust Deed. The Noteholders are deemed to have notice of all the provisions of the Agency Agreement and the Trust Deed, copies of which are available for inspection at the registered office of the Issuer and the specified offices of the Paying Agent and the Registrar and the Note Trustee respectively in accordance with the provisions of the Agency Agreement and the Trust Deed and the Information Memorandum.

The expressions "Paying Agent" and "Registrar" shall include any successor Paying Agent and Registrar appointed pursuant to the Agency Agreement. The expressions "Note Trustee" shall include any successor Note Trustee appointed pursuant to the Trust Deed.
Words and expressions defined in the Agency Agreement and the Trust Deed shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated.

In these Conditions, "**Issue Date**", "**Redemption Date**" "**Optional Redemption Amount**" and "**Interest Determination Date**" shall have the meaning set out in the relevant Pricing Supplement.

These Conditions may be supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, which itself may specify other terms and conditions which shall, to the extent so specified or if inconsistent with these Conditions, replace or modify the Conditions set out herein for the purpose of that tranche of Notes. The Pricing Supplement may contain any other defined terms as are agreed by the Issuer and the Agent as being necessary with respect to any tranche of Notes issued under the Programme.

1. Form, Denomination and Title

(a) Form of Notes and denominations

The Notes will be issued in dematerialised book-entry form in such denominations as may be specified in the Pricing Supplement (the "Specified Denominations").

The Notes will be registered in the CDSC Account of each Noteholder held with the CDSC in accordance with the CD Act.

(b) Title

Title to the Notes will be evidenced by means of a book-entry in the CDSC Account of a Noteholder in accordance with the CD Act.

The Issuer, the Paying Agent and the Registrar and the Note Trustee may (to the fullest extent permitted by applicable laws) deem and treat the registered owner of any Note as the absolute owner thereof (whether or not the Note shall be overdue any notice of ownership or other interest therein and neither the Issuer, nor any agent of the Issuer, shall be affected by notice to the contrary).

(c) Listing

The Notes will, upon their issue, be listed on the Fixed Income Securities Market Segment of the NSE.

(d) Transfer

A Note may be transferred in whole or in part in a Specified Denomination and title to such Notes shall pass upon the of book-entry transfers in accordance with the CD Act.

(e) Charges for Transfers

The transfers will be subject to such charges as may be levied by the CDSC, CMA, NSE or any other regulatory authority or agency and market intermediary through whom the order is made.

(f) Closed Periods

No Noteholder may transfer any interest in any Note to be registered in the CDSC Account during any Closed Period. Closed Period means the period starting at 5.00 p.m. Nairobi time fifteen (15) calendar days prior to each Interest Payment Date.

(g) Future Issues

Nothing contained in the Agency Agreement, the Trust Deed or the Information Memorandum shall preclude the Issuer from, at any time, issuing further Notes or otherwise raising additional capital on these or any other terms and conditions.

2. Status of the Notes

The Notes constitute direct, general, unconditional, unsubordinated and, subject to the provisions of Condition 3 (Negative Pledge), unsecured obligations of the Issuer and will at all times rank pari passu in all respects (including in priority of payment) among themselves and with all other present and future direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer, except for any obligations that may be preferred by provisions of law that are both mandatory and of general application.

3. Negative Pledge

As long as any of the Notes shall remain outstanding and unpaid but only up to the time all amounts of principal and, where applicable, interest due in respect of the Notes have been paid to the Paying Agent, the Issuer will not cause or permit to be created on any of its present or future property or assets any mortgage, pledge or other lien or charge as security for any Relevant Indebtedness issued, assumed or guaranteed by the Issuer, unless the Notes shall be secured by such mortgage, pledge or other lien or charge so as to rank pari passu in point of security and rateably with such Relevant Indebtedness.

In these Conditions: "**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market having an original maturity of more than one year from its original date of issue.

4. Interest

a) Payment of Interest

From, but excluding, an Issue Date to, and including the relevant Redemption Date, the Notes bear interest at the Interest Rate (as determined below). Interest on each Note will be payable in arrears on the dates indicated in the relevant Pricing Supplement commencing on the Issue Date specified in such Pricing Supplement (each an "**Interest Payment Date**") until the Principal Amount of each Note is repaid in full.

If any Interest Payment Date falls on a day which is not a Business Day, the following Business Day shall be substituted for such day, unless such Business Day falls in the next calendar month, in which case the immediately preceding Business Day shall be substituted thereof. The Interest Payment Date will be determined by the Agent.

The period beginning on and including the "**Issue Date**", to but excluding, the first Interest Payment Date, and each successive interest period from and including an Interest Payment Date to but excluding the next Interest Payment Date is an "**Interest Period**".

b) Interest Rate

The Notes will attract interest at a floating rate ("**Floating Rate Notes**") or at a fixed rate ("**Fixed Rate Notes**") as specified in the relevant Pricing Supplement.

c) Floating Rate Notes

Each Floating Rate Note will bear interest on its Principal Amount from (and including) the relevant Issue Date at the rate of interest (expressed as a percentage per annum) (the "**Floating Rate Notes Rate of Interest**") equal to the sum of the applicable Floating Rates Note Reference Rate (hereinafter defined) plus the Floating Rate Notes Margin (hereinafter defined) specified in the relevant Pricing Supplement, payable in arrears on the Interest Payment Date(s) specified in the relevant Pricing Supplement.

The Agent will on the first day of the Interest Period for which Floating Rate Notes Rate of Interest will apply (the "**Interest Rate Fixing Date**") the relevant benchmark or index (the "**Floating Rate Notes Reference Rate**") plus the relevant margin (the "**Floating Rate Notes Margin**") and aggregate them to form the applicable Interest Rate. The Floating Rate Notes Reference Rate and the Floating Rate Notes Margin will be specified in the relevant Pricing Supplement. The Floating Rate Notes Rate of interest payable from time to time for each Interest Period in respect of the Floating Rate Notes will be determined by the Agent (unless otherwise specified in the relevant Pricing Supplement) two (2) Business Days before each Interest Payment Date and in the case of the first Interest Period, two (2) Business Days prior to the relevant Issue Date.

Each Floating Rate Note shall cease to bear interest from the date of its redemption unless, upon due presentation thereof, payment of any Principal Amount due thereunder is improperly withheld or refused. In such event, interest will continue to accrue at the Default Rate (if any) as specified in the relevant Pricing Supplement.

d) Fixed Rate Notes

Each Fixed Rate Note will bear interest on its Principal Amount from (and including) the relevant Issue Date at the rate of interest (expressed as a percentage per annum) (the "**Fixed**

Rate Notes Rate of Interest") equal to the rate of interest specified in the relevant Pricing Supplement, payable in arrears on the Interest Payment Dates specified in the relevant Pricing Supplement.

Each Fixed Rate Note shall cease to bear interest from the date of its redemption unless, upon due presentation thereof, payment of any Principal Amount due thereunder is improperly withheld or refused. In such event, interest will continue to accrue at the Fixed Rate Notes Default Rate as specified in the relevant Pricing Supplement.

e) Calculation of Interest

The interest payable in respect of any Note for any Interest Period shall be calculated by multiplying the product of the Interest Rate and the outstanding Principal Amount of such Note by the Day Count Fraction, unless interest (or a different formula for its calculation) is specified in the relevant Pricing Supplement in respect of such Interest Period, in which case the interest payable in respect of such Note for such Interest Period shall be the amount specified in the relevant Pricing Supplement (or be calculated in accordance with such formula).

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition:

if "**Actual/364**" is specified in the relevant Pricing Supplement, the actual number of days in the Interest Period divided by 364 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 364);

if "**Actual/Actual**" is specified in the relevant Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

if "**Actual/364 (Fixed)**" is specified in the relevant Pricing Supplement, the actual number of days in the Interest Period divided by 364;

For the purpose of any calculation of interest pursuant to these Conditions (unless otherwise specified in the Conditions or the relevant Pricing Supplement), (i) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (ii) all figures shall be rounded to seven significant figures (with halves being rounded up) and (iii) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes "unit" means the lowest denominated amount of the currency.

f) Notification of Rate of Interest and Interest

As soon as practicable after an Interest Determination Date, the Agent will cause the Interest Rate, the interest payable in respect of each Interest Period and the relevant Interest Payment Dates and, if required to be calculated, the amounts due on the final redemption of the

Notes (the "**Final Redemption Amount**"), the amounts due on any prepayment of the Notes (the "**Early Redemption Amount**"), or the Optional Redemption Amount to be notified to the Issuer, the Noteholders, any other Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than the fourth Business Day after all such determinations are complete.

Where any Interest Payment Date or Interest Period is subject to adjustment pursuant to Condition 4(a), the interest and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) and such amendment will be promptly notified to the Noteholders in accordance with Condition 11 *(Notices)*.

If the Notes become due and payable under an Event of Default, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated in accordance with this Condition but no publication of the Interest Rate or the interest so calculated need be made. The calculation and determination of the Interest Rate or the interest by the Agent shall (in the absence of manifest error) be final and binding upon all parties.

g) Certificate to be Final
All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 (Interest), by the Agent shall (in the absence of willful default, bad faith or manifest error) be binding on all parties and (in the absence of the aforesaid). The Agent shall not be liable to the Issuer or the Noteholders in connection with the exercise or failure to exercise by the Agent of its respective powers, duties and discretions pursuant to such provisions.

h) Accrual of Interest
Each Note will cease to accrue interest from the date of its redemption unless, upon due presentation thereof,
payment of the Principal Amount is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

i. the date on which all amounts due in respect of such Note have been paid by the Issuer to the Noteholder (if no Issue and Paying Agent has been appointed under the Agency Agreement); and

ii. the date on which all amounts due in respect of such Note have been received by the Paying Agent and notice to that effect has been given in accordance with Condition 11 (Notices) or individually.

5. Payments
a) Method of Payment
i. Payment and settlement of the amount specified in the Pricing Supplement as the Final Redemption Amount(s) will be made by the Paying Agent in accordance with the CD Act.

ii. Payment and settlement of the Early Redemption Amount(s) will be made by the Paying Agent in accordance with the CD Act.

iii. Payment of instalments of principal (other than the Final Redemption Amount(s) and

Early Redemption Amount(s)), interest and other amounts due in respect of the Notes will be paid to the holder of the Notes appearing on the CDSC Account as at the Record Date.
iv. Subject to Condition 5(b)(i), payment of interest and Principal Amounts in excess of Kenya Shillings one million (KES. 1,000,000) shall be made by the Paying Agent via RTGS to the account designated for such purpose by the Noteholder. Payment by RTGS shall be a valid discharge by the Issuer upon it to pay interest and any Principal Amount. In the event that for any reason, payment by means of RTGS is not possible, payment will be made by EFT or cheque in the manner set out in the remainder of this Condition 5 (Payments).

v. Payment of interest and Principal Amounts less than Kenya Shillings one million (KES. 1,000,000) may at the election of the Noteholder be made by EFT, RTGS or cheque drawn on a bank in Kenya and posted to the address as recorded in the CDSC Account of the Noteholder thereof on the Business Day not later than the relevant due date. Payment by EFT, RTGS or cheques shall be a valid discharge by the Issuer of the obligation upon it to pay interest or the Redemption Amount on redemption, as the case may be.

vi. Neither the Issuer, the Note Trustee nor the Agents will be responsible for any loss in transmission of any cheque posted by way of registered post and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques so posted.

b) Payments on Business Days and Late Payments

i. Where payment is to be made by RTGS or EFT to a Noteholder's account, payment instructions will be initiated on the due date for payment of interest or the Principal Amount (in the event of a partial or full redemption) as applicable.

ii. Where payment is to be made by cheque, the cheque will be posted by registered post (i) on the Business Day immediately preceding the due date for payment of interest or the Principal Amount (in the event of a partial or full redemption) as applicable.

iii. If any day for payment of any amount of principal or interest in respect of any Note is not a Business Day, then the Noteholder thereof shall not be entitled to payment until the next following Business Day nor be entitled to any interest or other sums in respect of such postponed payment.

iv. If (otherwise than by reason of the application of paragraph (i) above) (a) any payment of principal is withheld or refused when due in respect of any Note, or (b) any interest is not paid when due (the defaulted amounts mentioned in (a) and (b) above being referred to in this Condition as "**Defaulted Amounts**") then interest shall accrue on each such Defaulted Amount at the Default Rate and shall be paid to a person who is shown as the Noteholder on the relevant Record Date.

"**Default Rate**" means the Interest Rate plus a margin as specified in the Pricing Supplement.

c) Currency of Account and Payments

The currency of account and for any sum due from the Issuer hereunder is Kenya Shillings.

d) Interpretation of Principal

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

i. the instalments specified in Condition 5(a) (Method of payment);

ii. the Early Redemption Amounts; and
iii. any premium and any other amounts, excluding Interest, which may be payable by the Issuer under or in respect of the Notes.

6. Redemption and Purchase

a) Redemption

Unless previously redeemed or purchased and deleted from the relevant Noteholder's CDSC Account, each Note shall be redeemed on the date so specified in the relevant Pricing Supplement, each date for payment being a "**Principal Repayment Date**".

b) Early Redemption

The Issuer may redeem all or part of the Principal Amount of the Notes earlier than in accordance with Condition 6(a) (Redemption) (together with interest accrued to the date of redemption) subject to the following conditions:

i. the Paying Agent has received from the Issuer not less than 15 and not more than 30 days prior written notice (or such other notice period, if any, as is indicated in the relevant Pricing Supplement) which such notice shall also have been first approved by the Note Trustee. The Notice shall also be given to the Noteholders in accordance with Condition 11 (Notices), specifying the date on which the Principal Amount is to be redeemed and the terms of the redemption, such date and terms to be specified in the relevant Pricing Supplement;

ii. each partial redemption shall be of an aggregate Principal Amount of not less than Kenya Shillings fifty million (KES. 50,000,000) and an integral multiple of Kenya Shillings ten million (KES. 10,000,000); and

iii. except as otherwise stated in the notice, no early redemption may be made before the date stipulated in the applicable Pricing Supplement.

The amount of each early redemption shall be applied to the instalment amounts in inverse order of maturity (unless otherwise advised in writing by the Issuer), and pro rata against the Issuer's obligations under the Notes.

For the avoidance of doubt, the consent of the Noteholders will not be required for an early redemption carried out pursuant to this Condition 6 (b) (Early Redemption).

c) Purchases

The Issuer may at any time purchase Notes at any price in the open market or otherwise, subject to any approvals required from the CMA or the NSE or to any other restrictions under applicable law. In the event of the Issuer purchasing Notes, such Notes may be held or resold, or at the discretion of the Issuer, cancelled. All Notes which are redeemed or purchased by or on behalf of the Issuer may be cancelled by giving notice to that effect to the Registrar, the Paying Agent, the Note Trustee and the CDSC.

7. Taxation

All payments in respect of the Notes will be made with deduction for or on account of withholding taxes, other taxes, duties, assessments and governmental charges of whatever nature imposed or levied by or on behalf of the government of Kenya or any political sub-division of or any authority in Kenya having power to tax as required by the applicable law.

The Issuer, the Note Trustee (or the Paying Agent, as the case may be) will deduct withholding tax at the prescribed rate on all interest payments to Noteholders other than any Noteholder who (a) is exempt from such deduction under the provisions of the Income Tax Act (Chapter 470 of the Laws of Kenya) and (b) has provided evidence of such exemption to the reasonable satisfaction of the Issuer.

8. Unclaimed Assets

The Notes will be presumed abandoned and the Issuer may take action accordingly after a period of three (3) years in the case of principal and three (3) years in the case of interest after the Relevant Date (as defined below) under the provisions of the Unclaimed Financial Assets Act (No. 40 of 2011),if:

i. (for more than three (3) years, a Noteholder has not claimed interest or the Early Redemption Amount or the Final Redemption Amount as applicable, or any other sum payable on the Notes or the Noteholder has not communicated with the Issuer or the Paying Agent regarding the interest or the Early Redemption Amount or the Final Redemption Amount as applicable, as evidenced by a memorandum or other record on file with the Issuer or the Paying Agent; and

ii. the Issuer or the Paying Agent does not know the whereabouts of the Noteholder at the end of the three (3) year period.

As used herein, the "Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 11 (Notices).

9. Events of Default

If any one or more of the following events (each an "**Event of Default**") in respect of the Notes or any of them shall have occurred and be continuing:

a) default is made in the payment of any amount in respect of the Notes when and as the same ought to be paid in accordance with these Conditions and such default continues for a period of seven (7) Business Days unless:

i. the failure to pay is caused by administrative or technical error;
ii. payment is made within three (3) Business Days of its due date; and
iii. the failure to pay is in order to comply with any applicable laws or order of any court of competent jurisdiction or in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice as to such validity or acceptability given at any time during such period by independent advisers acceptable to the Paying Agent; or

b) the Issuer fails to perform or observe any obligation, condition or provision under the Notes (other than any obligation for the payment of any amount due in respect of any of the Notes) and, if capable of remedy, such default continues for a period of 30 days after written notice is given to the Note Trustee by any Noteholder specifying such default and requiring it to be remedied; or

c) the Issuer maKES. a conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors, or a resolution is passed by the Issuer for its winding-up or dissolution except in connection with a merger or other reorganisa-

tion which has been previously approved by an Extraordinary Resolution of the Noteholders or, if not so approved, which proceeds on a basis judged acceptable to the Noteholders by a court of justice competent for the purpose; or
any action, condition or thing, including the obtaining of any material consent, license approval or authorisation now or in future necessary to enable the Issuer to comply with its respective obligations under the Notes is not taken, fulfilled or done within a reasonable period, or any such material consent, license, approval or authorisation is revoked, modified, withdrawn or withheld or ceases to be in full force and effect on account of the Issuer's default in taking any action required by law, and such revocation, modification, withdrawal, withholding or cessation results in the Issuer being unable to perform any of its payments or other obligations under the Notes; or

d) the Issuer ceases to carry on the whole or a material part of its business except

i. for the purposes of merger, amalgamation, consolidation or reorganization
a) of the Issuer and one or more of its Subsidiaries; or
b) on terms approved by an Extraordinary Resolution of the Noteholders before the date of such merger, amalgamation, consolidation or reorganisation, or

ii. as may be required by or in accordance with any legislation or governmental directive; or

iii. as in the opinion of the Board of Directors of the Issuer, is in the commercial interests of and of commercial benefit to the Issuer.

e) any present or future financial indebtedness of the Issuer in connection with moneys borrowed or raised exceeding in aggregate KShs 10,000,000,000/= (or its equivalent)

i. which is not satisfied when due, or at the end of any originally applicable grace period; or
ii. becomes prematurely payable following delivery of an enforcement notice by the Noteholder to the Issuer, as the case may be, as a result of a default by the Issuer except to the extent in any instance that the existence or enforceability of the relevant obligation is being disputed in good faith by it by appropriate proceedings; or

iii. any encumbrance over any assets of the Issuer or any Subsidiary becomes enforceable.

For the purposes of this provision, "financial indebtedness" means any liability (actual or contingent) for or in respect of:

a) moneys borrowed;

b) any amount raised by acceptance under any acceptance credit facility or dematerialized equivalent;

c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

e) any amount raised pursuant to an arrangement whereby an asset sold or otherwise disposed of by the relevant person may be leased or re-acquired by that person or an affiliate of that person (whether following the exercise of an option or otherwise);

f) any counter-indemnity or reimbursement obligation in respect of any guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

g) any shares which are expressed to be redeemable during the currency of the Programme.

then the Noteholders may, further to an Extraordinary Resolution, by written notice to the Issuer at the Specified Office of the Note Trustee, effective upon the date of receipt, declare the Notes to be forthwith due and payable whereupon the outstanding Principal Amount of the Notes shall become forthwith due and payable together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

10. Agents and Note Trustee

The name of the initial Paying Agent and the Registrar and its initial Specified Office are set out below.

Paying Agent and Registrar:
Image Registrars Limited
5th Floor, Absa Towers
Loita Street
P.O. Box 9287-00100 GPO
Nairobi, Kenya

For the kind of attention of Image Registrars
Email: corporate@image.co.ke

The Paying Agent may be removed at any time by the filing with it of any instrument in writing signed on behalf of the Issuer specifying such removal and the date when it shall become effective, provided that such removal shall only take effect upon the appointment by the Issuer, of a successor Paying Agent and the acceptance of such appointment by such successor Paying Agent; provided further that no notice removal given under this Condition 10 (Agents and Note Trustee) shall take effect within the thirty (30) day period prior to any date on which a payment in respect of the Notes is or becomes due.

The Issuer may terminate the appointment of the Registrar at any time and or/appoint one or more replacement Registrars by giving to the Registrar (with a copy to the Paying Agent and the Trustee,) at least ninety (90) days' notice in writing to that effect, such notice not to take effect within the thirty (30) day period prior to any date on which a payment in respect of the Notes is or becomes due, provided always that so long as any of the Notes are outstanding, no such notice shall take effect until a successor Registrar has been appointed.

The Issuer agrees that, until no Notes are outstanding, or until moneys for the payment of all amounts payable in respect of all outstanding Notes and all amounts payable under this Agreement shall have been made available to the Paying Agent, there shall at all times be a Paying Agent and a Registrar, hereunder having the functions provided for herein.

The name of the initial Note Trustee and its initial Specified Office is set out below:

Note Trustee:
MTC Trust and Corporate Services Limited
Delta Riverside, Block 4, Ground Floor
Riverside Drive
P.O. Box 1071, 00200
Nairobi, Kenya

For the kind of attention of MTC Trust
Email: soundy@mtc-trust.com

11. Notices

Notices to the Noteholders will be deemed to be validly given if made by email, delivered to them, or sent by registered mail or (if posted to an overseas address) by airmail to them, and:

i. in the case of delivery, the notice will be deemed to have been validly given when such communication or document is left with or delivered to the intended Noteholder at its address as recorded on the CDSC Account;

ii. in case of electronic transmission via email, the notice will be deemed to have been validly given when such electronic communication is sent to the intended Noteholder;

iii. in any other case, will be deemed to have been validly given ten (10) calendar days after its being posted to the intended recipient at its address as recorded on the CDSC Account;

provided that a communication or document which is received after 5:00 p.m. on a Business Day, or on a day which is not a full Business Day, in the place of receipt shall be deemed to be delivered on the next full Business Day in that place.

The Issuer shall also ensure that notices regarding the Notes are duly published in a manner that complies with the regulations of the CMA and the rules of the CDSC and the NSE.

The Note Trustee shall, upon and in accordance with the instructions of the Issuer but not otherwise, arrange for the Registrar to give any notice to the Noteholders and to the NSE in accordance with this Condition.

Notices given by any Noteholder shall be in writing and given by lodging the same with the Note Trustee or in such other manner as the Note Trustee shall direct.

12. Meetings of Noteholders; Modifications and Waiver

1.1 Meetings of the Noteholders will be held in accordance with the terms of the Trust Deed.

1.2 Modifications and Waiver

The Note Trustee and the Issuer may agree, without the consent of the Noteholders, to:
a) add to the Issuer's covenants in respect of the Notes for the benefit of the Noteholders or to surrender any right or power conferred upon the Issuer in these Conditions, the Trust Deed or the Notes;
b) (i) cure any ambiguity, mistake, defect or inconsistency or to correct or supplement any

provision in these Conditions, the Trust Deed or the Notes that may be defective or inconsistent with any other provision in these Conditions, the Trust Deed or the Notes,
c) make any other provisions with respect to matters or questions arising under these Conditions, the Trust Deed or the Notes; provided that such provisions shall not adversely affect the interests of the Noteholders in any material respect;
d) to evidence and provide the acceptance of the appointment of a successor Note Trustee under these Conditions or the Trust Deed; or

e) to mortgage, pledge, hypothecate or grant a security interest if any in favour of the Note Trustee for the benefit of the Noteholders as security for the payment and performance of the Issuer's obligations under these Conditions, the Trust Deed and the Notes, in any property, or assets, including any of which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Note Trustee pursuant to these Conditions and the Trust Deed or otherwise.

Any such modifications shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 11 (Notices) as soon as practicable. Any such modification shall also be notified to the CMA, the CDSC and the NSE.

13. Governing Law
The Notes shall be governed by, and construed in accordance with, Kenyan law.

14. Jurisdiction
The Issuer agrees for the benefit of the Noteholders that the High Court of Kenya shall have exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in connection with the Notes shall be brought in that court.

3. Use of Proceeds
The proceeds of the issue of the Notes (after paying all expenses of the Issue) will be used by the Company to repay certain borrowings taken in the ordinary course of business, to provide working capital for the Group across East Africa and to refinance certain short-term borrowings.

EABL does not anticipate an increase in debt levels as a result of this issuance.

4. Taxation
The comments below are of a general nature based on taxation law and practice in Kenya as at the date of this Information Memorandum and are subject to any changes thereafter. They relate only to the anticipated tax consequences of an investment in the Notes under Kenyan tax laws. The comments below do not relate to all possible tax consequences of an investment in the Notes and so should be treated with appropriate caution.

Prospective investors should consult their own professional advisers concerning the possible tax consequences of purchasing, holding and/or selling Notes and receiving payments of interest, principal and/or other amounts under the Notes under the Applicable Laws of their country of citizenship, residence or domicile.

Withholding Tax

Interest (including any commission, discount, commitment and other fees) payable under the Notes (other than interest paid to the financial institutions specified in the fourth schedule to the Income Tax Act (Chapter 470 of the Laws of Kenya) ("**ITA**") and certain other exempt persons) is subject to withholding tax.

In terms of current legislation, withholding tax at the rate of 15% will be deducted from interest payments made to both resident and non-resident Noteholders as set out in the ITA (which is subject to revision through changes in government policy).

The Issuer will not deduct withholding tax at the prescribed rate on interest payments to any Noteholder who:
a) is exempt from such deduction under the provisions of the ITA; and

b) is subject to a lower withholding tax rate under a Double Tax Treaty entered into between Kenya and their country of residence which prescribes a lower withholding tax rate on such interest payments; and

c) has provided evidence of such exemption to the reasonable satisfaction of the Issuer.

Capital Gains

No capital gains tax is payable in Kenya on the issue, transfer or redemption of the Notes so long as the Notes are listed and transacted on the NSE.

Stamp Duty

No stamp duty is payable in Kenya on the issue, transfer or redemption of the Notes so long as the Notes are listed and transacted on the NSE.

Tax Treaties

As at the date of this Information Memorandum, Kenya has entered into double taxation treaties with United Arab Emirates, Canada, Denmark, France, Germany, India, Iran, Mauritius (signed but not yet in force), Norway, Sweden, United Kingdom, South Africa, South Korea and Zambia.

5. Subscription and Sale

The Notes will be offered by the Issuer through the Placing Agents in respect of any Tranche of Notes in accordance with the Placing Agreement between the Issuer and Placing Agents. Any agreement for the sale of Notes will, inter alia, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased or offered for placement by such Placing Agents and the commissions or other agreed discounts (if any) or placement fees payable or allowable by the Issuer in respect of such purchase or placement activities and the form of any indemnity to the Placing Agents against certain liabilities in connection with the offer and sale of the relevant Notes. The Information Memorandum maKES. provision for the resignation or termination of appointment of the existing Placing Agents, and for the appointment of additional or other Placing Agent either generally in respect of the Issue or in relation to a particular Series or Tranche of Notes. The Notes will be delivered to the subscriber for Notes in accordance with the Conditions. There will be no trading in the Notes prior to Listing.

Capitalised words used in this section shall bear the same meanings as used in the Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

APPLICATION PROCEDURE

Application forms (as set out in Appendix E) for the Notes may be obtained from the registered office of the Arrangers or the Placing Agent. Applications must be submitted directly to the Arranger at the relevant head office marked for the attention of the Head of Debt Capital Markets at Absa Bank Kenya PLC or the Placing Agent so as to arrive no later than 17h00 on the date specified in the applicable Pricing Supplement. Successful applicants will be notified by the Issuer or the Placing Agent of the amount of Notes allotted to them immediately after the allotment date specified in the relevant Pricing Supplement.

PAYMENT FOR THE NOTES AND DELIVERY

Payment for the Notes is to be made in full to the Issuer in cleared funds by the date set out in the applicable Pricing Supplement. The Notes will be delivered to investors by crediting the respective CDSC accounts no later than 15 days after the Issue Date specified in the relevant Pricing Supplement.

INTEREST PAYMENTS

Payment of interest on the Notes will be made by the Paying Agent in Kenya.

SELLING RESTRICTIONS

General: The Placing Agent has acknowledged above that no action has been or (except to the extent indicated in paragraph 2 below) will be, taken in any jurisdiction by the Placing Agent or the Issuer that would permit a public offering of Notes, or possession or distribution of the Information Memorandum (in preliminary or final form) or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. The Placing Agent has undertaken that it will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes the Information Memorandum (in preliminary or final form) or any such other material, in all cases at its own expense. The Placing Agent have also undertaken to ensure that no obligations are imposed on the Issuer or the Placing Agent in any such jurisdiction as a result of any of the foregoing actions. The Issuer and the Placing Agent will have no responsibility for, and the Placing Agent will obtain, any consent, approval or permission required by them for, the acquisition, offer or sale by them of Notes under the laws and regulations in force in any jurisdiction to which they are subject or in or from which they make any acquisition, offer, sale or delivery. The Placing Agent is not authorised to make any representation or use any information in connection with the issue, subscription and sale of Notes other than as contained in the Information Memorandum (in final form) or any amendment or supplement to it.

Republic of Kenya

The approval of the CMA has been obtained for the offer of the Notes to the public in the Republic of Kenya.

The sale or transfer of Notes by Subscribers will be subject to the rules of the Securities Exchange and the provisions of the Agency Agreement. There are no other restrictions on the sale or transfer of Notes under Kenyan law. In particular, (but subject to the statements below) there are no restrictions on the sale or transfer of Notes by or to nonresidents of Kenya.

United States of America

The Notes have not been and will not be registered under the U.S. Securities Act, 1933 as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder.

The Placing Agent has agreed that, except as permitted by the Placing Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, within the United States or to, or for the account or benefit of, U.S. persons, and such Placing Agent and its affiliates (as defined under Rule 501(b) of Regulation D of the Securities Act) will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Prohibition of Sales to European Economic Area (EEA) Investors

The Placing Agent has represented and agreed, and each further placing agent appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the final terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

i. a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "EU MiFID II"); or

ii. a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of **EU MiFID II**, as amended or superseded; or

iii. not a qualified investor as defined in the EU Prospectus Regulation; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Prohibition of sales to UK Retail Investors

The Placing Agent has represented and agreed, and each further placing agent appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the final terms in relation thereto to any retail investor in the United Kingdom (UK). For the purposes of this provision:

(a) the expression retail investor means a person who is one (or more) of the following:

i. a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); or

ii. a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA; or

iii. not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

The Placing Agent has represented, warranted and agreed, and each new placing agent appointed under the Programme will be required to represent, warrant and agree, that:

a) No deposit taking: in relation to any Notes having a maturity of less than one year:

i. it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

ii. it has not offered or sold and will not offer or sell any Notes other than to persons:
a) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
b) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,
where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;

b) Financial promotion: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the relevant Issuer; and

c) General compliance: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

South Africa

The Placing Agent has represented, warranted and agreed that it (i) will not offer the Notes for subscription, (ii) will not solicit any offers for subscription for or sale of the Notes, and (iii) will itself not sell or offer the Notes in South Africa in contravention of the South African Companies Act, 2008, the South African Banks Act, 1990, the South African Exchange Control Regulations, 1961 and/or any other applicable laws and regulations in South Africa in force from time to time.

Prior to the issue of any tranche of Notes, the Placing Agent who place that tranche of Notes will be required to represent and agree that they will not make an "Offer To The Public" (as such expression is defined in the South African Companies Act, 2008 and which expression includes any section of the public) of Notes (whether for subscription, purchase or sale) in South Africa.

6. Description of the Issuer

6.1 Description of the Company's Business

East African Breweries PLC (EABL) is the leading branded alcohol beverage business in East Africa with a wide range of beer and spirits brands. The Group's extensive network of breweries, distilleries, and distribution facilities span across the six regions within which it operates in East Africa, especially concentrated in the three core regions of Kenya, Uganda and Tanzania. Despite operating in East Africa, EABL's unique products can be found in more than 10 countries across Africa and beyond.

EABL is listed on the Nairobi Securities Exchange and is cross-listed on the Dar es Salaam Stock Exchange and the Uganda Securities Exchange.

EABL is majority owned by Diageo PLC (50.03%) through Diageo Kenya, while the rest of the shares are held by other investors in the stock market. Diageo is one of the world's leading premium drinks business with an outstanding collection of beverage alcohol brands across spirits, beer and wine. Diageo is listed on both the London Stock Exchange and the New York Stock Exchange.

The Group's brands are a combination of local beers and international premium spirits. These include: Tusker, Guinness, Bell Lager, Serengeti Lager, Kenya Cane, Uganda Waragi, Smirnoff and Johnnie Walker among others.

6.2 EABL Group Milestones

Table 3: EABL Corporate Overview

Year	Milestone
1922	• Kenya Breweries Limited is formally incorporated as a private company and the first beer is brewed on 14th December.
1934	• Kenya Breweries Limited becomes a public company owing to the increased number of shareholders that approached the limit allowed for a public company.
1952	• Mombasa brewery officially opens on 8th February. • Construction of the Maltings plant in industrial area, Nairobi commences and is completed in 1953.
1954	• EABL is listed on the Nairobi Securities Exchange.
1959	• EABL acquires financial holding in Uganda Breweries Limited. • Dar es Salaam Breweries is transferred from EABL to the newly formed Tanganyika Breweries Limited and commences operations as a separate entity in Tanzania.
1962	• Merger completed with Allsopps (East Africa) Ltd as EABL becomes a holding company and KBL is re-established as the major trading company in the Group, with controlling trading assets and liabilities for units in Nairobi and Mombasa. • EABL maKES. a shares offer to employees.
1964	• Equity interest is acquired in Kilimanjaro Brewery in Tanzania.
1969	• EABL acquires City Brewery in Nairobi.
1972	• EABL completes the largest public issue in Kenya's history offering 3 million ordinary shares at a price of KShs 18 each raising the number of shareholders to more than 23,000.
2000	• Diageo (formerly Guinness) acquires majority control of EABL.
2001	• EABL cross-lists on the Uganda Securities Exchange.
2002	• EABL signs license agreements with South African Breweries International and agree terms for share exchanges in KBL and TBL. • EABL acquires 100% of shares in International Distillers Uganda Limited, a Diageo Group company and 46.32% of the issued shares of UDV (Kenya) Limited.
2005	• EABL becomes the first company in East Africa to reach US$ 1 billion in market capitalisation. • The company cross-lists on the Dar-es-Salaam Stock Exchange.
2010	• EABL successfully acquires a controlling interest (51%) in Tanzania's SBL. SBL is Tanzania's second largest brewing operation and makers of the popular Serengeti Premium Lager.
2015	• EABL issues KShs 5 billion, 5-year fixed rate notes in the debt capital markets as the first tranche of notes under a KShs 11 billion Medium-Term notes programme.
2017	• EABL announces a KShs 14 billion investment in a state-of-the-art KBL brewery in Kisumu for production of Senator. • EABL issues KShs 6 billion, 5-year fixed rate notes in the debt capital markets as the second tranche of notes under a KShs 11 billion medium-term notes programme.
2018	• KBL brewery in Kisumu begins production of Senator, helping the business recruit a new 15,000 sorghum farmers, bringing to 60,000 the total number of farmers in East Africa.
2019	• EABL raises SBL legal shareholding from 51% to 55% after the purchase of an extra 4% shareholding.
2020	• EABL unveils new corporate logo and new headquarters in Garden City Business Park next to the old offices in Ruaraka. • EABL acquires an additional 30% stake in Serengeti Breweries Limited, to bring the legal shareholding to 85%, demonstrating its commitment to grow the business in Tanzania. • Diageo's 50.03% shareholding in EABL that was previously through three (3) Diageo subsidiaries is consolidated and EABL is now owned by one Diageo subsidiary i.e. Diageo Kenya Limited.
2021	• Jane Karuku taKES. over from Andrew Cowan as the new Group Managing Director and CEO, after serving 5 ½ years as KBL Managing Director, becoming the first female Group Managing Director and CEO of EABL.

6.3 EABL Shareholders

A summary of EABL's shareholders as at 30 April 2021 is set out in the table below:

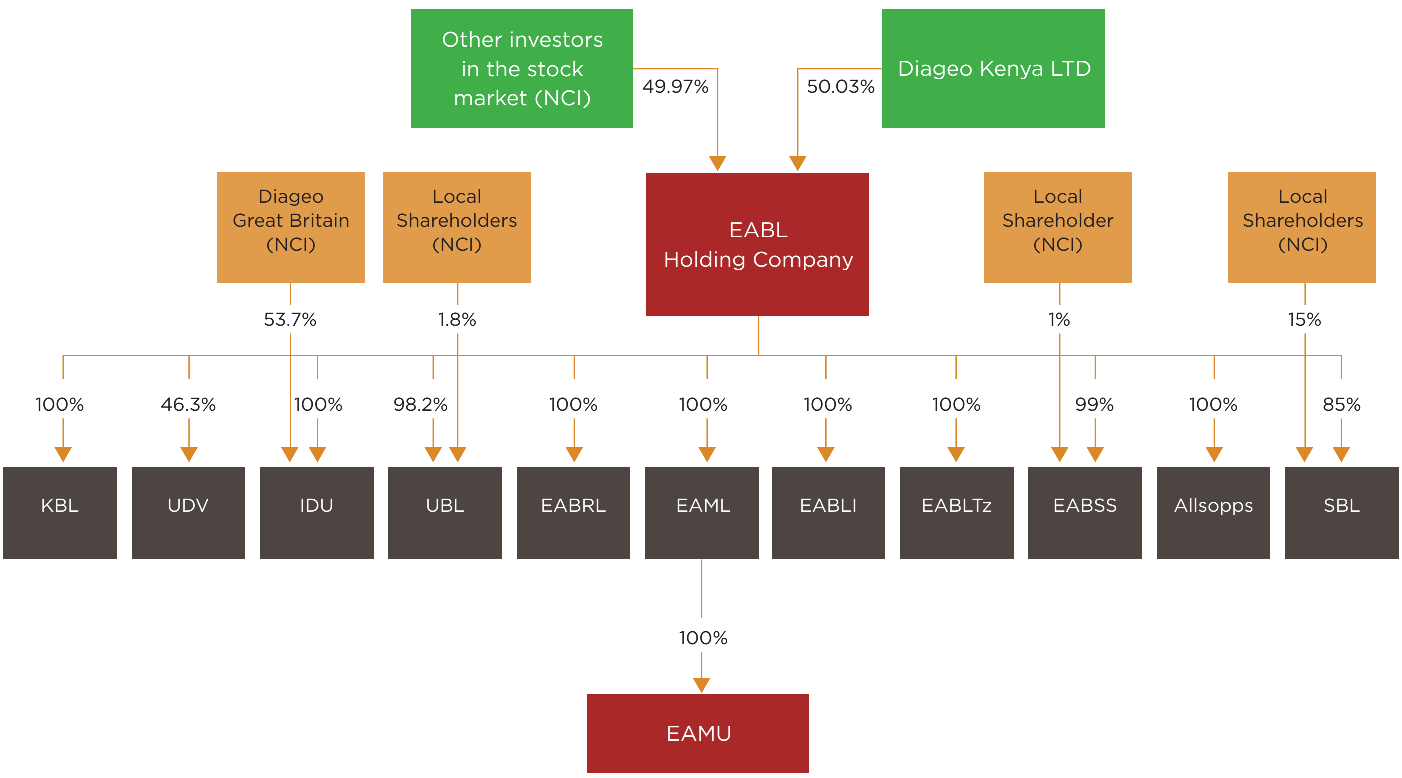
Table 4: EABL Shareholding

	Name	No. of Shares	Shareholding %
1	Diageo Kenya Limited	395,608,434	50.03%
2	Standard Chartered Nominees Non-Resd. A/C KE10085	20,804,500	2.63%
3	Standard Chartered Kenya Nominees Limited A/C KE004667	10,999,994	1.39%
4	Kenya Commercial Bank Nominees Limited A/C 915B	9,575,144	1.21%
5	Stanbic Nominees Ltd A/C NR1873738	7,168,964	0.91%
6	Kenya Commercial Bank Nominees Limited A/C 915A	6,879,617	0.87%
7	Standard Chartered Kenya Nominees Limited A/C KE004553	6,750,449	0.85%
8	Standard Chartered Kenya Nominees Limited	6,241,665	0.79%
9	Stanbic Nominees Ltd A/C NR4323488	5,823,892	0.74%
10	Stanbic Nominees Limited NR7522171	5,327,622	0.67%
11	Other Shareholders	315,594,075	39.91%
	Total	**790,774,356**	**100%**

As at 30 April 2021, EABL had 26,019 shareholders holding 790,774,356 shares with 81.45% of the out-standing shares held by 25,230 shareholders domiciled in Kenya.

6.4 Group Corporate Structure

Figure 1: Group Corporate structure



6.5 Group Subsidiaries

Below is a list of EABL's subsidiaries:

Table 5: EABL Subsidiaries

Entity	Country of Incorporation	Percentage Ownership	Status
Kenya Breweries Limited (KBL)	Kenya	100%	Active
UDV(Kenya) Limited (UDV)	Kenya	46.3%	Active
Uganda Breweries Limited (UBL)	Uganda	98.2%	Active
Serengeti Breweries Limited (SBL)	Tanzania	85%	Active
East African Maltings Limited (EAML)	Kenya	100%	Active
East African Breweries (Rwanda) Limited (EABRL)	Rwanda	100%	Active
International Distillers Uganda Limited (IDU)	Uganda	100%	Active
EABL International Limited (EABLi)	Kenya	100%	Dormant
EABL Tanzania Limited (EABLTz)	Tanzania	100%	Dormant
East African Beverages (South Sudan) Limited (EABSS)	South Sudan	99%	Dormant
East African Maltings (Uganda) Limited (EAMU)	Uganda	100%	Dormant
Allsopps (EA) Sales Limited (Allsopps)	Kenya	100%	Dormant

6.5.1 Kenya Breweries Limited

KBL has been a leading brewer in Kenya since it began operations in 1922. The company is wholly owned by East African Breweries PLC. The Company operates two breweries, one located in Ruaraka, near Kenya's capital Nairobi and the recently commissioned Brewery in Kisumu. These state-of-the-art facilities have generated savings in cost of production as well as improving quality and brewing capacity.

Other recent key investments include capacity expansion of the brewing and packaging plants as well as significant investment in sustainability projects which include a biomass and water and effluent recovery plant.

Key brands include: Tusker Lager, Tusker Malt Lager, Pilsner, White Cap, White Cap Light, Senator, Guinness and Allsopps. Further recent innovations include Tusker Cider, Sikera, Guinness Smooth and Hop House 13.

6.5.2 UDV (Kenya) Limited

Established in 1962, UDV (Kenya) Limited is majority owned by Diageo plc which holds 54% of its shares and East African Breweries PLC which holds 46% of its shares. Its core business is the manufacture, marketing and sales of spirit based alcoholic beverages. It also imports and distributes premium spirit brands from Diageo.

The brands produced and marketed in Kenya are Smirnoff, Gilbeys, Chelsea, Richot, Kenya Cane, V&A and Bond 7, Chrome and Triple Ace. Other international corporate brands which the company imports and distributes include: Baileys, Johnnie Walker range, Gordons, J&B Whisky, Captain Morgan, and VAT 69.

6.5.3 Uganda Breweries Limited

UBL has been a leading brewer in Uganda since it began operations in 1946. EABL acquired a controlling stake in UBL in 1959 and has 98% shareholding in the company. Located in PortBell, Luzira in the outskirts of Kampala, the brewery is continuously modernized and its operating capacity expanded.

The company has more recently made investments in capacity expansion as well as sustainability projects including biomass and water and effluent recovery.

Key brands include: Bell Lager which has been in the market for over 60 years, Uganda Waragi, Tusker Malt, Pilsner, Senator, Guiness Stout, Bond 7, The Don Waragi and Guinness Smooth.

6.5.4 Serengeti Breweries Limited

SBL is the second largest beer company in Tanzania. The company was incorporated in 1988 as Associated Breweries Limited and changed its name to Serengeti Breweries Limited in 2002. SBL's headquarter is in Dar es Salaam, Tanzania.

EABL acquired 51% of the issued share capital of SBL in October 2010 and has since increased its shareholding in SBL to 85%. At present, SBL has three operating plants spread across the country.

Key Brands include: Serengeti Premium Lager, Serengeti Lite, Guinness Stout, Guinness Smooth, Pilsner Lager, Johnnie Walker Whisky, Smirnoff Vodka, Gilbey's Gin, Captain Morgan and Gordons Gin.

6.5.5 East African Maltings Limited

Located in Industrial Area, Nairobi, EAML partners with farmers in supplying quality brewing raw materials in the form of Malt, Barley and Sorghum to the brewing units of the EABL Group.

The barley seed processing plant based in Molo ensures that barley farmers get quality seed for commercial production.

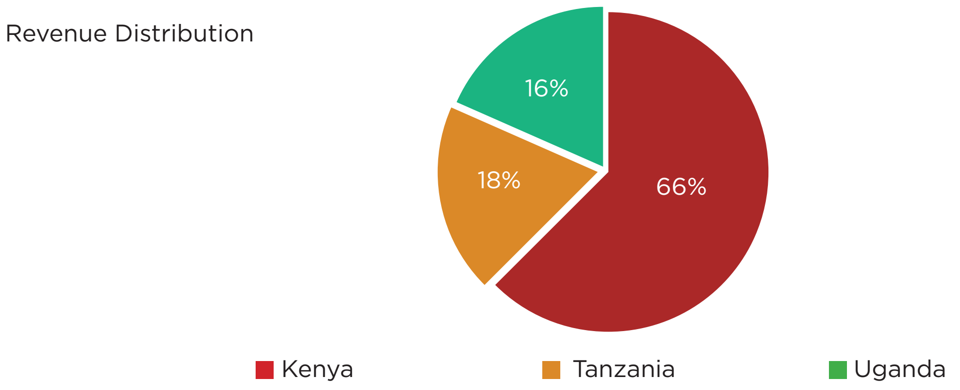
In both Kenya and Uganda, the company has been developing sorghum as an additional brewing raw material. The potential to grow sorghum in East Africa is high given that it thrives even in the semi-arid areas, which currently do not have significant economic activities. Once fully implemented, this program will transform, economically, the regions where it will be grown.

6.6 Business Segment Performance

EABL Group has no distinguishable significant business segments. However, financial information is presented in geographical segments and is based on the countries in which the Group operates namely Kenya, Uganda and Tanzania. Exports to South Sudan, Rwanda, Burundi and the Great LaKES. Region are recognised in the country of origin. The split of revenues for the EABL Group for the six months ended 31 December 2020 was KShs 29.18 billion, KShs 8.21 billion and KShs 7.07 billion for Kenya, Uganda and Tanzania respectively.

The chart indicates the geographical revenue distribution for EABL as at 31 December 2020:

Figure 2: EABL Group geographical revenue distribution as at 31 December 2020



6.7 New Products and Innovations

Being passionate about consumers is one of EABL's values. This value is demonstrated through constantly interacting with customers and consumers to evaluate reception of EABL's brands and to explore any opportunities for improvement. In response to ever-changing consumer tastes and trends in the alcohol and non-alcohol beverage sector, EABL continually invests in innovation, by creating new brands, adding variants to existing brands or rebranding products that have been in existence for some time. In the last three years, new brands or variants of existing brands created or introduced into EABL's portfolio include:

Beers:
- Hop House 13
- Guinness Smooth

Spirits:
- Gordon's Pink Gin
- Tanqueray Sevilla
- Baileys Delight
- The Don Waragi
- Pocket Scotch
- Bond 7 Honey
- Captain Morgan Gold
- Black & White

Other:
- Sikera Premium Cider
- Smirnoff Ice Green Apple

6.8 Marketing Distribution

EABL Group has a network of independent distributors spread across the East African region. These distributors supply EABL Group products to outlets directly or to other stockists who then sell to outlets that interface directly with the consumers of beer and spirits.

EABL has built and embedded structures, systems, standards and processes critical for long-

6.9 Acquisitions and Distributions

6.9.1 Conversion of Debt to Equity at Serengeti Breweries Limited (No change of legal shareholding)

On 1 July 2017, EABL entered into an agreement with the non-controlling shareholders of its subsidiary SBL, to convert all its outstanding loans receivable of KShs 15,306,177,000 from the subsidiary into equity, without proportionate capital contribution by the non-controlling shareholders. Under the terms of the arrangement, the non-controlling shareholders of SBL would pay EABL Tshs 70 billion (KShs 3,243,744,000) from 50% of their dividends received from SBL until the outstanding loans were repaid The transaction therefore resulted in a temporary increase in the effective economic interest in the subsidiary from 51% to 75.5%. EABL's shareholding in SBL remained unchanged. Upon repayment of these amounts through dividends, the effective economic interest of EABL in SBL would revert back to the original 51% status. In addition, as part of the arrangement, EABL waived refund of KES. 4,256,282,000 from the non-controlling shareholders on account of capital contribution on their behalf.

A summary of the transaction with the non-controlling interests in SBL is as follows:

	KShs'000
Loans receivable converted to equity	11,049,895
Loans receivable written off (Capital contribution on behalf of non- controlling interests)	4,256,282
	15,306,177
Change in share of net assets of subsidiary:	
Share of net liabilities pre-conversion	3,395,842
Share of net assets post conversion	6,216,196
	9,612,038
Difference arising on transaction with non-controlling interests and charged to equity	**5,694,139**

6.9.2 Purchase of 4% shareholding from Non-Controlling Shareholders of SBL

Effective 1 July 2019, EABL purchased 4% of the issued ordinary shares in SBL from one of the non-controlling shareholders. The consideration for the shares was KShs 494 million. Out of this consideration, KShs 308 million was paid in cash and the additional KShs 186 million was utilised to partially clear the shareholder's outstanding loans with EABL. As a result of this transaction, EABL's effective economic interest in SBL moved from 75.5% to 77.5% and the legal shareholding moved from 51% to 55%.

A summary of the transaction with the non-controlling interests in SBL is as follows:

	KShs'000
Cash consideration	308,147
Change in share of net assets of SBL	(447,964)
Difference arising on transactions with non-controlling interests and credited to equity	**(139,817)**

6.9.3 Purchase of 30% shareholding from Non-Controlling Shareholders of SBL

In February 2020, EABL 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 increased from 77.50% to 92.50%, while the legal shareholding increased from 55% to 85%. The transaction was completed with an effective date of 31 October 2020.

The consideration for the shares was KShs 8.30 billion. Out of this consideration, KShs 6.3 billion was paid in cash and the additional KShs 2.03 billion was utilised to repay the outstanding loan from the non-controlling shareholders arising from the capital restructuring in 2018.

A summary of the transaction with the non-controlling interests in SBL is as follows:

	KShs'000
Cash consideration	6,271,376
Change in share of net assets of SBL	(1,566,844)
Difference arising on transactions with non-controlling interests and charged to equity	**4,704,532**

Amounts due from non-controlling interests

The amounts due from the non-controlling interests arising from the SBL capital restructuring in 2018 mentioned above are as disclosed below:

	KShs'000
Amount receivable arising from the 2018 capital restructure	**3,243,744**
Settlement through assignment of 50% of dividends declared by subsidiary (SBL) in 2019 and 2020	(151,300)
Settlement through purchase of shares from non-controlling shareholders (as disclosed above)	(2,217,624)
Total settlement of the loan to non-controlling shareholders	**(2,368,924)**
Effect of exchange rate changes	46,884
Amounts receivable as at 31 December 2020	**921,704**

6.10 Employees

As at the date of this Information Memorandum, the EABL Group had 1,517 employees.

6.11 Management Training and Development Programmes

EABL considers people its biggest asset. EABL's reputation for professionalism, commitment and integrity is something that the Group desires to harness and build upon. Ultimately, this is how EABL will achieve its ambition to create the best performing, most trusted and respected consumer goods Company in Africa.

Ensuring that EABL has the best talent – now and in the future – is both one of the biggest challenges and opportunities. EABL has been a top attraction for the best talent. It has also actively driven talent development and has been building talent capability across East Africa.

To extend success, EABL has continually integrated talent development within the broader strategy, ensuring that the Group is more than the sum of the parts of the business across East Africa. The long-term, deliberate and elaborate growth agenda for people outlines how the Group will achieve success through a host of programmes sharpening and developing skills in EABL to deliver on the Group's ambition.

EABL has developed a robust, multi-year talent planning approach to strategically forecast human resource needs to drive growth. In this flagship programme, the company has outlined four priority areas to guarantee plans with the right people and capabilities as it believes in creating an environment for its people that will stretch, challenge and enable them to grow themselves and the business. These areas include talent, capability, organisational effectiveness and culture.

6.12 EABL and Sustainability

EABL recognises the importance of running a sustainable business. The company is committed to sustainable economic, environmental and social impacts resulting from its everyday activities.

EABL promotes positive Drinking, demonstrating leadership in ensuring people drink better, addressing alcohol misuse and advocating for moderation. Among its impactful programmes include Heshima - a vocational and entrepreneurship training programme that equips women and youth at risk of falling prey to illicit alcohol with practical skills to enable them earn a decent living, Join The Pact – an initiative to prevent drink driving, DrinkIQ – an informational resource to help people make responsible choices about drinking – or not drinking and Under 18 Asipewe – a campaign against underage drinking.

To champion Diversity and Inclusion, the Company has partnered with Sight Savers to ensure people with disability are included across the value chain. The company also has STEM (Science, Technology, Engineering, and Mathematics) mentorship programmes that promote career development for female employees.

EABL's water Stewardship ensures 100 per cent replenishment of water used in final products through water recovery investment whereas its Water of Life programme has provided access to clean and safe water to millions of people.

Towards environmental conservation, the company has planted and nurtured over one million trees across the country. EABL is also committed to environmental sustainability by minimizing its greenhouse gas emissions through renewable energy and efficiency in its operations. Last year, the Group announced an environmental investment in biomass and solar in the three key East African brewing sites that is expected to reduce carbon emissions by 42,000 tonnes a year and help create over 900 jobs. To further minimise its environmental impact, the company is committed to maintaining zero waste to landfill and sustainably sourcing all its paper.

Society 2030: Spirit of Progress

Society 2030: Spirit of Progress is EABL's 10-year action plan to help create a more inclusive and sustainable world, building on the legacy of its founders to create a positive impact in the company, with its communities and for society. It is how EABL will continue to ***celebrate life, every day, everywhere.***

Through Spirit of Progress EABL is committed to;

• Promoting a positive role for alcohol – To change the way the world drinks for the better, by celebrating moderation and continuing to address alcohol- related harm, expanding programmes that tackle underage drinking, drink driving and binge drinking. Through the Join the Pact campaign, over 1.7millon East Africans have pledged to never drink and drive. EABL has reached over 4 million consumers through a breakthrough positive drinking influencer-led campaign working with top tier influencers to push the DrinkiQ quiz.

• Championing inclusion and diversity –Believing that the most inclusive and diverse culture maKES. for a better business and a better world, EABL champions inclusion and diversity across its business with its partners and communities, to celebrate diversity and help shape a tolerant society. The company offer 6 months paid maternity leave policy to allow women employees to focus on the joys of raising a young family and thrive at work at the same time. The company has also rolled out an apprentice program for women in STEM to shift the gender representation within this sector. In addition, EABL promotes the inclusion of Persons with Disabilities (PWDs) across the value chain.

• Preserving the natural resources on which the company's long-term success depends - Through the water for life campaign, EABL has touched over 6 million people by funding the drilling and equipping of boreholes, tanks and water kiosks, installation of pumps and construction of pipelines and communal water. The company sources 85% of its materials locally, has continued to sustainably source all paper and board packaging and has invested in effluent treatment to ensure waste water is properly treated before discharge to the environment and targets to return 100% of waste water from operations to the environment safely.

• To create a sustainable low carbon future, the company is committed to decarbonizing its operations and to partner with suppliers to halve the carbon in the supply chain. EABL has invested in renewable energy through biomass and solar which will reduce carbon emissions by 95% a year (42,000 tonnes). Currently 23% of the company's electricity is renewable and its aim is to source 100% renewable electricity by 2030. In East Africa, in the last 2 years the company has planted over 300,000 trees to improve forest cover in the Mt Kenya Forest, Aberdare Forest, Lake Victoria catchment area and around Mt. Kilimanjaro.

• Making a positive contribution to the communities in which the Group lives, works, sources and sells – EABL believes that doing business the right way contributes to a fair and just society. The company is committed to ensuring that all people are treated fairly and with respect, ensuring no one compromises on their values, and everyone goes home safe and healthy, every day, everywhere. EABL has a zero tolerance to bribery and corruption and adheres to all laws and regulations.

Raising the Bar Initiative

In December 2020 EABL rolled out a KShs 540 million ($5 million) fund to help pubs and bars recover from COVID-19 pandemic disruptions with KShs 324 million ($3 million) allocated to Kenyan bars and pubs while those in Uganda and Tanzania each received KShs 108 million ($1 million). The two-year programme dubbed "Raising the Bar" is part of a Sh11.2 billion ($100 million) global kitty announced in June 2020 by Diageo.

The targeted support includes purchasing equipment such as hygiene kits, permanent sanitizer dispenser units, hand sanitizers, masks, and protection screens for bars that cannot maintain the one metre social distance. The fund will also help the pubs and bars to obtain mobile bars and outdoor equipment as well as establish partnerships with online reservations and cashless systems.

EABL has worked closely with the governments in the three countries during the Covid-19 outbreak to provide support to frontline health workers and vulnerable communities. The company has extended help across its communities through funding donations of hand sanitiser and cash to the governments for purchase of health equipment and support to its suppliers and customers.

6.13 Corporate Strategy

EABL's strategy is underpinned by the passionate desire to serve consumers with high quality brands to suit every occasion and economic levels, and the desire to deliver long term shareholder value to its investors. EABL is committed to serving the communities in which the company operates by ensuring alcohol continues to play a positive role in society as part of a balanced lifestyle. EABL's strategic ambition is to create the best performing, most trusted and respected consumer products' company in Africa. The company recently refreshed its strategic priorities to reflect the changing consumer trends and market dynamics, hence sharpening its focus on where to invest based on an understanding of growth potential and profitability.

The 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 its 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, EABL will continue to innovate at scale to provide safe and accessible alternatives to its value driven consumers. EABL is also committed to partnering with governments across the region in addressing the health risks associated with consumption of illicit alcohol.

Delivery of EABL's ambition is further reinforced by the focus on: building an effective route to consumer ensuring that its brands are highly accessible and available; investing across the supply chain from grain to glass guaranteeing supply through a fit for purpose value chain; and enforcing a culture of continuous evaluation to optimize costs for maximum returns.

Lastly, the Group prides itself in the reputation it continues to build and solidify as a respected partner in the community by enforcing a culture of integrity and compliance across the business.

6.14 Principal Investments

In order to support future growth and boost return on equity, the Group has made significant capital investments in the recent years which include:

- Kisumu Brewery in Kenya commissioned during the financial year 2018 at a cost of KShs 14 billion.

• Beer capacity expansion of KShs 4 billion and spirits capacity expansion of KShs 1.6 billion across Kenya, Uganda and Tanzania since 2017 to 31 March 2021.
• Ongoing environmental projects (biomass and water recovery projects) in Kenya and Uganda for KShs 3.7 billion.

EABL's projected capital expenditure for the year ended 30 June 2021 is approximately KShs 7.8 billion (30 June 2020: KShs 8.1 billion). The key investments being ongoing capacity expansion and sustainability capex projects as well as ongoing maintenance.

7. Board of Directors, Corporate Governance and Management

7.1 The Board

The Board of Directors is responsible for the Group's strategic objectives, business performance and supervision of the management of the business. The Directors have the skills, experience, independence and knowledge of the Company necessary to carry out their Board responsibilities. The Board of Directors consists of six independent non-executive Directors, three Non-Executive Directors and two Executive Directors.

7.2 The Board of Directors and Company Secretary

Table 6: Board of Directors and Company Secretary

Name	Age and Nationality	Date of Appointment
Independent and Non-Executive Directors		
Dr. Martin Luke Oduor- Otieno	Age 65, Kenyan	May 2016
Mr. Japheth Katto	Age 70, Ugandan	February 2014
Ms. Carol Musyoka	Age 49, Kenyan	September 2015
Mr. Jimmy Mugerwa	Age 56, Ugandan	July 2018
Mr. John Ulanga	Age 50, Tanzanian	June 2019
Ms. Ory Okolloh	Age 44, Kenyan	October 2020
Non-Executive Directors		
Mr. John O'Keeffe	Age 49, Irish	July 2015
Mr. Leo Breen	Age 55, British	January 2020
Mr. Dayalan Nayager	Age 40, South African	March 2021
Executive Directors		
Ms. Jane Karuku	Age 59, Kenyan	September 2013
Ms. Risper Ohaga	Age 45, Kenyan	May 2020
Group Company Secretary		
Ms. Kathryne Maundu	Age 43, Kenyan	March 2020

All Directors and the Company Secretary can be reached through the business address: Garden City Business Park, 5th Floor, Block A, Ruaraka, P.O. Box 30161, 00100 Nairobi, Kenya.

7.2.1 Directors Declaration

As at the date of this Information Memorandum none of the Directors:
• has been nor is currently, the subject of a filing of a petition for bankruptcy, either in their own capacity or as an executive officer of any company;
• has been convicted of fraud or a criminal offence, nor is any Director the subject of current criminal proceedings or any other offence or action either within or outside Kenya; and
• has been the subject of a ruling in a court of competent jurisdiction, that permanently or temporarily

prohibits such director from acting as an investment adviser or as a director or employee of a stockbroker, dealer or any financial institution or engaging in any type or business practice or activity in that jurisdiction.

7.2.2 Directors Interests

As at the date of this Information Memorandum, the Directors in aggregate held 8,498 shares. No Director holds directly or indirectly, in excess of 5% of the shareholding of the Issuer.

There was no change in Directors' interests between the end of the Issuer's financial year and the date of publication of this Information Memorandum.

Except for employment contracts with Executive Directors, there are no existing or proposed contracts between any of the Directors and EABL.

No options to purchase any securities of EABL have been granted to or exercised by a Director of EABL within the year preceding the date of this Information Memorandum.

7.2.3 Directorship

As at the date of this Information Memorandum no Director of EABL held more than three (3) directorships in other companies listed on the NSE.

As at the date of this Information Memorandum, the Chairman of the Board did not serve as chairman of more than two companies listed on the NSE.

7.3 Qualifications and Experience of Directors and Company Secretary

Dr. Martin Luke Oduor-Otieno, Independent Non-Executive Director and Group Chairman

Dr. Martin Luke Oduor-Otieno, CBS, was appointed as the Group Chairman of EABL on 1st January, 2020. He is also the Chairman of Kenya Breweries Limited and UDV (Kenya) Limited, both subsidiaries of EABL. He is the founder and CEO of The Leadership Group Limited, a Nairobi-based consulting firm, which is involved in facilitating board practice, leadership training as well as providing executive coaching and business advisory services. Dr. Oduor-Otieno has sat on many boards and currently holds non-executive directorships in BAT Kenya Plc, 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/Maastricht School of Management and Bachelor of Commerce degree from University of Nairobi. He is also an alumnus of the Harvard Business School's Advanced Management Program and a Fellow of the Kenya Institute of Bankers, Institute of Certified Public Accountants of Kenya, Institute of Directors Kenya and Institute of Certified Secretaries Kenya in addition to holding an International Coaching Federation Credential as a Professional Certified Coach.

Mr. Japheth Katto, Independent Non-Executive Director

Mr. Japheth Katto is a consultant in corporate governance and financial services regulation. He was the first CEO of Uganda's Capital Markets Authority from 1998 until 2013. Mr. Katto has a wealth of experience in both the private and public sectors having held various accounting, auditing, insolvency, companies' investigation and financial services regulation roles in East

Africa and the UK. He is the Board Chairman of Stanbic Uganda Holdings Limited and Uganda Breweries Limited. He is also an adjunct faculty at Strathmore University Business School. Further, he was a member of the Global Council of the Association of Chartered Certified Accountants (ACCA) and sat on the boards of the New York based International Federation of Accountants, Duke of Edinburgh International Award Uganda and Junior Achievement Uganda. Mr. Katto has previously held key public appointments in Uganda including commissioner on the Judicial Commission of Enquiry into the Closure of Banks and Council member of Africa Peer Review Mechanism. He is a Makerere University B.Com graduate, Fellow of ACCA, member of CPA Uganda and a Certified Corporate Governance trainer.

Ms. Carol Musyoka, Independent Non-Executive Director

Ms. Carol Musyoka is a lawyer, business executive and entrepreneur, and is the founder and Chief Executive Officer of Carol Musyoka Consulting Limited. She currently provides consulting and knowledge partnerships for various local and international institutions specifically in the areas of leadership and corporate governance, aimed at improving board performance. She was previously an Executive Director at Barclays Bank of Kenya Limited holding the position of Corporate Director. She currently holds Non-Executive directorships in BAT Kenya plc 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.

Mr. Jimmy Mugerwa, Independent Non-Executive Director

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

Mr. John Ulanga, Independent Non-Executive Director

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

Ms. Ory Okolloh, Independent Non- Executive Director

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

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

Mr. John O'Keeffe, Non-Executive Director and Group Vice Chairman

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.

Mr. Leo Breen, Non-Executive Director

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. Dayalan Nayager, Non-Executive Director

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

Prior to this role, 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.

Ms. Jane Karuku, Executive Director, Group Managing Director and CEO

Ms. Jane Karuku is the Group Managing Director and CEO of EABL having been appointed on 1st January, 2021. Previously she was the Managing Director of Kenya Breweries Limited (KBL) since July 2015. She is a dynamic business leader, with strong management experience spanning over 20 years in FMCG and Non-Governmental organisations. Prior to her appointment to KBL, she was the President of Alliance for a Green Revolution in Africa (AGRA). She has also previously held a number of senior positions in various companies including Deputy Chief Executive and Secretary General, Telkom Kenya and Managing Director, Cadbury East and Central Africa. Prior to that Ms. Karuku worked with Farmers Choice Kenya and Kenya Cooperative Creameries. She has been a member of the board of Barclays Bank of Kenya, 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.

Ms. Risper Ohaga, Executive Director and Group Chief Financial Officer

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

Ms. Kathryne Maundu, Group Company Secretary

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

7.4 Corporate Governance

EABL is committed to implementing and adhering to good corporate governance and best practice. EABL has put in place a corporate governance structure which addresses the following objectives:

• Organise operational, financial, risk management, and reporting processes such that the Board receives the information it requires to effect good governance, and so that management can conduct their activities in ways that comply with regulations and serve strategic objectives.

• Bring the organisation'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 and operational, competitive, and regulatory needs.

7.4.1 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.

7.4.2 Non-Executive Directors

The Board has nine Non-Executive Directors, collectively made up of six Independent Non-Executive Directors and three Non-Executive Directors. 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 Information Memorandum, are independent as defined by the CMA Code and accordingly at least half of the Board comprises of Independent Non-Executive Directors.

7.4.3 The Role and Functioning of the Board

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 Company and its operating subsidiaries.

7.4.4 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 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.

7.4.5 Board Meetings

The Board meets quarterly and maintains continuous oversight and visibility over the activities, strategy and performance of the Company, including ensuring adherence to the Group's corporate governance regime.

7.4.6 Board induction and training

The Board is committed to on-going training and development of its Directors and towards that goal, appropriate training interventions were identified 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.

On appointment, Non-Executive Directors receive a full programme of briefings on all areas of the Company's business from the Executive Directors, the Company Secretary and other senior executives. The briefings are on various matters including: Board and management structures, significant reports, important legislation and key company policies. In addition, one-on-one meetings are scheduled with management to introduce new Directors to the Company and its operations.

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.

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. Through the Board Evaluation exercise, the effectiveness of the Board, its Committees, the Executive and Non-Executive Directors, the Chairman, and the Company Secretary is reviewed annually.

7.4.7 Board evaluation

During the 2020 financial year, a Board evaluation was internally facilitated. Each Director completed a detailed questionnaire. The board evaluation questionnaire was sub-divided into five sections focusing respectively on:

- 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.

7.4.8 Board Committees

The Board carries out its obligations through Board Committees. There are three standing committees and one ad hoc committee of the Board. The standing committees are the Board Corporate Governance Committee, the Board Audit and Risk Management Committee and the Board Nominations and 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.

Board Corporate Governance Committee

The Board Corporate Governance Committee (BCG) 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 three members of the Committee are Independent Non-Executive Directors.

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.

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.
• Ensuring 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.

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.

All members of this committee are Non-Executive Directors and four of the members are independent

Board Nominations and Remuneration Committee

The Board Nominations and Remuneration Committee (BNRC) is responsible for key business processes which include:

• Reviewing and recommending to the Board, the structure, components and delivery of elements of reward and remuneration offered to Independent Non-Executive Directors.
• Reviewing and recommending to the Board, overall reward and remuneration of Management Employees including material changes to base pay, long and short-term incentives and employment benefits.

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.

All members of this committee are Non-Executive Directors and three of the members are independent.

Board Investment Committee

The Board Investment Committee (BIC) which is an adhoc 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.

Three of the four members of this committee are independent Non-Executive Directors.

Table 7: Board Committee Members

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

7.5 Board Remuneration

EABL has a clear policy on remuneration of executive and non-executive Directors at levels that are fair and reasonable taking into consideration competitive market for the skills, knowledge and experience required and the nature and size of the Board. As part of its mandate, the Board Nomination and Remuneration Committee (BNRC) reviews and recommends for approval by the Board of the remuneration for executive Directors and senior management and staff incentive schemes. The BNRC ensures that remuneration is appropriately benchmarked against other companies in the region.

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. EABL's approach to recognising Directors' contribution to the business is based on reward principles, which are summarised as below:

• **Competitiveness:** Total reward levels are reflective of the competitive market and compare favourably with peers for such skills. EABL's reward structure is reviewed regularly and is subject to external bench-marking to ensure that it continually offer the Directors a competitive total reward package.
• **Transparency:** Reward programme is simple and globally aligned in terms of core offerings and mecha-nism. The company strives to explain to all stakeholders the component value of the total reward package and the criteria which may affect it.
• **Performance based:** Reward programmes are linked to performance ambition. They are simple and clear-ly communicated, recognising individual and business performance.

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).

Non-Executive Directors

Non-Executive Directors are full time employees of the majority shareholder, Diageo plc. As a result of being full time employees of majority shareholder, Diageo plc, these Non-Executive Directors do not earn any fees for sitting on the Board of EABL.

Independent Non-Executive Directors (INEDS)

EABL offers a selection of financial and non-financial rewards and benefits to the Independent Non-Executive Directors. The precise nature of these is subject to ongoing review and may be amended from time to time, taking into account market practice. The list of the reward components is as follows:

(i) Retainer fees.
(ii) Attendance fees / sitting allowance.
(iii) Insurance cover.
(iv) Product allowance.
(v) Travel and accommodation when on Company business.
(vi) Medical cover.

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.

7.6 Management Committee

EABL Group has a Management Committee that meets on a regular basis and whose purpose is to manage the day-to-day activities of the Group through:

- Developing and implementing strategy, operational plans, policies, procedures and budgets;
- Driving and monitoring operating and financial performance;
- Assessing and controlling risk;
- Allocating resources.

In addition, the operations and decision making organs are largely focused and driven by the key market entities in Kenya, Uganda and Tanzania. Each of the key entities covering these markets has a number of leadership teams that meet on a regular basis. These teams include executive functional leadership teams (key ones being sales, marketing, supply, risk and governance, finance, human resources, legal and corporate relations).

7.7 Risk Management

EABL's approach to risk management is in line with CMA Code of Corporate Governance practices, CMA Management, Supervision, Internal Control Standards and Diageo's Global Risk Management Standards.

The Company has in place a Code of Business Conduct which sets out the standards expected of all employees and agents acting on behalf of the Company. On an annual basis, each business unit undertaKES. a 'blue sky' risk assessment. Thereafter, the top internal and external risks are ranked based on their likelihood of occurrence and their impact to the business. Action owners are then tasked with ensuring that robust risk-mitigation plans are in place. These risks are reviewed every quarter by Business Units at the Risk Management Committee (RMC). The General Managers of the respective businesses in Kenya, Uganda and Tanzania each chair the RMC in their business. The outcome of the Risk Management Committees is reported to the Board Audit and Risk Committee.

In addition, EABL has a Control Assurance and Risk Management (CARM) framework in place covering all the major controls required for every function in the business to operate effectively, efficiently and in a compliant manner.

7.8 Directors, Senior Management and Company Secretaries of Key Subsidiaries

As at the date of this Information Memorandum, Directors and senior management of key operating subsidiaries were as outlined in the table below:

Table 8: Directors and Company Secretary of Key Operating Subsidiaries

Name	Age and Nationality	Date of Appointment
Kenya Breweries Limited **Independent and Non-Executive Directors**		
Dr. Martin Luke Oduor-Otieno	Age 64, Kenyan	May 2017
Ms. Carol Musyoka	Age 49, Kenyan	May 2017
Ms. Ory Okolloh	Age 44, Kenyan	November 2020
Non-Executive Directors		
Ms. Jane Karuku	Age 59, Kenyan	July 2015
Ms. Risper Ohaga	Age 45, Kenyan	May 2020
Executive Directors		
Mr. John Musunga	Age 52, Kenyan	March 2021
Company Secretary		
Stamford Corporate Services LLP		March 2020
Uganda Breweries Limited **Independent and Non-Executive Directors**		
Mr. Japheth Katto	Age 69, Ugandan	July 2014
Mr. Jimmy Mugerwa	Age 56, Ugandan	July 2018
Ms. Rachel Dumba	Age 43 , Ugandan	April 2021
Non-Executive Directors		
Ms. Jane Karuku	Age 59, Kenyan	March 2021
Mr. Eric Kiniti	Age 42, Kenyan	April 2021
Executive Directors		
Mr. Alvin Mbugua	Age 42, Kenyan	July 2019
Company Secretary		
Ms. Agnes Ssali	Age 36, Ugandan	November 2020
Serengeti Breweries Limited **Independent and Non-Executive Directors**		
Mr. John Ulanga	Age 50, Tanzanian	June 2019
Mr. Christopher Gachuma	Age 74, Tanzanian	July 2009
Non-Executive Directors		
Ms. Jane Karuku	Age 59, Kenyan	March 2021
Mr. Graham Villiers-Tuthill	Age 37, Irish	January 2020
Executive Directors		
Mr. Mark Ocitti	Age 54, Ugandan	July 2019
Company Secretary		
Ms. Lucia Minde	Age 34, Tanzanian	October 2016
East African Maltings Ltd **Non-Executive Directors**		
Ms. Jane Karuku	Age 59, Kenyan	May 2020
Ms. Risper Ohaga	Age 45, Kenyan	May 2020
Mr. Colin O'Brien	Age 49, Irish	May 2020
Company Secretary Stamford Corporate Services LLP		March 2020

7.9 Profiles of Directors of Key Operating Subsidiaries

Kenya Breweries Limited

Dr. Martin Luke Oduor-Otieno, Board Chairman, Independent Non-Executive Director

See profile under Section 7.3 (Qualifications and experience of Directors and Company Secretary)

Ms. Carol Musyoka, Independent Non-Executive Director

See profile under Section 7.3 (Qualifications and experience of Directors and Company Secretary)

Ms. Ory Okolloh, Independent Non-Executive Director

See profile under Section 7.3 (Qualifications and experience of Directors and Company Secretary)

Ms. Jane Karuku, Non-Executive Director

See profile under Section 7.3 (Qualifications and experience of Directors and Company Secretary)

Ms. Risper Ohaga, Non-Executive Director

See profile under Section 7.3 (Qualifications and experience of Directors and Company Secretary)

Mr. John Musunga, Managing Director, Executive Director

John Musunga is the Managing Director of Kenya Breweries Limited (KBL). He joined KBL on the 1st of March 2021 from GlaxoSmithKline (GSK) where his last position was that of Vaccines Market Leader responsible for Sub-Saharan Africa, South Asia and Eastern Europe. John has worked in senior local, regional and global roles including being the global Head of Supranationals for GSK's Global Vaccines based in Belgium, the Managing Director GSK Kenya & General Manager East Africa and the Sales & Marketing Director GSK South Africa.

John has held a number of external positions including three years as a Non-Executive Director on the Kenya Vision 2030 Board, Chaired the Kenya HIV/Aids Business Council Board, Chairman of the Kenya Association of Pharmaceuticals, Director at the Kenya Healthcare Federation among others.

Mr. Musunga holds a Bachelor of Science (BSc), Honors in Chemistry and a Master of Business Administration (MBA).

Uganda Breweries Limited

Mr. Japheth Katto, Board Chairman, Independent Non-Executive Director

See profile under Section 7.3 (Qualifications and experience of Directors and Company Secretary)

Mr. Jimmy Mugerwa, Independent Non-Executive Director

See profile under Section 7.3 (Qualifications and experience of Directors and Company Secretary)

Ms. Rachel Dumba, Independent Non-Executive Director

Rachel is the CEO and Partner in charge of Strategy and Human Capital Management at Steadman Global, a Management and Development Consulting Firm that she co-founded, with operations across several African Countries.

A strongly networked, business and results driven personality, Rachel has a very good understanding of the business environment in both the Private and Public Sectors, having worked in various countries at a Senior Management Level with organisations like British Gas UK, Kenol Kobil, DFCU Bank and Citi Bank for over twenty (20) years. She has a wealth of experience in Stakeholder Engagement, Strategy Development, Human Capital Management and Organizational Transformation.

Rachel currently sits on the Boards of Sanlam General Insurance Uganda and Junior Achievement Uganda, among others. She has also supported National Bodies such as the Federation of Uganda Employers and The National Task Force on Covid-19 and is a member of Boardroom Africa and the League of East African Directors.
She holds a Bachelor of Social Work and Social Administration Degree from Makerere University and a Masters Degree in Strategic Human Resources Management from Manchester Metropolitan University. She is also a member of the Chartered Institute of Personnel and Development, UK.

Ms. Jane Karuku, Non-Executive Director
See profile under Section 7.3 (Qualifications and experience of Directors and Company Secretary)

Mr. Eric Kiniti, Non-Executive Director
See profile under Section 7.10.1 (Management and Related Information)

Mr. Alvin Mbugua, Managing Director, Executive Director
Alvin Mbugua was appointed as the Managing Director of Uganda Breweries Limited from 1st July, 2019. Previously Mr. Mbugua was the Finance Director at Uganda Breweries Limited, until December 2017, when he took up a new position as Kenya Breweries Limited Head of Sales, Nairobi, EABL's biggest sales division in East Africa. Mr. Mbugua held senior roles in various sectors including oil and gas, logistics and fast-moving consumer goods (FMCG).

He holds a Bachelor's Degree in Geospatial Engineering and Master of Commerce Degree in Development Finance. He's also a member of the Association of Chartered and Certified Accountants (ACCA) and IMIS (Institute for the Management of Information Systems).

Ms. Agnes Ssali, Company Secretary
Agnes Ssali joined Uganda Breweries Limited from British American Tobacco where she has been serving as Marketing, PRRP and Regulations Counsel for the East African Markets (EAM) Cluster, based in Nairobi, Kenya.

Agnes comes with a wealth of experience in the areas of Corporate Governance, Commercial Law, Land Transactions, Intellectual Property Management, Regulatory Review, Litigation, Labour and Retirement Benefits.

She holds a Bachelor of Laws Degree (Honors) from Makerere University and a Post Graduate Diploma in Legal Practice from the Law Development Centre. She is also a member of the Institute of Chartered Secretaries and Administrators (ICSA) UK. She is an advocate of the High of Court of Uganda and a member of the Uganda Law Society and East African Law Society.

Serengeti Breweries Limited

Mr, John Ulanga, Board Chairman, Independent Non-Executive Director
See profile under Section 7.3 (Qualifications and experience of Directors and Company Secretary)

Mr. Christopher Gachuma, Independent Non-Executive Director
Christopher Gachuma is well known and respected in the East African region for his achievements in business, social welfare and the public sphere. He has held and continues to hold the chairman position in many government and private Boards in Tanzania and has contributed immensely to economic, social and political progress in the Lake Zone of Tanzania. He also owns and runs several businesses in Tanzania including

Nyanza Bottling Co. Ltd. (Coca-Cola) in Mwanza for several decades.

Ms. Jane Karuku, Non-Executive Director

See profile under Section 7.3 (Qualifications and experience of Directors and Company Secretary)

Mr. Graham Villiers-Tuthill, Non-Executive Director

See profile under Section 7.10.1 (Management and Related Information)

Mr. Mark Ocitti, Managing Director, Executive Director

Mark Ocitti was appointed as the Managing Director of Serengeti Breweries Limited (SBL) from 1st July, 2019. Prior to this appointment, Mr. Ocitti was the Managing Director at Uganda Breweries Limited (UBL) for a period of three years, where he drove the strategic direction and organic growth for EABL's second-largest subsidiary. He joined the EABL Group in August 2014 as the Managing Director at EABL International (EABLi). Prior to joining EABL, Mr. Ocitti had spent eleven years in the oil industry with Shell International in Uganda, eight years in the telecommunications industry with Bharti Airtel and one year as a consultant at ComzAfrica, an African entrepreneurial telecoms value-added services firm with an operational footprint in several countries.

Mark is an alumnus of Makerere University where he pursued a Bachelor's degree in Statistics before embarking on a Master of Business Administration (MBA) degree from the prestigious Herriot Watt University, Edinburgh.

Ms. Lucia Minde, Company Secretary

Lucia Minde joined Serengeti Breweries Limited (SBL) in 2014 as Assistant Legal Counsel. In 2016 she was appointed to the role of Head of Legal and Company Secretary and in 2018 to her current role as Legal and Controls, Compliance and Ethics Director whilst still serving as Company Secretary. Prior to joining SBL, Lucia worked at a leading international commercial law firm, advising clients across different industries. Lucia is an advocate of the High Court of Tanzania and a member of the Institute of Directors in Tanzania.

East African Maltings Limited

Ms. Jane Karuku

See profile under Section 7.3 (Qualifications and experience of Directors and Company Secretary)

Ms. Risper Ohaga

See profile under Section 7.3 (Qualifications and experience of Directors and Company Secretary)

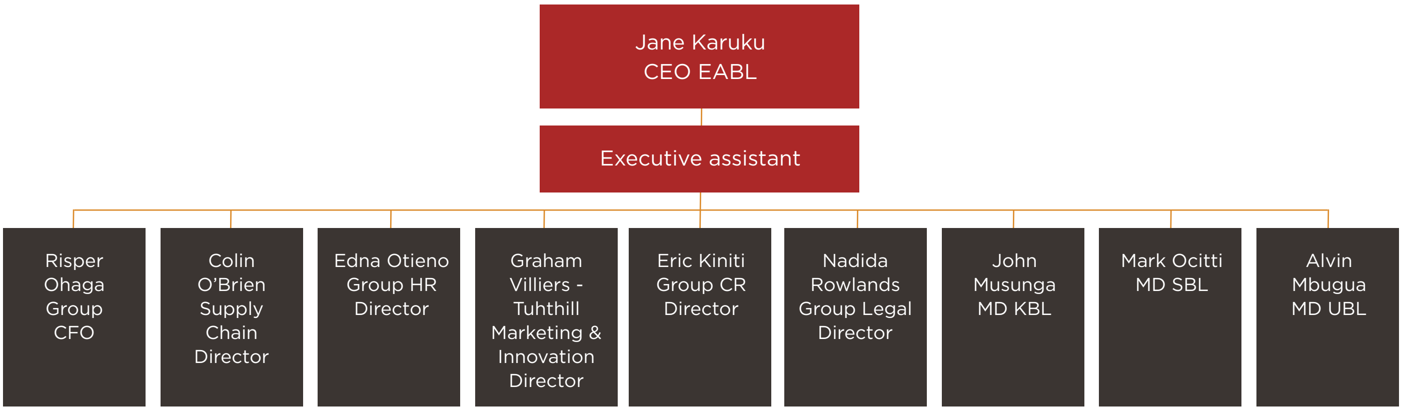
Mr. Colin O'Brien

See profile under Section 7.10.1 (Management and Related Information)

7.10 Management and Related Information

The following is an organogram indicating the senior management structure of EABL as at the date of this Information Memorandum:

Figure 3: Executive Management Team



Source: EABL management

The senior management team comprises of professional executives with experience in their relevant fields. The members of this team are as indicated in the table below:

Figure 3: Executive Management Team

Name	Title	Age	Nationality
Ms. Jane Karuku	Group Managing Director & CEO	59	Kenyan
Ms. Risper Ohaga	Group Chief Financial Officer	45	Kenyan
Ms. Ednah Otieno-Oduor	Group Human Resources Director	43	Kenyan
Mr. Colin O'Brien	Group Supply Chain Director	49	Irish
Mr. Graham Villiers-Tuthill	Group Marketing & Innovations Director	37	Irish
Mr. Eric Kiniti	Group Corporate Relations Director	42	Kenyan
Mr. Nadida Rowlands	Group Legal Director	40	Kenyan
Mr. John Musunga	MD, Kenyan Breweries Limited	52	Kenyan
Mr. Alvin Mbugua	MD, Uganda Breweries Limited	42	Kenyan
Mr. Mark Ocitti	MD, Serengeti Breweries Limited	54	Ugandan

Source: EABL management

7.10.1 Profiles of Group Executive Management

Ms. Jane Karuku, Group Managing Director & CEO

See profile under Section 7.3 (Qualifications and experience of Directors and Company Secretary)

Ms. Risper Ohaga, Group Chief Financial Officer

See profile under Section 7.3 (Qualifications and experience of Directors and Company Secretary

Ms. Ednah Otieno-Oduor, Group Human Resources Director

Ednah has had a distinguished 18-year career in the Human Resources field since joining East African Breweries PLC (EABL) as a Graduate Trainee in 2003. She later moved into different roles within the Human Resources team in Talent, Reward and Shared Services. She left the company in 2014 as Head of Reward for Diageo Africa to join Airtel Africa as the Head of Organisation Effectiveness and Reward.

Ednah later moved to Mars Wrigley East Africa as Head of People and organisation in 2015, a position she held until she rejoined Diageo as EABL Group Human Resources Director, in August 2017.

Mr. Colin O'Brien, Group Supply Chain Director

Colin is the Diageo Global Opex Delivery and EABL Supply Chain Director. Colin's early career was spent in Brewing in Ireland and over the years he has worked in a number of progressively more senior roles across Ireland and Europe. Prior to taking up this role, he led the Diageo International Supply Chain's Planning, Logistics and Customer Service teams as well as having overall responsibility for the Europe Market Supply Chain performance.

In his current role, Colin has full accountability for the EABL Supply Chain and in addition has responsibility for the supply chain across the rest of Diageo markets in Africa.

Colin holds a Bachelor of Engineering (B.E.), Biochemical Engineering from the University College Dublin.

Mr. Graham Villiers- Tuthill, Group Marketing & Innovations Director

Graham has been the Marketing and Innovations Director from 1st November 2018. He has held a highly successful career at Diageo having started in Diageo Ireland working on a variety of global spirits brands, Guinness, and local jewel beer brands Smithwick's and Harp and thereafter moving to Singapore, seconded into the Diageo joint venture with Heineken. He was later the Marketing Director for Diageo in Indonesia leading the development of a Total Beverage Alcohol (TBA) participation strategy across beer, non-alcoholic and spirits.

For the last two and a half years, Graham's multi-market, multi-category experience has been of great value to the business, driving the marketing strategy, delivering brilliant marketing campaigns, growing brand share across categories and creating a new innovation pipeline. Graham has built a very strong team and a strong performance track record.

Graham holds a Bachelors in Business and Politics from the Trinity College Dublin and a Diploma in Marketing from the Digital Marketing institute.

Mr. Eric Kiniti, Group Corporate Relations Director

Eric is currently the Group Corporate Relations Director at East African Breweries PLC.

He is an experienced public policy, sustainability and communications practitioner with over 17 years' experience. He has experience in tax and public policy in the East African Community countries of Kenya, Uganda, Tanzania, Rwanda, Burundi and South Sudan. Prior to joining EABL in 2011, he worked in British American Tobacco in various roles within the Corporate and Regulatory Affairs department in East Africa.

He is a Board member at Kenya Cultural Centre (a state corporation) and Safe Way Right Way Kenya (an NGO). He is also a member of the Public Relations Society of Kenya (PRSK).

He holds a Bachelor of Arts Degree in Economics from Kenyatta University. He is currently pursuing a Master of Science degree in Public Policy Management from the University of London. He is also a graduate of the Leadership Development Programme (LDP), Gordon Institute of Business (GIBS) in South Africa, Advanced Management Programme (AMP) at the Strathmore Business School and the Fast Forward Leadership Development Programme at Sunwords in Nairobi.

Mr. Nadida Rowlands, Group Legal Director

Nadida was appointed Kenya Breweries Limited as Legal Director on 1st June 2015 and later as EABL Legal Director in September 2018. Nadida has built a credible and dynamic new legal function over the years under a strong legal mission to 'Enable and Protect Growth' for the business. This new legal function has been recognized internally and externally and covers the Brand Protection, Corporate Security, Information Management and Records, Corporate Governance and Legal departments.

Nadida is commercially minded with a proven track record of delivering results in a highly dynamic corporate environment. He brings along vast experience in Commercial and Civil Litigation, Company and Corporate law, Criminal Law & Litigation having successfully managed complex legal operations in the FMCG sector for over 15 years.

Prior to joining the EABL Group, Nadida was the Senior Legal Counsel for British American Tobacco East and Central Africa Area after four years in private practice.

Mr. John Musunga, MD, Kenyan Breweries Limited

See profile under Section 7.9 (Profiles of Directors of key operating subsidiaries)

Mr. Alvin Mbugua, MD, Uganda Breweries Limited

See profile under Section 7.9 (Profiles of Directors of key operating subsidiaries)

Mr. Mark Ocitti, MD, Serengeti Breweries Limited

See profile under Section 7.9 (Profiles of Directors of key operating subsidiaries)

7.10.2 Management Update

As at the date of this Information Memorandum and for at least one year prior to the listing of securities, the Issuer had suitable senior management with relevant experience.

As a subsidiary of Diageo, EABL draws from a wide, global pool of talent to ensure it has the best leaders for its business. Of the senior leadership, the Group Marketing Director and Group Supply Chain Director are seconded from Diageo and, as such, it is possible that they may leave within twenty four months following the date of this Information Memorandum. To mitigate succession risk, the Company has a robust management development and succession planning process in place.

Ms. Ednah Otieno-Oduor, the Group Human Resource Director has recently been appointed to the role of Human Resources Director Diageo Great Britain. She will assume her appointment to Great Britain in July 2021 and her replacement is subject to a future announcement. To the best of the Issuer's knowledge, as at the date of this Information Memorandum none of the senior management has committed any serious offence in any jurisdiction that may be considered inappropriate for the management of a company with listed securities.

8. Prospects of the EABL Group

EABL's ambition is to be the best performing, most trusted and respected consumer goods company in Africa. The Group seeks to achieve this ambition by continually investing in its brands, its people, its distribution network and its production capacity.

A growing middle class coupled with increased urbanisation and economic growth in Eastern Africa provides EABL with a stable consumer base. EABL also responds to changing trends through a robust innovation pipeline. It is anticipated that new brands will contribute significantly to EABL's profitability. EABL will also continue to leverage on its relationship with Diageo to access best practices in areas such as production, human resource management and talent acquisition, marketing and information technology.

9. Risk Factors

An investment in the Notes involves a significant degree of risk. Prospective investors should carefully consider, among other things, the risks set forth below and other information contained in this Information Memorandum prior to making any investment decision with respect to the Notes. The risks highlighted below could have a material adverse effect on the Issuer's business, financial condition, results of operations or prospects, which in turn, could have a material adverse effect on its ability to make payments under the Notes.

In addition, the value of the Notes could decline due to any of these risks, and prospective investors may lose some or all of their investment.

Prospective investors should note that the risks described below are not the only risks that the Issuer faces but are the risks that the Issuer considers to be material. There may be additional risks that the Issuer currently considers immaterial or of which it is currently unaware, and any such risks could have effects similar to the risks set forth below.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Issue are also described below.

9.1 Risk Factors Related to the Countries and Industry in which EABL Group Operates

EABL Group's operations are in developing economies that are susceptible to changes in the operating environment

EABL Group entities operate in countries within eastern Africa (primarily Kenya, Uganda and Tanzania) whose economies are undergoing rapid economic development and political transformation. These factors can result in political and policy changes which could affect such matters as economic growth, currency stability and macroeconomic fundamentals.

In addition, these economies may be susceptible to negative changes in the global economy such as increased global oil prices, developments in the US and Eurozone economies that could impact demand for African commodity exports and even changes in interest rates and exchange rates in global financial markets.

Given that the Notes issued by EABL will be denominated in Kenya Shillings and majority of EABL Group's reported revenues for the year ended 30 June 2020 arose in Kenya, the risks likely to be most relevant for Note holders will relate to the macroeconomic environment in Kenya, which has one of the more stable, developed and diversified economies in the African region. Further, given the diversification of the economies in East Africa, they have been able to weather economic challenges fairly well and delivered consistent GDP growth relative to other markets.

Changes in the regulatory and taxation environment with respect to the alcohol beverage industry could increase EABL Group's costs and liabilities and reduce revenues.

Regulatory environment

East African countries impose extensive regulatory requirements on companies in the alcoholic beverage sector. These legal and regulatory requirements continue to evolve as governments develop and implement public health and safety policies. Such changes to laws, regulations or government policies or practices could cause EABL Group entities to incur material additional costs or liabilities or implement business practices that could in turn adversely affect its business.

EABL has a regulatory compliance policy based on self-assessment and proactive self-compliance. Where the laws and regulations have adverse impact on society and the business, EABL actively engages regulators and government in constructive debate in order to balance the legitimate interests of all stakeholders.

Tax environment

Alcoholic beverage products are subject to various types of duties, such as excise duties and import duties amongst others. Frequent fluctuations in the duties applicable and chargeable to alcoholic beverage products could cause the EABL Group entities to incur material additional costs or liabilities. Further, alcoholic beverage companies are usually amongst the largest contributors to government tax revenues in each country in which the Group operates. Where the relevant tax authority of the country in which the EABL Group entities operate implements aggressive tax collection policies, the business of the EABL Group may be adversely affected.

EABL recognises the important role it plays on the economies of the countries it operates in, as a tax payer and an agent for collection of indirect taxes, and actively engages with the governments directly and through membership in associations such as the local association of manufacturers, private sector alliances and the East Africa Business Council. The engagement is geared towards reducing the impact of drastic increases in taxes and to mitigate against unfavorable paying policies. Taxes continue to be a significant driver of the performance of the business.

Increased competition in the Group's businesses and markets may cause loss of market share or reduce operating margins, which could adversely affect its financial performance and financial position

The Group faces competition from both international and regional East African alcoholic beverage companies in the markets in which EABL Group operates.

EABL maintains its competitive edge through a variety of means, such as cost optimisation through efficiency in operations, improving its route to market and innovating to meet changing consumer trends. EABL also has a wide portfolio of brands that gives it a competitive edge across consumer segments.

9.2 Risk Factors Related to the Issuer

The Issuer depends on cash flows generated by its subsidiaries to repay its borrowings

EABL is a group of operating companies engaged in manufacture, marketing and distribution activities across East Africa. The group generates funds from operations and raises funds for investments in order to deliver its strategy and returns to investors and shareholders.

Consequently, EABL Group's main sources of income are the revenues generated from the subsidiaries, dividend from its subsidiaries and returns on investments, to repay principal and interest on its current borrowings and on the Notes to be issued, and to meet its operating expenses.

The Group's subsidiaries are controlled by EABL and their goals are consistent with the Group's goals and in line with shareholder expectations. The EABL Board approves the overall strategy for EABL and its subsidiaries.

Malfunctions in production operations may result in damage to facilities or environment or production of substandard or defective products

A major failure of EABL Group's production facilities could result in damage to plant, equipment and surrounding environment. This could lead to loss of production capacity, regulatory action, legal liability or damage to EABL Group's reputation.

EABL manages this risk by having in place a robust quality control function – including investing in a state of the art laboratory and obtaining international certification of its standards. It also invests significant amounts of capital expenditure on an annual basis to maintain the quality of its production and reduce use of aged and inefficient plant and machinery. In addition, EABL actively manages the risk through insurance.

Disruptions in supply of or increase in price of EABL Group's major raw and packaging materials could have an effect on EABL Group's profitability

The raw materials that EABL Group uses for the production of its beverage products are commodities that are largely affected by changes in global supply and demand, weather conditions and agricultural uncertainty.

Commodity price changes may result in unexpected increases in the cost of raw materials, glass and other packaging materials which may negatively impact EABL Group's beverage products. EABL Group may not be able to absorb these increased costs without suffering reduced sales and operating profit, which could have an adverse effect on EABL Group's business results.

EABL mitigates this risk by working closely with most of its key raw materials suppliers, especially farmers. This ensures consistency of grain supply. It also leverages on a number of suppliers who deal with Diageo on a global basis. In addition, it promotes sustainability by encouraging its suppliers to adhere to a minimum set of operational standards as set out in the "Diageo Partnering with Suppliers" standard. EABL continuously assesses the environment for commodity price risk and hedges the risk where it determines that the commodity price risk may be high.

EABL's procurement is also at the forefront of ensuring that resourcing is managed at a strategic and forward-looking level to track trends into the future and plan appropriately to obtain the required raw materials.

Public safety concerns over alcohol consumption may decrease demand for the Group's products

There may be increased public concern over problems related to alcohol abuse such as drunk driving which may lead to increased social and political attention directed to the alcoholic beverage industry.

EABL is actively involved in responsible drinking and alcohol in society initiatives aimed at reducing incidences of excessive alcohol consumption. EABL stands for positive drinking and works to educate and promote this.

EABL Group is subject to litigation

All thriving companies are exposed to litigation from time to time in relation to a wide range of business and legal matters.

Such litigation may result in damages, penalties, fines as well as reputational damage to the EABL Group. EABL has an extensive Conflict and Dispute Resolution Policy (https://eabl.diageoplatform.com/sites/default/files/eabl-conflict-and-dispute-resolution-policy) which ensures that all conflicts and disputes are pro-actively prevented, minimized, managed and mitigated.

Exposure to interest rate risks - fluctuations in interest rates may adversely affect EABL Group's cash flows and reported profits

EABL and its subsidiaries borrow funds primarily in the local East African currencies from commercial banks and capital markets in the countries in which they operate. Interest rates payable on such borrowings are generally pegged to the rate of interest payable on domestic currency bonds issued by governments of East African countries – particularly Kenya. These borrowings fund operations and capital expenditure.

Any significant increase in interest rates could negatively impact EABL Group's profitability and its ability to pay its debt obligations. Interest rates in these markets have tended to fluctuate over time and are subject to volatility.

EABL manages this risk through maintaining an appropriate balance of fixed and floating rate instruments and works closely with banking partners to optimize its cost of funding and manage its interest rate risk exposure.

Foreign exchange related risks - the fluctuation of exchange rates may adversely affect the business and its reported financial results

EABL Group operates in various jurisdictions and undertaKES. foreign currency transactions that are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. These are both capital transactions as well as purchases of inputs. East Africa's currencies may fluctuate against foreign currencies leading to forex losses or gains.

The foreign exchange gains and losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the end of a financial year could adversely affect the reported financial results of the Group.

Political risks

The countries in which the EABL Group operates have generally been politically stable in the recent past, with elections recently conducted in Uganda and Tanzania without significant disruption. In Kenya, elections are due to be held in 2022 as the current president completes his second term.

Nonetheless, all three countries within the East African region remain susceptible to political risk. This is likely to be exacerbated by the impact of covid-19 on the macro-economic landscape, coming after a period of increasing public debt putting pressure on the economies and their citizens. Heightened political uncertainty will have an impact on EABL's business and its profitability. EABL continues to monitor the political risk through robust contingency plans which are updated from time to time.

Impact of global pandemics

The Covid-19 global pandemic has brought challenges to all aspects of life across the world. Government restrictions imposed for public health reasons and disruptions to the bar and hospitality industry in East Africa have had a negative impact on EABL's performance. Even as governments battle the pandemic and global economies adjust and begin to recover, the risk of resurgence of new strains and waves of the virus remain real. The health crisis and the resulting economic impact of Covid-19 and of other possible future pandemics is now part of the any responsible company's management and operational function and contingency planning.

The Group's operations have been impacted since March 2020 when the first Covid-19 cases were reported in the East African region, leading to containment measures being put in place by the respective governments in order to contain the spread of the virus. The containment measures included restrictions on movement, curfews, social distancing and the closure of bars and restaurants.
The closure of the on-trade distribution channels, which is a significant part of the Group's trade channels led to a slow-down in the business with trading primarily conducted through the off-trade and e-commerce channels with the on-trade only operating in Tanzania. Management responded by innovating to meet the changing consumption patterns thus mitigating some of the impact.

Following the easing of government restrictions meant to curb the spread of COVID 19 and the gradual resumption of on-trade consumption, for the half year ended December 2020, EABL revenues were up 21% vs the previous half indicating resilient recovery amidst the tough environment.

However, the outlook remains uncertain and unpredictable and the recovery of business performance and investment projects will depend on how the governments manage the pandemic. A resurgence of COVID 19 cases could lead to further measures that could impact growth. The roll out of COVID 19 vaccines and the speed at which they are distributed shall determine how fast the business can get back to consistent performance and sustained growth.

9.3 Risk Factors Related to the Issue

Risks relating to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features. Prospective investors of Notes should be aware that the range of Notes that may be issued under the Programme is such that the following statements are not exhaustive with respect to the types of Notes that may be issued under the Programme and any particular Series of Notes may have additional risks associated with it that are not described below. Investment in the Notes may involve complex risks related to factors which include equity market risks and may include interest rate, foreign exchange and/or political risks.

The Notes may not be a suitable investment for all investors

Each potential investor must determine the suitability of investing in the Notes in light of its own circumstances. In particular each potential investor should:

• have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Memorandum or any supplemental Information Memorandum;

• have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

• have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;

• understand thoroughly the Conditions of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
• be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some forms of notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in notes which are complex financial instruments without consulting a financial advisor who will evaluate how such notes will perform under changing conditions, the resulting effects on the value of such notes and the impact this investment will have on the potential investor's overall investment portfolio.

The market price of the Notes may be volatile

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results, adverse business developments, changes in the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes.

In particular the markets for emerging market securities, such as Kenya, may be volatile and are to varying degrees, influenced by economic securities' market conditions in other emerging market countries which may not be in the same geographic region as Kenya. Although economic conditions are different in each country, investor reactions to the developments in one country may affect securities of issuers in other countries, including Kenya. Accordingly, the market price of the Notes may be subject to significant fluctuations, which may not necessarily be related to the financial performance of the Issuer.

Notes may be subject to optional redemption by the Issuer

An optional redemption feature in the Notes may negatively affect their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a lower rate.

The corporate bond secondary market in Kenya may not be very liquid

The Kenyan bond market is not very active with very few trades conducted on the market each day. Very few of the corporate bonds currently listed on the NSE have traded since they listed, making the actual pricing of bonds not as objective as it would be in an active developed market.

If the market does develop it will initially not be very liquid therefore investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of the Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, revised or withdrawn by the assigning rating agency at any time. Credit ratings assigned to Notes do not necessarily mean that the Notes are suitable investment. Similar ratings do not address the marketability of any Notes or any market price. Any change in the credit ratings of Notes, or the Issuer, could adversely affect the price that a subsequent purchaser will be willing to pay for the Notes. The significance of each rating should be analysed independently from any other rating. The Notes to be issued by EABL under the Programme are not subject to credit rating.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Change of law

The Conditions of the Notes are based on Kenyan law in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to Kenyan law or administrative practice after the date of this Information Memorandum.

10. Summary of Financial Statements

The Issuer's financial information set out below has, unless otherwise indicated, been derived from its audited consolidated financial statements as at and for the years ended 30 June 2016 to 2020, in each case prepared in accordance with IFRS as issued by the International Accounting Standards Board.

The compilation of the historical financial information for each of the five financial years is based on the audited financial statements of the Group and Company for the respective financial years, as adjusted for changes in International Financial Reporting Standards (IFRSs) during the period to achieve consistent application of accounting policies and presentation.

10.1 Consolidated Statements of Comprehensive Income

Table 10: Consolidated Statements of Comprehensive Income

Year ended June	2020	2019	2018	2017	2016
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Revenue from contracts with customers	74,916,259	82,543,241	73,456,832	70,247,065	64,322,220
Cost of sales	(41,896,229)	(44,426,104)	(41,052,409)	(39,116,742)	(32,110,383)
Gross profit	**33,020,030**	**38,117,137**	**32,404,423**	**31,130,323**	**32,211,837**
Selling and distribution costs	(6,590,629)	(7,209,400)	(6,423,767)	(5,375,078)	(6,058,859)
Administrative expenses	(8,565,240)	(9,271,722)	(8,467,078)	(8,213,677)	(9,000,739)
Other expenses	(3,382,811)	(322,889)	(2,344,884)	(1,025,056)	(262,539)
Finance income	164,873	120,601	81,949	81,686	280,738
Finance costs	(3,990,964)	(3,603,824)	(3,512,626)	(3,299,950)	(3,553,873)
Profit before income tax	**10,655,259**	**17,829,903**	**11,738,017**	**13,298,248**	**13,616,565**
Income tax expense	(3,634,344)	(6,299,520)	(4,486,255)	(4,792,765)	(5,597,555)
Profit for the year	**7,020,915**	**11,530,383**	**7,251,762**	**8,505,483**	**8,019,010**
Profit from Discontinued operations net of tax	-	-	-	-	2,249,428
Profit for the year	**7,020,915**	**11,530,383**	**7,251,762**	**8,505,483**	**10,268,438**
Exchange differences on translation of foreign operations	657,748	610,943	(865,067)	(788,612)	(2,177,026)
Total comprehensive income for the year	**7,678,663**	**12,141,326**	**6,386,695**	**7,716,871**	**8,091,412**

Source: Reporting Accountants Report, 2021

10.2 Consolidated Statements of Financial Position

Table 11: Consolidated Statements of Financial Position

Year ended June	2020	2019	2018	2017	2016
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Equity attributable to owners of the Company					
Share capital	1,581,547	1,581,547	1,581,547	1,581,547	1,581,547
Share premium	1,691,151	1,691,151	1,691,151	1,691,151	1,691,151
Other reserves	(2,821,327)	(3,388,566)	(3,874,224)	(2,571,084)	(1,927,017)
Retained earnings	5,869,572	8,760,247	6,267,218	11,672,499	9,935,359
	6,320,943	**8,644,379**	**5,665,692**	**12,374,113**	**11,281,040**
Non-controlling interests	7,672,325	7,510,372	5,971,091	(397,403)	(416,169)
Total equity	**13,993,268**	**16,154,751**	**11,636,783**	**11,976,710**	**10,864,871**
Non-current liabilities					
Deferred income tax	5,568,697	6,136,317	3,264,233	5,095,988	1,303,190
Borrowings	36,900,000	31,115,178	30,546,789	27,488,274	21,473,594
Lease liabilities	1,151,841	837,660	535,662	463,771	200,645
	43,620,538	38,089,155	34,346,684	33,048,033	22,977,429
Total equity and non-current liabilities	**57,613,806**	**54,243,906**	**45,983,467**	**45,024,743**	**33,842,300**
Non-current assets					
Property, plant and equipment	56,734,910	53,037,811	45,363,844	37,317,446	35,606,808
Right-of-use assets	1,577,415	1,196,243	750,017	472,843	100,506
Intangible assets - Software	602,036	621,076	441,597	562,815	422,611
Intangible assets - Goodwill	2,831,130	2,743,001	2,712,564	2,839,319	3,577,191
Intangible assets - Brand	481,219	463,430	459,394	482,562	563,005
Other financial assets	10,000	10,000	10,000	10,000	10,000
Deferred income tax	453,277	580,761	726,114	3,304,578	-
	62,689,987	**58,652,322**	**50,463,530**	**44,989,563**	**40,280,121**
Current assets					
Inventories	10,916,370	7,368,012	7,882,606	7,473,094	8,131,242
Trade and other receivables	5,681,444	8,222,994	7,946,481	9,928,000	11,572,146
Current income tax	3,708,970	1,363,112	2,108,505	826,033	631,828
Derivative financial instruments	-	179,678	-	-	-
Cash and bank balances	5,661,635	12,468,585	3,588,370	3,907,473	1,221,066
	25,968,419	**29,602,381**	**21,525,962**	**22,134,600**	**21,556,281**
Current liabilities					
Trade and other payables	21,731,083	27,864,192	24,629,299	20,814,011	21,920,678
Dividends payable	815,661	590,623	562,611	487,109	873,588
Borrowings	4,106,253	5,204,566	118,667	-	-
Lease liabilities	459,265	351,416	222,257	208,934	24,680
Derivative financial liabilities	-	-	71,946	-	-
Bank overdraft	3,932,338	-	401,245	589,366	5,175,156
	31,044,600	**34,010,797**	**26,006,025**	**22,099,420**	**27,994,102**
Net current liabilities	**(5,076,181)**	**(4,408,416)**	**(4,480,063)**	**35,180**	**(6,437,821)**
	57,613,806	**54,243,906**	**45,983,467**	**45,024,743**	**33,842,300**

Source: Reporting Accountants Report, 2021

10.3 Consolidated Statements of Cash Flows

Table 12: Consolidated Statements of Cash Flows

Year ended June	2020	2019	2018	2017	2016
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Cash flows from operating activities					
Cash generated from operations	13,636,327	29,004,186	21,964,684	21,655,219	27,959,678
Interest received	164,873	120,601	81,949	81,686	280,738
Interest paid on borrowings	(3,865,182)	(3,725,127)	(3,429,018)	(3,255,402)	(3,545,979)
Interest paid on lease liabilities	(104,349)	(111,247)	(71,559)	(44,548)	(7,894)
Income tax paid	(6,484,820)	(2,321,074)	(4,810,885)	(4,435,419)	(6,091,925)
Net cash generated from operating activities	**3,346,849**	**22,967,339**	**13,735,171**	**14,001,536**	**18,594,618**
Cash flows from investing activities					
Purchase of property, plant and equipment	(7,952,915)	(11,676,964)	(13,028,734)	(5,662,510)	(4,870,101)
Purchase of intangible assets - software	(163,187)	(91,614)	(2,627)	(31,388)	(147,435)
Purchase of leasehold property	-	-	-	(5,066)	-
Purchase of additional interest in a subsidiary	(308,147)	-	-	-	-
Proceeds from disposal of property and equipment	93,992	222,364	2,539,228	1,031,397	208,000
Proceeds from disposal of subsidiary	-	-	-	-	3,479,592
Net cash used in investing activities	**(8,330,257)**	**(11,546,214)**	**(10,492,133)**	**(4,667,567)**	**(1,329,944)**
Cash flows from financing activities					
Repayment of principal portion of lease liabilities	(473,709)	(401,536)	(175,829)	(87,065)	(17,323)
Dividends paid to Company's shareholders	7,131,156)	(6,298,182)	(5,855,305)	(6,317,286)	(9,625,960)
Dividends paid to non-controlling interests	(2,451,476)	(1,133,223)	(842,818)	(674,255)	(695,045)
Proceeds from borrowings	23,400,000	17,334,800	8,707,194	8,500,000	4,994,446
Repayment of borrowings	(18,716,209)	(11,525,326)	(5,492,942)	(2,500,000)	(12,898,623)
Movement of treasury shares	14,320	(101,722)	(9,272)	-	-
Net cash used in financing activities	**(5,358,230)**	**(2,125,189)**	**(3,668,972)**	**(1,078,606)**	**(18,242,505)**
(Decrease)/increase in cash and cash equivalents	**(10,341,638)**	**9,295,936**	**(425,934)**	**8,255,363**	**(977,831)**
Movement in cash and cash equivalents					
At 1 January	12,468,585	3,187,125	3,318,107	(3,954,090)	(1,391,898)
Foreign exchange impact on translation	(397,650)	(14,476)	294,952	(983,166)	(1,584,361)
Net (decrease)/increase during the year	(10,341,638)	9,295,936	(425,934)	8,255,363	(977,831)
At 31 December	**1,729,297**	**12,468,585**	**3,187,125**	**3,318,107**	**(3,954,090)**

Source: Reporting Accountants Report, 2021

10.4 Interim Financial Statements for the Six (6) Months Ended 31 December 2020

Table 13: Condensed Consolidated Income Statement

As at	31 Dec 2020	30 June 2020	31 Dec 2019
	KShs'000	KShs'000	KShs'000
Net revenue	44,459,706	36,687,416	45,855,825
Cost of sales	(25,127,211)	(20,413,573)	(24,012,531)
Gross profit	**19,332,495**	**(16,273,843)**	**21,843,294**
Total costs	(13,497,890)	(9,061,396)	(11,241,091)
Profit before tax	**5,834,605**	**7,212,447**	**10,602,203**
Income tax expense	(2,044,140)	(2,906,815)	(3,392,705)
Profit after tax	**3,790,465**	**4,305,632**	**7,209,498**
Earnings per share (KShs per share)	**2.71**	**3.07**	**7.00**

Source: Interim financial report

Table 14: Condensed Consolidated Statement of Financial Position

As at	31 Dec 2020	30 June 2020	31 Dec 2019
	KShs'000	KShs'000	KShs'000
Total equity and non-current liabilities			
Shareholders' funds	11,993,328	13,993,268	17,924,140
Non-current liabilities	43,441,502	43,620,538	38,526,585
	55,434,830	**57,613,806**	**56,450,725**
Assets			
Non-current assets	65,336,726	62,689,987	60,755,502
Working capital			
Current assets	31,519,646	25,968,419	32,612,165
Current liabilities	(41,421,542)	(31,044,600)	(36,916,942)
Net Assets	**55,434,830**	**57,613,806**	**56,450,725**

Source: Interim financial report

Table 15: Condensed Consolidated Statement of Cash Flows

6 months ended	31 Dec 2020	30 June 2020	31 Dec 2019
	KShs'000	KShs'000	KShs'000
Cash generated from operations	17,888,525	13,636,327	15,157,561
Interest received	50,477	164,873	60,782
Interest paid	(1,965,255)	(3,865,182)	(1,902,060)
Interest paid on lease liabilities		(104,349)	
Tax paid	(1,973,035)	(6,484,820)	(4,389,554)
Net cash from operating activities	**14,000,712**	**3,346,849**	**8,926,729**
Net cash used in investing activities	(8,995,182)	(8,330,257)	(4,651,825)
Net cash used in financing activities	(3,718,633)	(5,358,230)	(4,714,030)
Net Increase/ (decrease) during the period	**1,286,897**	**(10,341,638)**	**(439,126)**
Movement in cash and cash equivalents			
At start of period	1,729,297	12,468,585	12,468,585
Foreign exchange impact of translation	(484,691)	(397,650)	61,591
Net Increase/ (decrease) during the period	1,286,897	(10,341,638)	(439,126)
Cash and cash equivalents at the end of period	**2,531,503**	**1,729,297**	**12,091,050**

Source: Interim financial report

11. Statutory and General Information

11.1 Authorisation

EABL has obtained all necessary consents, approvals and authorisations in connection with the issue of the Notes, including but not limited to a circular resolution of the Board of Directors passed on 30th March 2021.

11.2 Incorporation

Table 16: EABL's Incorporation Details, Registered Offices and Principal Objects

Incorporation	EABL was incorporated in Kenya under the Companies Act as a private company under the name Kenya Breweries Limited on 8 September 1922. The Company was converted to a public (non-private) company in 1934 under registration number 5/34 The Company was registered as East African Breweries PLC (EABL) in 1936.
Registered Office	East African Breweries PLC, Garden City Business Park, 5th Floor, Block A, Ruaraka, P.O.. Box 30161, 00100 Nairobi GPO.
Principal Objects	The principal objects of EABL are contained in clause 3 of its Memorandum of Association, which inter alia provide as follows: 3(a) To carry out the business of brewers and maltsters in all its branches; and 3(p) To subscribe for, take, purchase or otherwise acquire and hold shares or other interests in or securities of any other company having objects altogether or in part similar to those of this Company, or carrying on any business capable of being conducted so as, directly or indirectly, to benefit this Company.

11.3 Administration

Table 17: Advisers and Bankers

Legal Advisers / Advocates	Coulson Harney LLP (trading as Bowmans Kenya) 5th Floor, ICEA Lion Centre, West wing Riverside Park, Chiromo Road Nairobi P.O. Box 10643 00100 Nairobi, GPO
Registered Office	PricewaterhouseCoopers LLP PwC Tower Waiyaki Way/ Chiromo Road P.O. Box 43963 00100 Nairobi, GPO
Bankers	Absa Bank Kenya Plc Absa Headquarters 4th Floor Waiyaki Way P.O.. Box 30120 00100 Nairobi, GPO Citibank NA Citibank House Upper Hill Road P.O. Box 30711 00100 Nairobi, GPO Standard Chartered Bank Kenya Limited 48 Westlands Road, Nairobi, Kenya P.O. Box 30003 00100 Nairobi, GPO Stanbic Bank Kenya Limited CfC Stanbic Center Chiromo Road, Westlands P.O. Box 30550 00100 Nairobi, GPO Kenya Commercial Bank Kenya Limited Kencom House Floor 7 Moi Avenue 00100 Nairobi, GPO Equity Bank Kenya Limited Upper Hill Hospital Road Equity Centre Floor 9 P.O. Box 75104 00100 Nairobi, GPO

11.4 Share Capital and Net Assets

As at the date of this Information Memorandum and prior to the public offering and listing of the Notes, the Issuer's issued and fully paid up share capital and net assets exceeded the statutory eligibility limit of fifty million Kenya shillings and one hundred million Kenya shillings respectively.

Table 18: Share Capital

	2020	2019	2018	2017	2016
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Authorised					
At 1 July (1 billion ordinary shares with a par value of KShs 2 per share)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
At 30 June (1 billion ordinary shares with a par value of KShs 2 per share)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Issued and fully paid					
At 1 July (790,774,356 ordinary shares with a par value of KShs 2 per share)	1,581,547	1,581,547	1,581,547	1,581,547	1,581,547
Issued during the year	-	-	-	-	-
At 30 June (790,774,356 ordinary shares with a par value of KShs 2 per share)	1,581,547	1,581,547	1,581,547	1,581,547	1,581,547
Net Assets of EABL	**13,993,268**	**16,154,751**	**11,636,783**	**11,976,710**	**10,864,871**

Source: Reporting Accountants Report, 2021

As at the date of this Information Memorandum, and save as disclosed herein:

- there were no different classes of shares outstanding and all shareholders have equal voting rights;
- the Company has not made any commitments to issue any of its unissued shares to any person, nor does any person have preferential subscription rights to the unissued shares;
- there are no material founders or management shares in the capital of the Issuer;
- there is no un-issued share or loan capital of EABL that is under option or agreed conditionally or uncon ditionally to be put under option;
- there is no share or loan capital of EABL that has been issued, or agreed to be issued, within the two years preceding the date of this Information Memorandum, or is now proposed to be issued, fully or partly paid, for a consideration other than cash;

11.5 Working Capital
As at the date of this Information Memorandum, in the opinion of the Directors, the Group has sufficient working capital for its present requirements.

11.6 Approvals

11.6.1 Capital Markets Authority
A copy of this Information Memorandum has been delivered to the Capital Markets Authority, and approval has been granted to offer the Notes for subscription and sale in Kenya.

11.6.2 Listing of the Notes on the Nairobi Securities Exchange
The Issuer has obtained authorisation of the NSE for the Notes to be admitted to the FISMS.

11.6.3 Dematerialized Security
The Notes have been prescribed as a dematerialised security by the CDSC under section 24 of the Central Depositories Act.

11.6.4 Registrar of Companies
A copy of this Information Memorandum has been delivered to the Registrar of Companies in Nairobi.

11.7 Allotment
The allotment of the Notes shall be determined by the Issuer and the Arrangers.

The Issuer reserves the right to decline any application in whole or in part and, in the event of oversubscription, to make the allotment as it deems fit in accordance with the applicable Pricing Supplement and in consultation with the Arrangers and Placing Agent. Any applications not accepted will be given reasons for non-acceptance.

All applicants will be notified by email or telephone of their allotment and or non-acceptance by no later than the allotment and the notification date specified in the applicable Pricing Supplement. Telephone communication will be followed by written notice to the successful investors on the allocation results.

11.8 Significant or Material Changes
Save as disclosed in this Information Memorandum, there has been no material change in the business of the Group over the last 5 years.

11.9 Material Litigation
The companies in the EABL Group are parties to various legal proceedings that arise in the normal course of their businesses. EABL has retained professional advisors to handle all litigation matters working under the instruction of the EABL legal department, which in turn updates and advises the EABL Management and the Board on the conduct of these matters on a regular basis. In the opinion of the directors, the outcome of such proceedings are not expected to give rise to material liabilities for the EABL Group when considered in the context of the Issue.

11.10 Contingent Liabilities and Material Commitments
EABL has operations in several countries and is subject to a number of legal, customs and excise duties and tax proceedings 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 claims in Kenya that challenge its interpretation of various excise tax regulations and

the application thereof. EABL closely monitors these cases and where appropriate receives external advice on potential exposure and provisions are taken in line with IFRS.

Based on their own judgement and professional advice received from legal, tax and other advisors, the Directors believe that the outcome of such proceedings are not expected to give rise to material liabilities for the EABL Group when considered in the context of the Issue and that the provision made for all these claims sufficiently covers the expected loss 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 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 under the CM Act and the rules of the NSE

As at 31 December 2020, and save as disclosed in this Information Memorandum, the Issuer had:

- no off-balance sheet financing arrangements;
- no guarantees outstanding; and
- no material commitments

11.11 Related Party Transactions

The ultimate parent of the EABL Group is Diageo Plc, incorporated in the United Kingdom. EABL is controlled by Diageo Kenya Limited incorporated in Kenya. There are other Companies that are related to East African Breweries PLC through common shareholdings.

The following are transactions and balances with related parties:

11.11.1 Transactions with Related Parties

In the ordinary course of business, the Company and its subsidiaries transact with other companies related through common shareholding. Table 20 below reflects the transactions with related parties:

Table 19: EABL Intercompany Transactions

	2020	2019	2018	2017	2016
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Management and manufacturing fees and royalties paid	2,587,856	3,029,112	2,856,138	1,576,343	920,477
Purchase of goods and services	3,288,880	2,719,250	2,529,470	3,390,488	3,917,397

Source: Reporting Accountants Report, 2021

11.11.2 Intercompany Finance
The Group had no outstanding related party loans as at 30 June 2020.

11.11.3 Balances with Related Parties

Table 20: EABL Outstanding Balances with Related Parties

	2020	2019	2018	2017	2016
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Receivables from related parties	299,857	217,767	350,966	718,992	863,040
Payables to related parties	871,479	1,263,019	1,152,866	528,904	2,131,028

Source: Reporting Accountants Report, 2021

11.11.4 Directors Remuneration and Key Management Compensation

Table 21: EABL Compensation to Directors and Key Management

	2020	2019	2018	2017	2016
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Directors remuneration (included in the key management compensation below)	374,340	314,344	258,831	285,639	262,480
Key Management compensation	1,394,611	965,735	1,081,375	935,432	1,001,569

Source: Reporting Accountants Report, 2021

11.11.5 Loans to Directors
As at 30 June 2020, there were no outstanding loans to Directors.

11.12 Material Contracts
In the years 2019 and 2020, EABL entered into various agreements relating to the sale and purchase of shares in SBL as a result of which the Issuer acquired thirty-four percent (34%) of the share capital of SBL. For more information on these developments, please refer to section 6.9 above.

11.13 Conflicts of Interest
At the date of this Information Memorandum, there are no potential conflicts of interest between any duties to the Issuer of the members of its administrative, management or supervisory bodies, any of the experts named in this Information Memorandum and their private interests or other duties. None of the experts named in the Information Memorandum owns an amount of shares in the Issuer or its subsidiaries which is material to that person. However, it cannot generally be ruled out that such persons have interests at the time of the offer or issue of Notes; whether this is the case will depend upon the facts at the time of the offer or issue. A description of any potential conflicting interests that are of importance to an offer or issue of Notes will be included in the applicable Pricing Supplement, specifying the persons involved and the types of interests.

11.14 Debt of Issuer

As at 31 December 2020, the Group's total long-term and short-term borrowings (inclusive of overdraft) amounted to KShs 40.7 billion with an average cost of funds of 9.4%. These borrowings included:

(i) Bank loans as listed below:

- Long term loan from Stanbic Bank Kenya Limited of KShs 4,000,000,000 (30 June 2020: KShs 4,500,000,000) at a weighted average interest rate of 8.9% (30 June 2020: 8.9%). The loan is unsecured and matures in March 2025.
- Long term loan from Standard Chartered Bank Kenya Limited of KShs 7,600,000,000 (30 June 2020: KShs 7,600,000,000) at a weighted average interest rate of 9% (30 June 2020: 9%). The loan is unsecured and matures in December 2026.
- Medium term loan from Absa Bank Kenya Limited (formerly Barclays Bank of Kenya) of KShs 3,000,000,000 (30 June 2020: KShs 3,000,000,000) at average annual interest rates of (CBR+300bps), effectively 8.0% (30 June 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 Limited of KShs 6,500,000,000 (30 June 2020: KShs 6,500,000,000) at interest rate of 8.4% (30 June 2020: 8.4%). The loan is unsecured and matures on 31 December 2023.
- Medium term loan from Standard Chartered Bank Kenya Limited of KShs 4,500,000,000 (30 June 2020: KShs 4,500,000,000 at interest rate of 8.3% (30 June 2020: 8.3%). The loan is unsecured and matures on 28 December 2023.
- Medium term loan from Absa Bank Kenya Limited (formerly Barclays Bank of Kenya) of KShs 4,800,000,000 (2019: Nil) at an interest of 8.0% (2019: Nil). The loan is unsecured and matures in June 2025.
- Medium term loan from Stanbic Bank Uganda Limited of USD 500,000 (30 June 2020: USD 1,000,000) at an effective interest rate of (3 months LIBOR+4.85%), effectively 5.4% (30 June 2020: 5.4%). This facility is unsecured and matures on 30 April 2021.
- Short-term loan from Stanbic Bank Kenya Limited of KShs 1,200,000,000 (30 June 2020: nil) at an interest of SPR (Stanbic Prime rate) +1.4% margin. The loan is unsecured and matures on 14 March 2021.

(ii) Medium-term note – The medium-term note of KShs 6,000,000,000 (30 June 2020: KShs 6,000,000,000) is unsecured, has an annual interest rate of 14.17% (30 June 2020: 14.17%) and matures in March 2022.

(iii) Bank Overdrafts - The bank overdraft facilities have an effective interest rate of 9% (30 June 2020: 9%) and are sourced from Absa Bank Kenya Limited, Absa Bank Uganda Limited, Standard Chartered Bank Uganda Limited and Citibank Kenya and Uganda.

Statement on EABL's track record in the debt capital markets

EABL has a proven track record in the debt capital markets going back many years. For example the Company successfully redeemed the third tranche of its 2015 Medium Term Note Programme earlier than the maturity date having met all of its obligations thereunder. EABL is a strong player in the markets in which it operates and has not, in its history of operations, undergone any financial distress that has adversely affected its standing on the NSE.

11.15 Expenses

The indicative expenses for the Issue are as set out in the expenses schedule below and will be borne by the Issuer.

11.11.3 Balances with Related Parties

Table 20: EABL Outstanding Balances with Related Parties

	% of Programme Amount	KShs'000
Advisory and Placing fees	0.50%	55,000
Legal Fees	0.06%	6,300
Reporting Accountant's fees	0.03%	3,000
Note Trustee	0.05%	5,500
Registrar and Paying Agent Fees	0.01%	1,150
Regulatory Fees		
NSE Listing fees	0.01%	1,375
CMA Approval fees	0.10%	11,000
Total	**0.76%**	**83,325**

Excludes reimbursables, taxes and any transfer fees

CDSC Fees:

CDSC File Upload:
KShs 35 -50 per account.

Annual CDSC Levy:
Fee of KShs 90 per transaction payable quarterly in arrears subject to a Minimum of KShs 50,000/= and Maximum KShs 1,000,000/= per year.

11.16 Auditors

As at the date of this Information Memorandum, the auditors of EABL were PricewaterhouseCoopers, Certified Public Accountants located at the PwC Tower, Waiyaki Way/ Chiromo Road, P.O. Box 43963, 00100 Nairobi, GPO. The auditors have audited EABL's annual accounts for the years ended 30 June 2016 to 30 June 2020 in accordance with International Accounting Standards and have not resigned or been removed. The last audited accounts and financial statements were in respect of the 12-month period ending 30 June 2020.
They also performed a review of the half year financials for the period ended 31 December 2020.

11.17 Consents

The firm of PricewaterhouseCoopers, Certified Public Accountants, acting as Reporting Accountant in respect of the Issue, has given and had not withdrawn its consent to the issue of this Information Memorandum with the inclusion in it of their reports in the form and context in which they are included.

The firm of Coulson Harney LLP, as transaction Legal Counsel in respect of the Issue, has given and not withdrawn its written consent to the issue of this Information Memorandum with the inclusion in it of their legal opinion in the form and context in which it is included.

11.18 Borrowing Powers

Under Article 124 of the Company's Articles of Association, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present or future) and uncalled capital of the Company and to issue debentures, debenture stock and other securities.
As at the date of this Information Memorandum and for a period of three years prior to its publication, the borrowing powers of the Issuer as exercised by its Directors had not been exceeded.

The borrowing powers may be varied by a special resolution of the shareholders of the Company.

11.19 Documents Available for Inspection

As long as any Note remains outstanding, copies of the following documents will, when published, be available for inspection at the offices of the Issuer in Nairobi, Kenya and the Specified Office of the Paying Agent and Registrar:

1. the Memorandum of Association and the Articles of Association of EABL;

2. the audited consolidated financial statement of EABL Group for the three financial years ended 30 June 2018, 30 June 2019 and 30 June 2020;

3. the limited reviewed financial statements for the six (6) months ended 31 December 2020;

4. the audited consolidated financial statement of EABL Group for the financial year ended 30 June 2021;

5. resolution of the Board of Directors approving the Issue;

6. the Reporting Accountant's report as reproduced in this Information Memorandum;

7. a copy of the legal opinion of transaction Legal Counsel;

8. a copy of the Agency Agreement between the Issuer and the Paying Agent and Registrar;

9. a copy of the Trust Deed between the Issuer and the Note Trustee;

10. a copy of the Placing Agreement between the Placing Agent and the Issuer;

11. a copy of this Information Memorandum;

12. a copy of the approval of the Capital Markets Authority in respect of the Issue;

13. a copy of the authorisation of the Nairobi Securities Exchange in respect of listing of Notes;

14. a copy of the communication from the Central Depository and Settlement Corporation prescribing the Notes as dematerialised securities; and

15. a copy of each material contract referred to in section 11.12 of this Information Memorandum.

Forward-looking information

Part C (r. 10 (c)), Regulation G11 of the Third Schedule of the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 requires EABL to disclose a proforma balance sheet, profit and loss account and a cash flow projection for the next twelve months following the issue. However, EABL considers that publication of forward-looking 12-month cash flow forecasts, a proforma balance sheet and a proforma profit and loss account could be commercially sensitive and prejudicial to the Group. In order to provide greater insight to investors on the factors that could influence the Company's financial performance over the 12 months following the issuance, EABL has enhanced the disclosures relating to Risk Factors (section 9). It has also made available for inspection its audited financial statements for the financial year ended 30 June 2021. Half year financial statements for the next financial year will be made available for inspection by end of January 2022.

Appendix A: Legal Opinion

BOWMANS

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East African Breweries PLC
Garden City Business Park
5th Floor, Block A
Ruaraka
P.O. Box 30161-00100
Nairobi
Kenya

For the attention of ***Dr. Martin Oduor-Otieno, Group Chairman***

Dear Sirs

Legal opinion issued pursuant to regulation 6(3) of the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002, in respect of the offer of unsecured medium-term notes of up to Kenya Shillings eleven billion (KES 11,000,000,000) by East African Breweries PLC

1. **BACKGROUND**

1.1 We are the legal advisers to East African Breweries PLC (the **Company**) in connection with the offer to the public by the Company of unsecured medium-term notes of up to Kenya Shillings eleven billion (KES 11,000,000,000) (the **Notes**) (the **Issue**).

1.2 The Company is a holding company incorporated in the Republic of Kenya with a number of subsidiaries, operating within the East African region. Information on the Company and its subsidiaries (where the context so requires the Company and its subsidiaries shall be referred to in this opinion as the **Group**) is contained *inter alia*, in the information memorandum dated 5 October 2021 (the **Information Memorandum**), which has been prepared for the purpose of the offer of the Notes to the public.

1.3 The terms and conditions of the Notes are contained in the Information Memorandum.

1.4 The Information Memorandum include particulars given in compliance with the requirements of, the Capital Markets Act (Chapter 485A of the Laws of Kenya), as well as the applicable regulations made thereunder, including in particular the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002.

1.5 Unless otherwise defined herein the definitions and interpretation applied in the Information Memorandum have the same meaning where used in this opinion.

2. **APPLICABLE LAWS AND DOCUMENTS**

2.1 In arriving at the opinions expressed below, we have examined and relied on:

2.1.1 the Capital Markets Act (Chapter 485A of the Laws of Kenya) (the **Capital Markets Act**);

2.1.2 the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 (**the Public Offers, Listing and Disclosure Regulations**);

2.1.3 the Nairobi Securities Exchange Listing Rules (the **Listing Rules**);

2.1.4 the Central Depositories Act (Number 4 of 2000 of the Laws of Kenya) (the **Central Depository Act**);

BOWMANS

2.1.5 the final proof of the Information Memorandum dated 5 October 2021 (the **Information Memorandum**);

2.1.6 the final proof of the pricing supplement dated 5 October 2021 (the **Pricing Supplement**);

2.1.7 the final proof of the placing agreement to be entered into between the Company, Absa Bank Kenya Plc and Absa Securities Limited (the **Placing Agreement**);

2.1.8 the final proof of the paying agency agreement to be entered into between the Company, Image Registrars Limited and MTC Trust and Corporate Services Limited (the **Agency Agreement**);

2.1.9 the final proof of the trust deed to be entered into between the Company and MTC Trust and Corporate Services Limited (the **Trust Deed**);

(the Placing Agreement, the Agency Agreement and the Trust Deed shall collectively be referred to as the **Issue Agreements**)

2.1.10 a copy of the Certificate of Change of Name dated 1 October 2021;

2.1.11 a copy of the Memorandum and Articles of Association of the Company (certified as a true and up-to-date copy);

2.1.12 a copy (certified as a true copy) of the resolution of the Company's Board of Directors dated 5 October 2021, approving (i) the issuance of the Notes, (ii) the execution and delivery of the Issue Agreements and any other documents as may be contemplated or required under, or associated with, or related to the Issue Agreements, and (iii) the performance of all such other acts for and on behalf of the Company, as are required for the purposes of the issuance of the Notes; and

2.1.13 a copy of the approval issued by the Capital Markets Authority (the **Authority**) dated 6 August 2021, in connection with the Issue and the Information Memorandum;

2.1.14 a copy of the approval issued by the Authority dated 5 October 2021, in connection with the Pricing Supplement and the public announcement;

2.1.15 a copy of the approval issued by the Nairobi Securities Exchange (the **NSE**) dated 5 October 2021, in connection with the Issue and the Information Memorandum; and

2.1.16 such other documents and records as we have considered necessary or appropriate for the purpose of this opinion and have made such other investigations as we have considered necessary for this opinion.

3. **ASSUMPTIONS**

3.1 We have assumed:

3.1.1 that all the information supplied to us by the Company and its advisers, including the Arranger, the Paying Agent and Registrar and the Note Trustee and their respective officers is true, accurate and up to date;

3.1.2 that documents submitted as originals are authentic and documents submitted as copies conform with the corresponding original documents and that such corresponding original documents are authentic;

3.1.3 that all the documents are within the capacity of, and have been validly authorised, executed and delivered by each party;

3.1.4 that the signatures and stamps of each relevant party on all documents are genuine and authentic;

3.1.5 that the certified resolution of the board of directors of the Company as examined by us, was duly passed at a properly convened meeting of the duly appointed board of directors of the Company;

3.1.6 that all information contained in the Information Memorandum and all the information in respect of the Group, supplied to us by the Company, its officers and advisers is true, accurate and is up to date as of the date hereof;

3.1.7 that each of the parties to the Issue Agreements (other than the Company) has the capacity, power and authority to enter into, execute and deliver the Issue Agreements to which they are a party;

3.1.8 that there is no other fact, matter or document which would, or might, affect this opinion and which was not revealed by examining the documents provided to us by the Company, searches and enquiries made;

3.1.9 that there are no facts or circumstances in existence and no events have occurred which would render the Information Memorandum void or voidable or capable of rescission for any reason; and

3.1.10 that the Information Memorandum examined is in the final form and will be registered in that form.

3.2 With respect to matters of fact, we have relied on the representations contained in the Information Memorandum, the Issue Agreements and the representations of the Company and its officers and advisers.

3.3 This opinion is given on the basis of all documents and confirmations provided to us by the Company in respect of the Group.

4. **OPINION**

4.1 Based upon and subject to the foregoing, and to the qualifications set out below, we are of the opinion that:

4.1.1 **Corporate Status**

4.1.1.1 The Company is a public (non-private) limited liability company incorporated under the Companies Act, Number 17 of 2015 of the Laws of Kenya, with registration number C. 5/34.

4.1.1.2 The Company's registered office address is Garden City Business Park, 5th Floor, Block A Ruaraka, Post Office Box Number 30161- 00100, Nairobi, GPO.

4.1.1.3 The Company is not entitled to claim any immunity from legal action or proceedings, execution, attachment or other legal process in Kenya.

4.1.1.4 Each subsidiary of the Company listed in Appendix 1 hereto (the "**Subsidiaries**") is a limited liability company, duly incorporated and validly existing under the laws of the country where it was incorporated and has the power to own its assets.

4.1.1.5 The Company's ordinary share are listed on the Official List of the NSE, with the primary listing being in Nairobi. The Company is also cross-listed on the Dar es Salaam Stock Exchange and the Uganda Securities Exchange.

4.1.2 **Share Capital**

4.1.2.1 The existing nominal share capital of the Company is Kenya Shillings two billion (KES 2,000,000,000) divided into one billion (1,000,000,000) ordinary shares of Kenya Shillings two (KES 2/-) each, out of which seven hundred and ninety million seven hundred and seventy four thousand three hundred and fifty six (790,774,356) ordinary shares of Kenya Shillings two (KES 2/-) each are in issue.

4.1.2.2 The existing capital of the Company is in conformity with Kenyan law and has received all necessary authorisations.

4.1.3 **Licences and Consents**

4.1.3.1 All the material licences, consents, approvals and authorisations that are required by each member company of the Group to carry on their respective businesses, have been duly obtained and are in full force and effect.

4.1.4 **Assets, Land and Property**

4.1.4.1 The Company and its Subsidiaries, validly and legally own or lease all of the material land and property listed in Appendix 2 hereto and the assets required for the purpose of the Group's business and we are satisfied, after such enquiry as we have deemed necessary for the purpose of this opinion that the Company and its Subsidiaries have good and valid title or rights to or in such material assets, land and property, for the purposes of the business carried on by the Group at the date hereof.

4.1.5 **Material Contracts**

4.1.5.1 Save for the contracts entered into in the ordinary course of business, the Company has not entered into any material contracts that are not disclosed in the Information Memorandum.

4.1.5.2 As at the date of the Information Memorandum, the Company is not in breach of any material obligation in the material contracts that are disclosed in the Information Memorandum.

4.1.5.3 With the exception of contracts entered into by the Company with various advisers for purposes of the Issue, there are no other contracts in respect of the Issue, which have not been disclosed in the Information Memorandum.

4.1.6 **Material Litigation**

4.1.6.1 To the best of our knowledge, information and belief after due enquiry, there are no legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Company is aware) which have had, in the past twelve (12) months preceding the date of this legal opinion, a significant adverse effect on the financial position or the operations of the Group and as at the date of this opinion, there are also no legal or arbitration proceedings which if adversely determined are reasonably likely to have a significant adverse effect on the obligations of the Company in respect of the issuance of the Notes.

4.1.6.2 To the best of our knowledge, information and belief, and after due enquiry, there has been no material prosecution or criminal legal action in which the Company or any of its directors are involved in the past twelve (12) months preceding the date of this legal opinion.

4.1.6.3 As at the date of this opinion and for a period of at least two (2) years prior to the date of this opinion, no director of the Company has:

4.1.6.3.1 had any petition under bankruptcy or insolvency in any jurisdiction pending or threatened against the director;

4.1.6.3.2 had any criminal proceedings in which the director was convicted of fraud or any criminal offence, or be named subject of pending criminal proceeding, or any other offence or action either within or outside Kenya; or

4.1.6.3.3 been the subject of any ruling of a court of competent jurisdiction or any governmental body, that permanently or temporarily prohibits such director from acting as a director or engaging in any type or business practice or activity.

4.1.7 **Approvals**

4.1.7.1 Pursuant to a resolution of the board of directors of the Company dated 5 October 2021, the Company has been duly authorised to issue and list the Notes on the Fixed Income Securities Market Segment of the NSE.

4.1.7.2 The Authority has approved the Information Memorandum and the offer to the public and listing of the Notes on the Fixed Income Securities Market Segment of the NSE, pursuant to a letter of approval dated 6 August 2021.

4.1.7.3 The Authority has approved the Pricing Supplement and the public announcement, pursuant to a letter of approval dated 5 October 2021.

4.1.7.4 The NSE has approved the listing of the Notes on the Fixed Income Securities Market Segment of the NSE, pursuant to a letter of approval dated 5 October 2021.

4.1.7.5 The Notes have been prescribed as a dematerialised security under the Central Depositories Act.

4.1.8 **Notes and Issue Agreements**

4.1.8.1 The Company has the corporate capacity, power and authority to:

4.1.8.1.1 issue the Notes and enter into, execute and deliver the Issue Agreements; and

4.1.8.1.2 exercise its rights and perform its obligations under the Notes and the Issue Agreements.

4.1.8.2 The Company has been duly authorised to execute and deliver the Issue Agreements and their terms are valid and legally binding upon the Company, except as the same may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally and the principles of equity.

4.1.8.3 Neither the execution and delivery of the Issue Agreements or the Notes, nor the consummation of the transactions therein contemplated, nor compliance with the terms and conditions will contravene:

4.1.8.3.1 any existing laws, governmental rule, regulation or order in force in Kenya at the date of the Issue; and

4.1.8.3.2 any provision of the constitutional documents of the Company.

4.1.8.4 The Notes, and the Issue Agreements are in proper legal form and are enforceable against the Company and do not contain provisions which are contrary to law or public policy in Kenya, or which would not for any reason be upheld by the Kenyan courts.

4.1.8.5 The issue of the Notes has been duly authorised and when issued and registered in the Central Depository and Settlement Corporation Account of each Noteholder held with the Central Depository and Settlement Corporation Limited, in accordance with the Central Depositories Act, the Notes will constitute valid and legally binding, direct and unconditional and unsecured obligations of the Company in accordance with their terms, except as the same may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally and by general principles of equity.

4.1.8.6 The Notes constitute direct, general, unconditional and unsecured obligations of the Company and will at all times rank *pari passu* in all respects (including in priority of payment) among themselves and with all other present and future direct, general, unconditional, unsubordinated and unsecured obligations of the Company, except for any obligations that may be preferred by provisions of law that are both mandatory and of general application.

4.1.8.7 Interest (including any commission or discount) payable in respect of the Notes is subject to income tax in Kenya. Unless the Noteholder enjoys specific exemptions, payments of interest are subject to withholding tax at the rates in force from time to time in Kenya. At

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present, the applicable rate is fifteen per cent (15%). The rate of withholding tax may be limited by applicable double taxation treaties, which may also permit the Noteholder to obtain relief outside Kenya. The Notes do not provide for interest to be grossed up where withholding tax applies.

4.1.8.8 No stamp duty will be payable in Kenya in respect of the issue, or on transfers, of the Notes once they are listed on the NSE.

4.1.8.9 Save for (i) stamping of the Issue Agreements with stamp duty (ii) registration of the Trust Deed and (iii) the approvals of the Authority and the NSE referred to in paragraphs 4.1.7.2 and 4.1.7.3 above, there are no governmental or regulatory consents, approvals, authorisations or orders registration, filing or similar formalities required to be carried out in Kenya by the Company in connection with the issuance of the Notes and the performance by the Company of its obligations under the Issue Agreements.

4.1.8.10 Except as noted below it is not necessary under Kenyan law (i) in order to enable any person to exercise or enforce its rights under the Issue Agreements or the Notes, or (ii) by reason of any such person being or becoming the holder of any of the Notes or a party to the Issue Agreements, or the performance by any such person of its obligations thereunder, that any such person should be licensed, qualified or otherwise entitled to carry on business in Kenya, nor will any such performance violate any law applicable in Kenya. Brokers, dealers and investment advisers carrying on business as such in Kenya require a license from the Authority.

4.1.8.11 No holder of the Notes and none of the parties to the Issue Agreements will be deemed to be resident, domiciled or carrying on business in Kenya by reason only of its holding of the Notes or by reason of its execution, performance or enforcement of the Notes or the Issue Agreements.

4.1.8.12 The choice of Kenyan law to govern the Issue Agreements would be recognised and upheld as a valid choice of law in any proceedings in arbitration or in the courts of Kenya and applied by such courts in proceedings in relation to the Issue Agreements as the governing law thereof.

4.1.9 We are not aware of any other material items that relate to the legal status of the Issuer and the Issue.

5. QUALIFICATIONS

5.1 If any provision of the Information Memorandum or the Issue Agreements is held to be illegal, invalid or unenforceable by the Kenyan courts, severance of such provision from the remaining provisions of the Information Memorandum or the Issue Agreements would be subject to the exercise of the discretion of the Kenyan courts.

5.2 The Issue Agreements must be stamped in accordance with the Stamp Duty Act (Chapter 480 of the Laws of Kenya) within thirty (30) days of their execution in order to be admissible in evidence in a Kenyan court. We will attend to stamping within the prescribed period.

5.3 The Trust Deed must be registered at the Registry of Documents within two (2) months of execution of the Trust Deed in accordance with the Registration of Documents Act (Chapter 285 of the Laws of Kenya). We will attend to the registration within the prescribed period.

5.4 Any provision requiring any party to pay default interest may be unenforceable in the Kenyan courts on the grounds (i) that such default interest would constitute a penalty and (ii) that penalties are not generally enforceable under common law. We consider it likely that the Kenyan courts would now follow the decision by the Supreme Court in England in *Cavendish Square Holding BV v Talal El Makdessi [2015] UKSC 67*, regarding recovery by a creditor of default interest, such decision being of persuasive value in Kenya.

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5.5 Any provision to the effect that certain calculations or certificates will be conclusive and binding will not be effective if such calculations or certificates are fraudulent or erroneous on their face and will not prevent judicial enquiry by the Kenyan courts into the merits of any claim by an aggrieved party.

5.6 If any party is vested with any discretion or may determine a matter in its opinion, the Kenyan courts may require that such discretion be exercised reasonably or that such opinion be based on reasonable grounds.

5.7 Nothing in this opinion is to be taken as indicating that the remedy of an order for specific performance or the issue of an injunction would be available in a Kenyan court in respect of the obligations arising under any agreement since such remedies are available only at the discretion of the court. Specific performance is not usually granted and an injunction is not usually issued where damages would be an adequate alternative.

5.8 A Kenyan court may refuse to give effect to a provision to pay the costs of another party in respect of any successful action brought against that party before a Kenyan court and the Kenyan court may not award by way of costs all of the expenditure incurred by a successful litigant in proceedings brought before that court.

5.9 Payments between residents and non-residents of Kenya must be made through authorised banks in Kenya in accordance with the provisions of the Central Bank of Kenya Act (Chapter 491 of the Laws of Kenya).

5.10 Service of legal process on the Company by post in connection with any proceedings in the Kenyan courts would be effective only if made in accordance with the applicable court rules or with the leave of the court.

5.11 The Trust Deed may be subject to the provisions of the Consumer Protection Act (No. 46 of 2012 of the Laws of Kenya), which provides:

5.11.1 interest on overdue amounts is recoverable so long as the rate is specified in the Trust Deed as applicable; and

5.11.2 other default charges may not exceed reasonable debt recovery and security enforcement costs.

6. MISCELLANEOUS

6.1 This opinion relates to the laws of Kenya in force at the date hereof. No opinion is expressed as to the laws of any other jurisdiction.

6.2 This opinion is given as of the date hereof. No opinion is expressed in relation to facts or circumstances arising after the date hereof.

6.3 To the extent any opinion expressed in this letter and the opinions given in it relates to a future event, it is expressed on the assumption that Kenyan law will remain the same on any relevant future date as that in existence as at the date of this letter and, accordingly, no opinion is given that the future or continued performance of the obligations of any of the parties to the Notes and/or the Issue Agreements or the consummation of the transactions contemplated in any of the Notes and/or the Issue Agreements will not contravene Kenyan law if such law is altered.

6.4 This opinion is strictly limited to the matters stated in paragraph 4 (*Opinions*) and does not extend to any other matters. The statements in this letter do not purport to be an analysis of all the rights and obligations of the parties to the Notes and/or the Issue Agreements under Kenyan law, but are merely opinions regarding the effectiveness of, and the limitations Kenyan law imposes on, the express terms of the Notes and the Issue Agreements.

6.5 This opinion is addressed to the Company and may be relied upon for the purposes of the issue of the Notes by (i) the Company, and (ii) the initial subscribers for the Notes. It may not be relied upon by any other person or used for any other purpose.

7. **CONSENT**

7.1 We confirm that we have given, and as at the date of issue of the Information Memorandum, have not withdrawn, our consent to its issue and to the inclusion of our legal opinion therein.

Yours faithfully

Coulson Harney

COULSON HARNEY LLP

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ANNEXURE 1

List of Trading Subsidiaries	Shareholding %	Registration Number	Jurisdiction
1. Kenya Breweries Limited	100% owned by East African Breweries PLC	C. 4760	Kenya
2. UDV (Kenya) Limited	46.3% owned by East African Breweries PLC	C.5310	Kenya
3. International Distillers Uganda Limited	100% owned by East African Breweries PLC	2394	Uganda
4. Uganda Breweries Limited	98.2% owned by East African Breweries PLC	P. 18	Uganda
5. Serengeti Breweries Limited	85% owned by East African Breweries PLC	15289	Tanzania
6. East Africa Maltings Limited	100% owned by East African Breweries PLC	90856	Kenya

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ANNEXURE 2

Land and Property

Properties registered in the name of East African Breweries PLC	
1.	Land Reference Number 10119/10
Properties registered in the name of Kenya Breweries Limited	
2.	Land Reference Number Machakos Town/ Block 1/278
3.	Land Reference Number 209/1498/3
4.	Land Reference Number Kisumu Municipality/ Block 4/ 161
5.	Land Reference Number Mombasa/ Block IX/ 133
6.	Plot Numbers 2036, 2037, 2038 and 2039, Malindi Township, Kilifi District
7.	Land Reference Number Homa-Bay Municipality/ Block I/ 405
8.	Land Reference Number 209/20783
9.	Land Reference Number 209/20785
10.	Land Reference Number 533/1/15
11.	Land Reference Number 533/334
12.	Land Reference Number 533/428
13.	Land Reference Number 533/476
14.	Land Reference Number 533/477
15.	Land Reference Number 533/478
16.	Land Reference Number 12852/2
17.	Land Reference Number 4904/2
Properties registered in the name of Uganda Breweries Limited	
18.	Plot Number 1B, Bell Road, Nakawa, Kyadondo, Mengo, Uganda
19.	Plot Numbers 3- 17, Bell Road and M. 92 Port Bell, City of Kampala, Uganda
Properties registered in the name of International Distillers Uganda Limited	
20.	Plot Numbers 35, Bell Road and 6 Quarry Road, Nakawa, Kyadondo, Mengo, Uganda
Properties registered in the name of Serengeti Breweries Limited	
21.	Plot Number 117/1, Port Access Road Chang'ombe Industrial Area, Dar es Salaam City, Tanzania

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22.	Plot Number 117/2, Port Access Road Chang'ombe Industrial Area, Dar es Salaam City Tanzania
23.	Plot Numbers 72, 73, 74 and 75 (combined) Block 'JJJ' Section 'V' Karanga Industrial Area, Moshi Township, Tanzania
24.	Plot Number 256 Block 'JJJ' Karanga, Moshi Municipality, Tanzania
25.	Plot Number 122 Nyakato Industrial Area, Mwanza Municipality, Tanzania
26.	Plot Number 69 Industrial Area, Mwanza Municipality, Tanzania

Appendix B: Reporting Accountant’s Report

EAST AFRICAN BREWERIES PLC

HISTORICAL FINANCIAL INFORMATION

FOR FINANCIAL YEARS ENDED 30 JUNE 2016, 2017, 2018, 2019 AND 2020

East African Breweries PLC
Historical financial information for each of the preceding five financial years

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pwc

The Directors
East African Breweries PLC
Garden City Business Park
Ruaraka
Nairobi, Kenya

Reporting Accountant's report on compilation of the historical financial information of East African Breweries PLC for each of the five financial years ended 30 June 2020

We have compiled the accompanying historical financial information set out on pages 2 to 98 of East African Breweries PLC (the "Company") and its subsidiaries (together, the "Group") for each of the five financial years ended 30 June 2020 based on information provided to us by management. The historical financial information comprise:

- Consolidated statements of profit or loss for each of the financial years;
- Consolidated statements of comprehensive income for each of the financial years;
- Company statements of profit or loss and other comprehensive income for each of the financial years;
- Consolidated and Company statements of financial of financial position at 30 June of each year;
- Consolidated and Company statements of changes in equity for each of the financial years;
- Consolidated and Company statements of cash flows for each of the financial years; and
- the notes, including a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), *Compilation engagements*.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of the historical financial information in accordance with International Financial Reporting Standards (IFRS). **The historical financial information for each of the five financial years is based on the audited financial statements of the Company for the respective financial years, as adjusted for changes in International Financial Reporting Standards (IFRSs) to achieve consistent application of accounting policies and presentation as disclosed under Note 2(a).**

We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

The historical financial information and the accuracy and completeness of the information used to compile them are your responsibility.

Becuase a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with International Financial Reporting Standards.

We consent to the inclusion of this report in the Information Memorandum to be issued to the prospective investors in the Medium-Term Note Programme of East African Breweries PLC in the form and context in which it appears.

FCPA Michael Mugasa, Practising certificate No. 1478
Engagement partner responsible for the engagement

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

5 October 2021

East African Breweries PLC
Historical financial information for each of the preceding five financial years

Consolidated statement of profit or loss

	Note	Year ended 30 June 2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
Revenue from contracts with customers	6	74,916,259	82,543,241	73,456,832	70,247,065	64,322,220
Cost of sales	7	(41,896,229)	(44,426,104)	(41,052,409)	(39,116,742)	(32,110,383)
Gross profit		**33,020,030**	**38,117,137**	**32,404,423**	**31,130,323**	**32,211,837**
Selling and distribution costs		(6,590,629)	(7,209,400)	(6,423,767)	(5,375,078)	(6,058,859)
Administrative expenses	8	(8,565,240)	(9,271,722)	(8,467,078)	(8,213,677)	(9,000,739)
Other expenses	9	(3,382,811)	(322,889)	(2,344,884)	(1,025,056)	(262,539)
Finance income	12	164,873	120,601	81,949	81,686	280,738
Finance costs	12	(3,990,964)	(3,603,824)	(3,512,626)	(3,299,950)	(3,553,873)
Profit before income tax	10	**10,655,259**	**17,829,903**	**11,738,017**	**13,298,248**	**13,616,565**
Income tax expense	13	(3,634,344)	(6,299,520)	(4,486,255)	(4,792,765)	(5,597,555)
Profit for the year		**7,020,915**	**11,530,383**	**7,251,762**	**8,505,483**	**8,019,010**
Profit from discontinued operations, net of tax	22	-	-	-	-	2,249,428
Profit for the year		**7,020,915**	**11,530,383**	**7,251,762**	**8,505,483**	**10,268,438**
Profit attributable to:						
Equity holders of the Company		4,086,477	8,893,042	5,679,971	7,667,947	9,648,332
Non-controlling interests	18	2,934,438	2,637,341	1,571,791	837,536	620,106
Profit for the year		**7,020,915**	**11,530,383**	**7,251,762**	**8,505,483**	**10,268,438**
Earnings per share -basic and diluted (Kshs per share)	15	5.17	11.25	7.18	9.70	12.20
Earnings per share - continuing operations -basic and diluted (Kshs per share)		5.17	11.25	7.18	9.70	9.36
Earnings per share - discontinuing operations -basic and diluted (Kshs per share)		-	-	-	-	2.84

Consolidated statement of comprehensive income

	Year ended 30 June				
	2020	**2019**	**2018**	**2017**	**2016**
	Kshs '000	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
Profit for the year	7,020,915	11,530,383	7,251,762	8,505,483	10,268,438
Other comprehensive income, net of tax:					
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations	657,748	610,943	(865,067)	(788,612)	(2,177,026)
Total comprehensive income for the year	**7,678,663**	**12,141,326**	**6,386,695**	**7,716,871**	**8,091,412**
Total comprehensive income for the year attributable to:					
Equity holders of the Company	4,617,270	9,468,822	4,869,522	7,023,880	7,474,784
Non-controlling interests	3,061,393	2,672,504	1,517,173	692,991	616,628
Total comprehensive income for the year	**7,678,663**	**12,141,326**	**6,386,695**	**7,716,871**	**8,091,412**

Company statement of profit or loss and other comprehensive income

	Note	2020	2019	2018	2017	2016
		Year ended 30 June				
		Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Revenue from contracts with customers	6	15,576,459	11,614,838	15,804,434	17,273,478	13,295,708
Cost of sales	7	-	(1,802,474)	(2,662,550)	(2,595,378)	(266,950)
Gross profit		**15,576,459**	**9,812,364**	**13,141,884**	**14,678,100**	**13,028,758**
Selling and distribution costs		-	-	-	(15,395)	-
Administrative expenses	8	(1,493,509)	(1,662,219)	(1,652,783)	(1,891,092)	(2,494,985)
Other (expenses)/ income	9	(942,523)	1,897,238	(6,728,019)	(904,767)	2,725,948
Finance income	12	3,101,187	2,070,883	1,584,653	1,619,077	1,862,705
Finance costs	12	(5,560,487)	(4,707,140)	(3,885,917)	(4,022,470)	(4,779,165)
Profit before income tax	10	**10,681,127**	**7,411,126**	**2,459,818**	**9,463,453**	**10,343,261**
Income tax expense	13	(620,194)	(443,884)	(400,973)	557,722	(205,778)
Profit for the year		**10,060,933**	**6,967,242**	**2,058,845**	**10,021,175**	**10,137,483**
Profit for the year		10,060,933	6,967,242	2,058,845	10,021,175	10,137,483
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income for the year		**10,060,933**	**6,967,242**	**2,058,845**	**10,021,175**	**10,137,483**

Consolidated statement of financial position

	Note	2020 Kshs '000	2019 Kshs '000	At 30 June 2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
Equity attributable to owners of the Company						
Share capital	16	1,581,547	1,581,547	1,581,547	1,581,547	1,581,547
Share premium	16	1,691,151	1,691,151	1,691,151	1,691,151	1,691,151
Other reserves	17	(2,821,327)	(3,388,566)	(3,874,224)	(2,571,084)	(1,927,017)
Retained earnings		5,869,572	8,760,247	6,267,218	11,672,499	9,935,359
		6,320,943	**8,644,379**	**5,665,692**	**12,374,113**	**11,281,040**
Non-controlling interests	18	7,672,325	7,510,372	5,971,091	(397,403)	(416,169)
Total equity		**13,993,268**	**16,154,751**	**11,636,783**	**11,976,710**	**10,864,871**
Non-current liabilities						
Deferred income tax	19	5,568,697	6,136,317	3,264,233	5,095,988	1,303,190
Borrowings	31	36,900,000	31,115,178	30,546,789	27,488,274	21,473,594
Lease liabilities	32	1,151,841	837,660	535,662	463,771	200,645
		43,620,538	**38,089,155**	**34,346,684**	**33,048,033**	**22,977,429**
Total equity and non-current liabilities		**57,613,806**	**54,243,906**	**45,983,467**	**45,024,743**	**33,842,300**
Non-current assets						
Property, plant and equipment	20	56,734,910	53,037,811	45,363,844	37,317,446	35,606,808
Right-of-use assets	21	1,577,415	1,196,243	750,017	472,843	100,506
Intangible assets – Software	23	602,036	621,076	441,597	562,815	422,611
Intangible assets – Goodwill	24	2,831,130	2,743,001	2,712,564	2,839,319	3,577,191
Intangible assets – Brand	24	481,219	463,430	459,394	482,562	563,005
Other financial assets	26	10,000	10,000	10,000	10,000	10,000
Deferred income tax	19	453,277	580,761	726,114	3,304,578	-
		62,689,987	**58,652,322**	**50,463,530**	**44,989,563**	**40,280,121**
Current assets						
Inventories	27	10,916,370	7,368,012	7,882,606	7,473,094	8,131,242
Trade and other receivables	28	5,681,444	8,222,994	7,946,481	9,928,000	11,572,146
Current income tax		3,708,970	1,363,112	2,108,505	826,033	631,827
Derivative financial instruments	29	-	179,678	-	-	-
Cash and bank balances	35	5,661,635	12,468,585	3,588,370	3,907,473	1,221,066
		25,968,419	**29,602,381**	**21,525,962**	**22,134,600**	**21,556,281**
Current liabilities						
Trade and other payables	30	21,731,083	27,864,192	24,629,299	20,814,011	21,920,678
Dividends payable		815,661	590,623	562,611	487,109	873,588
Borrowings	31	4,106,253	5,204,566	118,667	-	-
Lease liabilities	32	459,265	351,416	222,257	208,934	24,680
Derivative financial instruments	29	-	-	71,946	-	-
Bank overdraft	35	3,932,338	-	401,245	589,366	5,175,156
		31,044,600	**34,010,797**	**26,006,025**	**22,099,420**	**27,994,102**
Net current liabilities		**(5,076,181)**	**(4,408,416)**	**(4,480,063)**	**35,180**	**(6,437,821)**
		57,613,806	**54,243,906**	**45,983,467**	**45,024,743**	**33,842,300**

East African Breweries PLC
Historical financial information for each of the preceding five financial years

Company statement of financial position

	Note	2020 Kshs '000	2019 Kshs '000	At 30 June 2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
Equity attributable to owners of the Company						
Share capital	16	1,581,547	1,581,547	1,581,547	1,581,547	1,581,547
Share premium	16	1,691,151	1,691,151	1,691,151	1,691,151	1,691,151
Other reserves	17	48,310	26,184	14,584	-	-
Retained earnings		16,578,125	13,634,161	12,993,113	16,865,075	12,774,707
Total equity		**19,899,133**	**16,933,043**	**16,280,395**	**20,137,773**	**16,047,405**
Non-current liabilities						
Borrowings	31	36,900,000	31,115,178	30,337,698	26,969,236	20,969,236
Lease liabilities	32	10,986	30,343	18,322	19,607	4,554
		36,910,986	**31,145,521**	**30,356,020**	**26,988,843**	**20,973,790**
Total equity and non-current liabilities		**56,810,119**	**48,078,564**	**46,636,415**	**47,126,616**	**37,021,195**
Non-current assets						
Property and equipment	20	480,265	549,171	382,388	384,424	661,727
Right-of-use assets	21	26,458	52,557	31,612	28,867	7,167
Intangible assets – software	23	122,344	125,303	206,427	282,544	272,628
Investment in subsidiaries	25	40,620,200	39,955,009	40,105,207	29,053,977	29,053,977
Other financial assets	26	10,000	10,000	10,000	10,000	10,000
Receivables from related parties	36	27,894,760	18,618,264	18,502,436	20,436,978	16,675,565
Deferred income tax	19	442,533	507,688	726,114	1,424,232	1,652,631
		69,596,560	**59,817,992**	**59,964,184**	**51,621,022**	**48,333,695**
Current assets						
Trade and other receivables	28	2,096,784	1,150,474	3,825,755	5,862,696	8,662,668
Inventories	27	-	-	38,906	33,958	2,594
Current income tax		1,812,745	1,771,712	1,391,212	1,203,598	1,084,934
Derivative financial instruments	29	-	179,678	-	-	-
Cash and bank balances	35	3,616,403	9,020,367	1,685,800	1,927,851	35,437
		7,525,932	**12,122,231**	**6,941,673**	**9,028,103**	**9,785,633**
Current liabilities						
Trade and other payables	30	12,674,504	18,248,822	19,613,621	13,025,960	15,168,022
Dividends payable		815,661	590,623	562,611	487,109	873,588
Bank overdraft	35	2,804,807	-	7,175	369	5,054,999
Derivative financial instruments	29	-	-	71,946	-	-
Borrowings	31	4,000,000	5,000,000	-	-	-
Lease liabilities	32	17,401	22,214	14,089	9,071	1,524
		20,312,373	**23,861,659**	**20,269,442**	**13,522,509**	**21,098,133**
Net current liabilities		**(12,786,441)**	**(11,739,428)**	**(13,327,769)**	**(4,494,406)**	**(11,312,500)**
		56,810,119	**48,078,564**	**46,636,415**	**47,126,616**	**37,021,195**

Consolidated statement of changes in equity

Year ended 30 June 2020	Share capital Kshs '000	Share premium Kshs '000	Other reserves Kshs '000	Retained earnings Kshs '000	Total Kshs '000	Non-controlling interest Kshs '000	Total equity 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 non-controlling interest in subsidiary (Note 18)	-	-	-	(308,147)	**(308,147)**	-	**(308,147)**
Adjustment from purchase of non-controlling interests (Note 18)	-	-	-	447,964	**447,964**	(447,964)	**-**
Share based payment reserve (Note 17)	-	-	22,126	-	**22,126**	-	**22,126**
Employees share ownership plan (Note 17)	-	-	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**

Consolidated statement of changes in equity (continued)

Year ended 30 June 2019	**Share capital Kshs '000**	**Share premium Kshs '000**	**Other reserves Kshs '000**	**Retained earnings Kshs '000**	**Total Kshs '000**	**Non-controlling interest Kshs '000**	**Total equity Kshs '000**
At 1 July 2018	**1,581,547**	**1,691,151**	**(3,874,224)**	**6,267,218**	**5,665,692**	**5,971,091**	**11,636,783**
IFRS 9 transition adjustment	-	-	-	(73,819)	**(73,819)**	-	**(73,819)**
As restated	**1,581,547**	**1,691,151**	**(3,874,224)**	**6,193,399**	**5,591,873**	**5,971,091**	**11,562,964**
Total comprehensive income							
Profit for the year	-	-	-	8,893,042	**8,893,042**	2,637,341	**11,530,383**
Other comprehensive income	-	-	575,780	-	**575,780**	35,163	**610,943**
Total comprehensive income for the year	**-**	**-**	**575,780**	**8,893,042**	**9,468,822**	**2,672,504**	**12,141,326**
Transactions with owners of the Company							
Share based payment reserve (Note 17)	-	-	11,600	-	**11,600**	-	**11,600**
Employees share ownership plan (Note 17)	-	-	(101,722)	-	**(101,722)**	-	**(101,722)**
Dividends:			-				
- Interim for 2019	-	-	-	(1,976,935)	**(1,976,935)**	(55,240)	**(2,032,175)**
- Final for 2018	-	-	-	(4,349,259)	**(4,349,259)**	(1,077,983)	**(5,427,242)**
Total transactions with owners of the Company	**-**	**-**	**(90,122)**	**(6,326,194)**	**(6,416,316)**	**(1,133,223)**	**(7,549,539)**
At 30 June 2019	**1,581,547**	**1,691,151**	**(3,388,566)**	**8,760,247**	**8,644,379**	**7,510,372**	**16,154,751**

Consolidated statement of changes in equity (continued)

Year ended 30 June 2018	Share capital Kshs '000	Share premium Kshs '000	Other reserves Kshs '000	Retained earnings Kshs '000	Total Kshs '000	Non-controlling interest Kshs '000	Total equity Kshs '000
At 1 July 2017	**1,581,547**	**1,691,151**	**(2,571,084)**	**11,672,499**	**12,374,113**	**(397,403)**	**11,976,710**
Total comprehensive income							
Profit for the year	-	-	-	5,679,971	**5,679,971**	1,571,791	**7,251,762**
Other comprehensive income	-	-	(810,449)	-	**(810,449)**	(54,618)	**(865,067)**
Total comprehensive income for the year	**-**	**-**	**(810,449)**	**5,679,971**	**4,869,522**	**1,517,173**	**6,386,695**
Transactions with owners of the Company							
Transactions with non-controlling interests (Note 18)	-	-	-	(5,694,139)	**(5,694,139)**	5,694,139	**-**
Share based payment reserve (Note 17)	-	-	14,584	-	**14,584**	-	**14,584**
Employees share ownership plan (Note 17)	-	-	(507,275)	539,694	**32,419**	-	**32,419**
Dividends:							
- Interim for 2018	-	-	-	(1,581,548)	**(1,581,548)**	(842,818)	**(2,424,366)**
- Final for 2017	-	-	-	(4,349,259)	**(4,349,259)**	-	**(4,349,259)**
Total transactions with owners of the Company	**-**	**-**	**(492,691)**	**(11,085,252)**	**(11,577,943)**	**4,851,321**	**(6,726,622)**
At 30 June 2018	**1,581,547**	**1,691,151**	**(3,874,224)**	**6,267,218**	**5,665,692**	**5,971,091**	**11,636,783**

Consolidated statement of changes in equity (continued)

Year ended 30 June 2017	Share capital Kshs '000	Share premium Kshs '000	Other reserves Kshs '000	Retained earnings Kshs '000	Total Kshs '000	Non-controlling interest Kshs '000	Total equity Kshs '000
At 1 July 2016	**1,581,547**	**1,691,151**	**(1,927,017)**	**9,935,359**	**11,281,040**	**(416,169)**	**10,864,871**
Total comprehensive income							
Profit for the year	-	-	-	7,667,947	**7,667,947**	837,536	**8,505,483**
Other comprehensive income	-	-	(644,067)	-	**(644,067)**	(144,545)	**(788,612)**
Total comprehensive income for the year	**-**	**-**	**(644,067)**	**7,667,947**	**7,023,880**	**692,991**	**7,716,871**
Transactions with owners of the Company							
Dividends:							
- Interim for 2017	-	-	-	(1,581,548)	**(1,581,548)**	-	**(1,581,548)**
- Final for 2016	-	-	-	(4,349,259)	**(4,349,259)**	(674,225)	**(5,023,484)**
Total transactions with owners of the Company	**-**	**-**	**-**	**(5,930,807)**	**(5,930,807)**	**(674,225)**	**(6,605,032)**
At 30 June 2017	**1,581,547**	**1,691,151**	**(2,571,084)**	**11,672,499**	**12,374,113**	**(397,403)**	**11,976,710**

Consolidated statement of changes in equity (continued)

Year ended 30 June 2016	**Share capital Kshs '000**	**Share premium Kshs '000**	**Other reserves Kshs '000**	**Retained earnings Kshs '000**	**Total Kshs '000**	**Non-controlling interest Kshs '000**	**Total equity Kshs '000**
At 1 July 2015	**1,581,547**	**1,691,151**	**246,531**	**10,171,706**	**13,690,935**	**(337,752)**	**13,353,183**
Total comprehensive income							
Profit for the year	-	-	-	9,648,332	**9,648,332**	620,106	**10,268,438**
Other comprehensive income	-	-	(2,173,548)	-	**(2,173,548)**	(3,478)	**(2,177,026)**
Total comprehensive income for the year	-	-	**(2,173,548)**	**9,648,332**	**7,474,784**	**616,628**	**8,091,412**
Transactions with owners of the company							
Dividends:							
- Special dividend for 2016	-	-	-	(3,558,485)	**(3,558,485)**	-	**(3,558,485)**
- Interim for 2016	-	-	-	(1,581,549)	**(1,581,549)**	-	**(1,581,549)**
- Final for 2015	-	-	-	(4,744,645)	**(4,744,645)**	(695,045)	**(5,439,690)**
Total transactions with owners of the company	-	-	-	**(9,884,679)**	**(9,884,679)**	**(695,045)**	**(10,579,724)**
At 30 June 2016	**1,581,547**	**1,691,151**	**(1,927,017)**	**9,935,359**	**11,281,040**	**(416,169)**	**10,864,871**

Company statement of changes in equity

Year ended 30 June 2020	Share capital Kshs'000	Share premium Kshs'000	Other reserves Kshs '000	Retained earnings Kshs'000	Total equity Kshs'000
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**

Year ended 30 June 2019	Share capital Kshs'000	Share premium Kshs'000	Other reserves Kshs '000	Retained earnings Kshs'000	Total equity Kshs'000
At 1 July 2018	**1,581,547**	**1,691,151**	**14,584**	**12,993,113**	**16,280,395**
Total comprehensive income for the year	-	-		6,967,242	6,967,242
Transactions with owners of the Company:					
Share based payment reserve (Note 17(a))	-	-	11,600	-	11,600
Dividends:					
- Interim for 2019	-	-	-	(1,976,935)	(1,976,935)
- Final for 2018	-	-	-	(4,349,259)	(4,349,259)
Total transactions with owners of the Company	-	-	11,600	(6,326,194)	(6,314,594)
At 30 June 2019	**1,581,547**	**1,691,151**	**26,184**	**13,634,161**	**16,933,043**

Company statement of changes in equity (continued)

Year ended 30 June 2018	Share capital Kshs'000	Share premium Kshs'000	Other reserves Kshs '000	Retained earnings Kshs'000	Total equity Kshs'000
At 1 July 2017	**1,581,547**	**1,691,151**	**-**	**16,865,075**	**20,137,773**
Total comprehensive income for the year	-	-	-	2,058,845	2,058,845
Transactions with owners of the company					
Share based payment reserve (Note 17(a))	-	-	14,584	-	14,584
Dividends:					
- Interim for 2018	-	-	-	(1,581,548)	(1,581,548)
- Final for 2017	-	-	-	(4,349,259)	(4,349,259)
Total transactions with owners of the company	-	-	14,584	(5,930,807)	(5,916,223)
At 30 June 2018	**1,581,547**	**1,691,151**	**14,584**	**12,993,113**	**16,280,395**

Year ended 30 June 2017	Share capital Kshs'000	Share premium Kshs'000	Other reserves Kshs '000	Retained earnings Kshs'000	Total equity Kshs'000
At 1 July 2016	**1,581,547**	**1,691,151**	**-**	**12,774,707**	**16,047,405**
Total comprehensive income for the year	-	-	-	10,021,175	10,021,175
Transactions with owners of the company					
Dividends:					
- Interim for 2016	-	-	-	(1,581,548)	(1,581,548)
- Final for 2016	-	-	-	(4,349,259)	(4,349,259)
Total transactions with owners of the company	-	-	-	(5,930,807)	(5,930,807)
At 30 June 2017	**1,581,547**	**1,691,151**	**-**	**16,865,075**	**20,137,773**

Company statement of changes in equity (continued)

	Share capital Kshs'000	Share premium Kshs'000	Retained earnings Kshs'000	Total equity Kshs'000
Year ended 30 June 2016				
At 1 July 2015	**1,581,547**	**1,691,151**	**12,521,903**	**15,794,601**
Total comprehensive income for the year	-	-	10,137,483	10,137,483
Transactions with owners of the Company:				
Dividends:				
- Special dividend for 2016	-	-	(3,558,485)	(3,558,485)
- Interim for 2016	-	-	(1,581,549)	(1,581,549)
- Final for 2015	-	-	(4,744,645)	(4,744,645)
Total distribution to owners	-	-	(9,884,679)	(9,884,679)
At 30 June 2016	**1,581,547**	**1,691,151**	**12,774,707**	**16,047,405**

Consolidated statement of cash flows

	Notes	At 30 June 2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
Operating activities						
Cash generated from operations	35	13,636,327	29,004,186	21,964,684	21,655,219	27,959,678
Interest received	12	164,873	120,601	81,949	81,686	280,738
Interest paid on borrowings		(3,865,182)	(3,725,127)	(3,429,018)	(3,255,402)	(3,545,979)
Interest paid on lease liabilities	32	(104,349)	(111,247)	(71,559)	(44,548)	(7,894)
Income tax paid		(6,484,820)	(2,321,074)	(4,810,885)	(4,435,419)	(6,091,925)
Net cash flows from operating activities		**3,346,849**	**22,967,339**	**13,735,171**	**14,001,536**	**18,594,618**
Investing activities						
Purchase of property, plant and equipment	20	(7,952,915)	(11,676,964)	(13,028,734)	(5,662,510)	(4,870,101)
Purchase of intangible assets - software	23	(163,187)	(91,614)	(2,627)	(31,388)	(147,435)
Purchase of leasehold property		-	-	-	(5,066)	-
Purchase of additional interest in a subsidiary	18	(308,147)	-	-	-	-
Proceeds from disposal of property, plant and equipment		93,992	222,364	2,539,228	1,031,397	208,000
Proceeds from disposal of subsidiary		-	-	-	-	3,479,592
Net cash flows from investing activities		**(8,330,257)**	**(11,546,214)**	**(10,492,133)**	**(4,667,567)**	**(1,329,944)**
Financing activities						
Repayment of principal portion of lease liabilities	32	(473,709)	(401,536)	(175,829)	(87,065)	(17,323)
Dividends paid to Company's shareholders	14	(7,131,156)	(6,298,182)	(5,855,305)	(6,317,286)	(9,625,960)
Dividends paid to non-controlling interests		(2,451,476)	(1,133,223)	(842,818)	(674,255)	(695,045)
Proceeds from borrowings	31	23,400,000	17,334,800	8,707,194	8,500,000	4,994,446
Repayment of borrowings	31	(18,716,209)	(11,525,326)	(5,492,942)	(2,500,000)	(12,898,623)
Movement of treasury shares	17	14,320	(101,722)	(9,272)	-	-
Net cash flows from financing activities		**(5,358,230)**	**(2,125,189)**	**(3,668,972)**	**(1,078,606)**	**(18,242,505)**
Net (decrease)/increase in cash and cash equivalents		**(10,341,638)**	**9,295,936**	**(425,934)**	**8,255,363**	**(977,831)**
Movement in cash and cash equivalents						
At start of year		12,468,585	3,187,125	3,318,107	(3,954,090)	(1,391,898)
Foreign exchange impact on translation		(397,650)	(14,476)	294,952	(983,166)	(1,584,361)
Net (decrease)/increase during the year		(10,341,638)	9,295,936	(425,934)	8,255,363	(977,831)
At end of year	35	**1,729,297**	**12,468,585**	**3,187,125**	**3,318,107**	**(3,954,090)**

Company statement of cash flows

	Notes	At 30 June 2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
Operating activities						
Cash generated from operations	35	(6,324,044)	5,235,109	10,249,501	(224,849)	10,329,542
Interest received		3,101,187	1,819,259	1,584,653	1,619,077	1,862,705
Interest paid on borrowings		(5,378,960)	(4,685,570)	(3,871,045)	(4,019,349)	(4,778,835)
Interest paid on lease liabilities	32	(3,817)	(5,119)	(4,054)	(3,121)	(330)
Income tax paid		(596,072)	(605,961)	(220,162)	(118,663)	(1,606,776)
Net cash flows from operating activities		**(9,201,706)**	**1,757,718**	**7,738,893**	**(2,746,905)**	**5,806,306**
Investing activities						
Purchase of property and equipment	20	(686,808)	(326,144)	(71,659)	(377,026)	(262,144)
Purchase of intangible assets	23	(75,988)	(2,163)	(2,627)	(7,607)	-
Purchase of additional interest in a subsidiary	25	(995,809)	-	-	-	-
Proceeds from disposal of property and equipment		696,524	318,279	1,786,943	1,271,650	178,000
Proceeds from disposal of subsidiary		-	-	-	-	3,479,592
Proceeds on disposal of leasehold property		-	630	421	-	-
Movement in intercompany funding		(9,276,496)	-	(15,000,000)	(591,634)	(4,557,674)
Dividends received from subsidiaries		13,702,016	6,131,586	7,798,813	9,723,594	10,103,583
Net cash flows from investing activities		**3,363,439**	**6,122,188**	**(5,488,109)**	**10,018,977**	**8,941,357**
Financing activities						
Repayment of principal portion of lease liabilities	32	(24,170)	(17,462)	(12,798)	(7,742)	(709)
Dividends paid to Company's shareholders		(7,131,156)	(6,298,182)	(5,855,305)	(6,317,286)	(9,625,960)
Proceeds from borrowings	31	23,400,000	17,334,800	8,707,194	8,500,000	4,500,000
Repayment of borrowings	31	(18,615,178)	(11,557,320)	(5,338,732)	(2,500,000)	(11,715,761)
Net cash used in financing activities		**(2,370,504)**	**(538,164)**	**(2,499,641)**	**(325,028)**	**(16,842,430)**
(Decrease)/increase in cash and cash equivalents		**(8,208,771)**	**7,341,742**	**(248,857)**	**6,947,044**	**(2,094,767)**
Movement in cash and cash equivalents						
At start of year		9,020,367	1,678,625	1,927,482	(5,019,562)	(2,924,795)
(Decrease)/increase during the year		(8,208,771)	7,341,742	(248,857)	6,947,044	(2,094,767)
At end of year	35	**811,596**	**9,020,367**	**1,678,625**	**1,927,482**	**(5,019,562)**

Notes

1 General information

East African Breweries PLC is incorporated as a limited liability Company in Kenya under the Kenyan Companies Act and is domiciled in Kenya. Effective 1 October 2021, the Company changed its name from East African Breweries Limited to East African Breweries PLC.

The address of its registered office and principal place of business is as follows:

East African Breweries PLC
Garden City Business Park, Ruaraka
PO Box 30161
00100 Nairobi GPO

The consolidated financial statements for East African Breweries PLC for each of the five financial years ended at 30 June 2020 for the Company and its 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 statement of profit or loss, 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 Group and Company financial statements are 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.

The compilation of the historical financial information for each of the five financial years is based on the audited financial statements of the Group and Company for the respective financial years, as adjusted for changes in International Financial Reporting Standards (IFRSs) during the period to achieve consistent application of accounting policies and presentation as explained under Note 2(a)(v).

(ii) *Going concern*

The Group's statement of financial position indicates a net current liabilities position of 2020: Kshs 5,076,181,000 (2019: Kshs 4,057,000,000, 2018: Kshs 4,257,806,000, 2017: net current assets of Kshs 150,886,000, 2016: Kshs 6,413,141,000). 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 exempted the Group from maintaining a current ratio of 1 until June 2023. The Group had undrawn funding available as at 30 June 2020 of Kshs 4.1 billion (2019: Kshs 11.7 billion, 2018: Kshs 13.4 billion, 2017: Kshs 11 billion, 2016: Kshs 12.5 billion) as disclosed in Note 31.

To further satisfy themselves as to the going concern of the Group Management undertook 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.

Notes (continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) *Going concern (continued)*

Covid-19 pandemic considerations

Covid- 19 pandemic was declared a global health pandemic by the World Health Organisation (WHO) during the year and has negatively affected global economy and general slow down of business in the industry the Group operates in.

The Group responded to this by coming up with measures aimed at ensuring the business navigates through the pandemic period. The measures are focussed in ensuring that the business conserves cash through rationalisation of expenditure while optimising on the more revenue generating trade channels. 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.

(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 and Company'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 and Company*

A number of International Financial Reporting Standards (IFRS) were amended or introduced in the five years period of presentation as summarised in the table below:

Standard	Affected financial years	Impact on the financial statements
IFRS 16 – *Leases* (effective 1 January 2019)	2016-2020	IFRS 16 affected primarily the accounting by lessees and resulted in the recognition of almost all leases on the balance sheet. The standard removed the current distinction between operating and financing leases and required recognition of an asset (the right-to-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The adoption of the standard affected the profit for the year in the statement of profit or loss because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and amortisation of the right-of-use asset. Operating cash flows increased as cash payments for the principal portion of the lease liability are classified within financing activities.

Notes (continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(v) *New and amended standards adopted by the Group and Company (continued)*

Standard	Affected financial years	Impact on the financial statements
		Only the part of the payments that reflects interest on leases continued to be presented as operating cash flows. The financial statements for 2016, 2017, 2018 and 2019 have been restated to comply with the new standard. Refer to Note 21.
IFRIC 23 - *Uncertainty over Income Tax Treatments* (effective 1 January 2019)	2016-2020	The interpretation explains how to recognise, and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements. The amendment did not have a significant effect on the Group and Company, and no adjustments are necessary to the financial statements for 2016, 2017, 2018 and 2019.
Amendments to IFRS 9 - *Prepayment Features with Negative Compensation* (effective 1 January 2019)	2016-2020	The narrow-scope amendments made to IFRS 9 Financial Instruments in October 2017 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The amendment did not have a significant effect on the Group and Company, and no adjustments are necessary to the financial statements for 2016, 2017, 2018 and 2019.
Annual Improvements to IFRS Standards 2015-2017 Cycle (effective 1 January 2019)	2016-2019	The following improvements were finalised in December 2017: • IFRS 3 Business Combinations – clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. • IFRS 11 Joint Arrangements – clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation. • IAS 12 Disclosure of Interests in Other Entities – clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

Notes (continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(v) *New and amended standards adopted by the Group and Company (continued)*

Standard	Affected financial years	Impact on the financial statements
		• IAS 23 Borrowing Costs – clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. The amendment did not have a significant effect on the Group and Company, and no adjustments are necessary to the financial statements for 2016, 2017, 2018 and 2019.
Amendments to IAS 19 - *Plan Amendment, Curtailment or Settlement* (effective 1 January 2019)	2016-2020	The amendments to IAS 19 Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must: • calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change; • recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and • separately recognise any changes in the asset ceiling through other comprehensive income. The amendment did not have a significant effect on the Group and Company, and no adjustments are necessary to the financial statements for 2016, 2017, 2018 and 2019.
IFRS 9 - *Financial Instruments* (effective 1 January 2018)	2016-2019	IFRS 9 replaced the guidance in IAS 39 that relates to the classification and measurement of financial instruments. It established three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. It introduced a new expected credit losses model that replaced the incurred loss impairment model used in IAS 39. The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments as IFRS 7 'Financial Instruments: Disclosures'. Adjustments have been made to the financial statements for 2016, 2017 and 2018 to comply with the classification changes introduced by IFRS 9. The measurement changes did not have a significant effect on the Group and Company, and no adjustments are necessary to the financial statements for 2016, 2017 and 2018.

Notes (continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(v) *New and amended standards adopted by the Group and Company (continued)*

Standard	Affected financial years	Impact on the financial statements
IFRS 15 - *Revenue from contracts with customers* (effective 1 January 2018)	2016-2018	The standard set out the requirements for recognising revenue that applies to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts or financial instruments). The core principle of the standard is that revenue recognised reflects the consideration to which the company expects to be entitled in exchange for the transfer of promised goods or services to the customer. The standard incorporates a five-step analysis to determine the amount and timing of revenue recognition. The standard however does not apply to revenue associated with financial instruments, and therefore does not impact the majority of the bank revenue streams. IFRS 15 was early adopted by the Group and Company in 2018. The presentation of the financial statements for 2016 and 2017 have been amended to comply with the new standard.
Amendment to IAS 12 - *Income Taxes* (effective 1 January 2017)	2016-2018	The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets. The amendment did not have a significant effect on the Group and Company, and no adjustments are necessary to the financial statements for 2016 and 2017.
Amendment to IAS 7 – Cash flow statements (effective 1 January 2017)	2016-2018	The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities The amendment did not have a significant effect on the Group and Company, and no adjustments are necessary to the financial statements for 2016 and 2017.

Notes (continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(v) *New and amended standards adopted by the Group and Company (continued)*

Standard	Affected financial years	Impact on the financial statements
Annual improvements 2014–2016 - IFRS 12, *Disclosure of interests in other entities* (effective 1 January 2017)	2016-2018	Annual improvements 2014–2016 – IFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard. The amendment clarifies that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information. Previously, it was unclear whether all other IFRS 12 requirements were applicable for these interests. The amendment did not have a significant effect on the Group and Company, and no adjustments are necessary to the financial statements for 2016 and 2017.

In compiling the historical financial information, where necessary, the balances in the audited financial statements for each of the financial years have been adjusted for changes in International Financial Reporting Standards (IFRSs) to achieve consistent application of accounting policies and presentation as set out below. Material changes in financial reporting standards during the period have been adjusted as if they were adopted in the earliest presented financial year, that is, year ended 30 June 2016.

Group

Adjustments to profit for the year

	2020	2019	2018	2017	2016
Profit for the year	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
As reported in the audited financial statements	7,020,915	11,515,130	7,255,555	8,514,568	10,270,813
Adjustments due to adoption of IFRS 16, Leases	-	15,253	(3,793)	(9,085)	(2,375)
As reported in the presented historical financial information	7,020,915	11,530,383	7,251,762	8,505,483	10,268,438

Adjustments to net assets in the Group statement of financial position

	2020	2019	2018	2017	2016
Net assets	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
As reported in the audited financial statements	13,993,268	16,154,751	11,652,036	11,988,170	10,867,246
Adjustments due to adoption of IFRS 16, Leases	-	-	(15,253)	(11,460)	(2,375)
As reported in the presented historical financial information	13,993,268	16,154,751	11,636,783	11,976,710	10,864,871

Notes (continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(v) *New and amended standards adopted by the Group and Company (continued)*

Adjustments to earnings per share arising from adjustments to profit

	2020	2019	2018	2017	2016
Earnings per share	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
As reported in the audited financial statements	5.17	11.23	7.19	9.71	12.20
Adjustments due to IFRS 16, Leases	-	0.02	(0.01)	(0.01)	-
As reported in the presented historical financial information	5.17	11.25	7.18	9.70	12.20

Company

Adjustments to profit for the year

	2020	2019	2018	2017	2016
Profit for the year	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
As reported in the audited financial statements	10,060,933	6,965,799	2,059,353	10,022,003	10,137,589
Adjustments due to adoption of IFRS 16, Leases	-	1,443	(508)	(828)	(106)
As reported in the presented historical financial information	10,060,933	6,967,242	2,058,845	10,021,175	10,137,483

Adjustments to net assets in the Company statement of financial position

	2020	2019	2018	2017	2016
Net assets	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
As reported in the audited financial statements	19,899,133	16,933,043	16,281,838	20,138,708	16,047,511
Adjustments due to adoption of IFRS 16, Leases	-	-	(1,443)	(935)	(106)
As reported in the presented historical financial information	19,899,133	16,933,043	16,280,395	20,137,773	16,047,405

(vi) *Relevant new and amended standards not yet adopted by the Group and Company*

Amendments to IFRS 9 and IFRS 7: Interest Rate Benchmark Reform and the effects on financial reporting

The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as IBORs. The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform.

The Directors of the Group and Company do not anticipate that the application of the amendments in the future will have a material impact on the consolidated financial statements.

Notes (continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(vi) *Relevant new and amended standards not yet adopted by the Group and Company (continued)*

Amendments to IFRS 3: Definition of a Business

The amendments, applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The Directors of the Group and Company 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 1 and IAS 8: Definition of Material

The amendments, applicable to annual periods beginning on or after 1 January 2020, clarify the definition of material and how it should be applied by including in the definition guidance that previously featured elsewhere in IFRS.

The Directors of the Group and Company 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 1: Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The Directors of the Group and Company do not anticipate that the application of the amendments in the future will have a material impact on the consolidated financial statements.

IFRS 16 Leases: Covid-19-Related Rent Concessions Amendment

The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to Covid-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.

The Directors of the Group and Company 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 9, IFRS 7, IFRS 4 and IFRS 16: Interest rate benchmark (IBOR) reform

The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.

Management is still assessing the impact of applying the amendments.

Amendments to IAS 16 'Property, Plant and Equipment' on Proceeds before Intended Use

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

The Directors of the Group and Company do not anticipate that the application of the amendments in the future will have a material impact on the consolidated financial statements.

Notes (continued)

2 Summary of significant accounting policies (continued)

(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 PLC. 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 and Company recognises revenue from the sale of goods and services in the ordinary course of the Group's and Company's activities. The Group and Company recognise 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 and Company expect 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 and Company 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.

Notes (continued)

2 Summary of significant accounting policies (continued)

(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 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.

Notes (continued)

2 Summary of significant accounting policies (continued)

(g) Property, plant and equipment (continued)

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 and Company. 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.

Notes (continued)

2 Summary of significant accounting policies (continued)

(i) Financial instruments

Financial assets and financial liabilities are recognised in the Group's and Company's statement of financial position when, and only when, the Group and Company become 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 and Company 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 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 and Company 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 and Company 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.

Notes (continued)

2 Summary of significant accounting policies (continued)

(i) Financial instruments (continued)

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 and Company has transferred substantially all risks and rewards of ownership. A financial liability is derecognised when it is extinguished, cancelled or expires.

(j) Derivative financial instruments

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities and equity or other indices. Derivatives are intended to acquire, increase, reduce or alter exposure to market risks. The Group and Company use derivatives, primarily foreign exchange forward contracts, to manage exposure to currency risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately. A derivative with a positive fair value is recognised as a financial asset while a derivative with a negative fair value is recognised as a financial liability.

(k) 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 realise the asset and settle the liability simultaneously.

(l) Leases

(i) Leases under which the Group and Company are 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 and Company recognise 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 and Company are 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 and Company's incremental borrowing rate is used.

Notes (continued)

2 Summary of significant accounting policies (continued)

(l) Leases (continued)

(i) Leases under which the Group and Company are the lessee (continued)

For leases that contain non-lease components, the Group and Company allocate 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 and Company 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 2015.

(iii) Leases under which the Group and Company are 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.

(iv) Change of accounting policy - leases

As explained in Note 2 (a)(v), the Group and Company changed their accounting policy for leases where the Group and Company are lessees. The new policy is as described in Note 2(l)(i). As permitted by the transition provisions in the new standard, comparative amounts have not been restated. The Group's and Company's accounting policy for leases under which the Group and Company were lessees was, up to 30 June 2015, as follows:

Leases of equipment, including hire purchase contracts where the Group and Company *assume substantially all the risks and rewards incident to ownership, are classified as finance leases. Finance leases are recognised as a liability at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The interest rate implicit in the lease is used as the discount factor in determining the present value. The finance cost is charged to the profit or loss account in the year in which it is incurred. Equipment acquired under finance leases are capitalised and depreciated over the estimated useful life of the asset.*

Leases of assets where a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the profit or loss account on a straight-line basis over the term of the lease. Prepaid operating lease rentals are recognised as assets and are subsequently amortised over the lease period.

Notes (continued)

2 Summary of significant accounting policies (continued)

(m) 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.

(n) Treasury shares

Treasury shares are shares in East African Breweries PLC that are held by the East African Breweries PLC 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.

(o) 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.

(p) 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.

Notes (continued)

2 Summary of significant accounting policies (continued)

(q) 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.

(r) 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.

(s) 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.

Notes (continued)

2 Summary of significant accounting policies (continued)

(t) 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.

Notes (continued)

2 Summary of significant accounting policies (continued)

(u) 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.

(v) 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.

(w) 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.

(x) 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

(y) Comparatives

Where necessary, comparative figures have been adjusted to confirm with changes in presentation in the current year.

Notes (continued)

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 and Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal 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 33.

(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 liability

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 and Company's incremental borrowing rate. This rate is estimated by the Directors to be the rate which would be paid by the Group and Company to purchase a similar asset.

Notes (continued)

4 Financial risk management objectives and policies

The Group's and Company 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 and Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on their financial performance. This note presents information about the Group's and Company's exposure to financial risks, the Group's and Company's objectives, policies and processes for measuring and managing the financial risks. Further quantitative disclosures are included throughout these financial statements.

The Group and Company have established a risk management committee made up of senior management which is responsible for developing and monitoring the Group's and Company's risk management policies. These policies are established to identify and analyse the risks faced by the Group and Company, 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 and Company's activities. The Group and Company have 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 and Company also enter into short term cash flow hedge contracts using available cash balance.

In addition, the Group and Company manage 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 year end 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 as for prior years.

Group		**Profit or loss**				
At 30 June		**2020**	**2019**	**2018**	**2017**	**2016**
		Kshs'000	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
AUD	Australian Dollar (AUD)	-	-	-	-	(263)
EUR	Euro	(35,510)	276,673	252,563	99,865	(35,844)
GBP	Sterling Pound	18,137	7,160	1,490,481	1,509,924	596,417
RWF	Rwandan Franc	9,478	(687)	-	-	-
SSP	South Sudanese pound (SSP)	-	-	-	-	(7)
TZS	Tanzania Shillings	2,437	799	1,049	1,147	18,287
UGX	Uganda Shillings	51,284	94,653	97,853	100,632	79,770
USD	US Dollar	(41,801)	21,919	876,921	890,380	74,111
ZAR	South African Rand	4,664	(384)	1,945	1,939	(250)
		8,689	**400,133**	**2,720,810**	**2,603,887**	**732,221**

Notes (continued)

4 Financial risk management objectives and policies (continued)

Market risk (continued)

i. Foreign currency risk (continued)

Company		**Profit or loss**				
At 30 June		**2020**	**2019**	**2018**	**2017**	**2016**
		Kshs'000	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
AUD	Australian Dollar (AUD)	-	-	-	-	(22)
EUR	Euro	(676)	385,627	229,280	114,390	(3,477)
GBP	Pound Sterling	52,131	56,990	1,450,230	,527,954	46,137
SSP	South Sudanese Pound (SSP)	2,680	-	520	1,209	(3)
TZS	Tanzanian Shilling	-	883	-	-	18,574
UGX	Ugandan Shilling	53,797	92,487	98,317	99,673	75,624
USD	US Dollar	1,829	40,295	850,000	895,970	46,637
ZAR	South African Rand	310	-	-	-	-
		110,071	**576,282**	**2,628,347**	**2,639,196**	**183,470**

ii. Price risk

The Group and Company do not hold any financial instruments subject to price risk.

iii. Interest rate risk

The Group's and Company'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 and Company regularly monitors financing options available to ensure optimum interest rates are obtained.

An increase/decrease of 1 percentage point would have resulted in a decrease/increase in consolidated profit in 2020: Kshs 38,260,910, 2019: Kshs 38,329,450, 2018: Kshs 37,410,000, 2017: Kshs 31,737,000, and 2016 of Kshs 26,809,900, 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 and Company. 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.

Maximum exposure to credit risk

The table below represents the Group's and Company's maximum exposure to credit risk at the end of the reporting period excluding the impact of any collateral held, provision for expected credit losses, or other credit enhancements:

Notes (continued)

4 Financial risk management objectives and policies (continued)

Credit risk (continued)

	2020 Kshs 000	2019 Kshs 000	2018 Kshs 000	2017 Kshs 000	2016 Kshs 000
Group					
Trade receivables (Note 28)	4,895,259	4,928,580	5,371,289	6,815,831	6,543,762
Other receivables (Note 28)	1,600,375	1,847,867	2,657,087	3,024,375	4,600,085
Receivables from related companies (Note 28)	299,857	217,767	350,966	718,992	863,040
Derivative financial assets (Note 29)	-	179,678	71,946	-	-
Bank balances (Note 35)	5,661,635	12,468,585	3,588,370	3,907,473	1,221,066
	12,457,126	**19,642,477**	**12,039,658**	**14,466,671**	**13,227,953**
Company					
Long-term receivables from subsidiaries (Note 36)	27,894,760	18,618,264	18,502,436	20,436,978	16,675,565
Receivables from related companies (Note 28)	1,430,603	831,475	2,925,420	3,198,367	5,247,164
Other receivables (Note 28)	655,103	230,049	383,818	2,074,170	3,372,091
Derivative financial assets (Note 29)	-	179,678	71,946	-	-
Bank balances (Note 35)	3,616,403	9,020,367	1,685,800	1,927,851	35,437
	33,596,869	**28,879,833**	**23,569,420**	**27,637,366**	**25,330,257**

Credit risk management policy

The Group and Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's and Company's exposure and the credit rating of their 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:

Group	**2020**	**2019**	**2018**	**2017**	**2016**
	Kshs'000	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
Not due	907,214	2,434,817	4,392,766	4,775,144	7,855,747
Past due but not impaired:					
-by up to 30 days	2,960,205	1,943,592	1,768,847	2,607,949	1,488,401
-by 31 to 120 days	1,362,379	1,625,569	1,056,325	1,872,054	1,253,331
-over 121 days	726,112	139,575	305,041	327,210	619,008
Trade and other receivables	5,955,910	6,143,553	7,522,979	9,582,357	11,216,487
Receivables determined to be impaired:					
Carrying amount before provision for expected credit losses	1,511,581	850,661	856,495	956,840	784,055
Provision for expected credit losses	(1,511,581)	(850,661)	(856,495)	(956,840)	(784,055)
Net carrying amount	5,955,910	6,143,553	7,522,979	9,582,357	11,216,487

Company					
Not due	1,795,162	916,088	2,701,103	3,670,799	6,805,013
Past due but not impaired:					
-by up to 30 days	290,521	44,828	900,336	2,016,411	30,892
-by 31 to 120 days	23	100,608	219,879	175,486	91,465
Trade and other receivables	2,085,706	1,061,524	3,821,318	5,862,696	6,927,370
Receivables determined to be impaired:					
Carrying amount before provision for expected credit losses	-	-	-	-	-
Provision for expected credit losses	-	-	-	-	-
Net carrying amount	2,085,706	1,061,524	3,821,318	5,862,696	6,927,370

Notes (continued)

4 Financial risk management objectives and policies (continued)

Credit risk (continued)

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.

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 2020:		**Less than 1**	**Between 1**	**Between 2**	**Over 5**	
	Current	**year**	**and 2 years**	**and 5 years**	**years**	**Total**
Group	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
Borrowings	855,831	2,673,747	9,915,825	20,355,875	12,350,000	46,151,278
Lease liabilities	24,259	463,903	423,409	472,015	323,866	1,707,452
Trade and other payables	1,635,144	20,095,939	-	-	-	21,731,083
Bank overdraft	-	3,932,338	-	-	-	3,932,338
Dividend payable	815,661	-	-	-	-	815,661
	3,330,895	**27,165,927**	**10,339,234**	**20,827,890**	**12,673,866**	**74,337,812**

At 30 June 2019:		**Less than 1**	**Between 1**	**Between 2**	**Over 5**	
	Current	**year**	**and 2 years**	**and 5 years**	**years**	**Total**
Group	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
Borrowings	748,663	7,485,457	7,701,933	19,169,991	13,020,722	48,126,766
Lease liabilities	-	551,774	503,209	549,907	-	1,604,890
Trade and other payables	8,474,359	19,389,833	-	-	-	27,864,192
Dividend payable	590,623	-	-	-	-	590,623
	9,813,645	**27,427,064**	**8,205,142**	**19,719,898**	**13,020,722**	**78,186,471**

Notes (continued)

4 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

At 30 June 2018: Group	Current Kshs'000	Less than 1 year Kshs'000	Between 1 and 2 years Kshs'000	Between 2 and 5 years Kshs'000	Over 5 years Kshs'000	Total Kshs'000
Borrowings	118,667	-	5,000,000	10,209,091	3,868,462	19,196,220
Related party borrowings	-	-	-	-	11,469,236	11,469,236
Lease liabilities	-	297,488	299,510	384,974		981,972
Derivative financial liability	71,946	-	-	-	-	71,946
Bank overdrafts	-	401,245	-	-	-	401,245
Trade and other payables	2,980,139	21,649,160	-	-	-	24,629,299
Dividend payable	562,611	-	-	-	-	562,611
	3,733,363	22,347,893	5,299,510	10,594,065	15,337,698	57,312,529

At 30 June 2017: Group	Current Kshs'000	Less than 1 year Kshs'000	Between 1 and 2 years Kshs'000	Between 2 and 5 years Kshs'000	Over 5 years Kshs'000	Total Kshs'000
Borrowings	-	43,224	-	15,975,814	-	16,019,038
Related party borrowings	-	-	-	-	11,469,236	11,469,236
Bank overdrafts	-	589,366	-	-	-	589,366
Lease liabilities	-	362,739	163,796	303,139	-	829,674
Trade and other payables	3,060,871	17,753,140	-	-	-	20,814,011
Dividend payable	487,110	-	-	-	-	487,110
	3,547,981	18,748,469	163,796	16,278,953	11,469,236	50,208,435

At 30 June 2016: Group	Current Kshs'000	Less than 1 year Kshs'000	Between 1 and 2 years Kshs'000	Between 2 and 5 years Kshs'000	Over 5 years Kshs'000	Total Kshs'000
Borrowings	-	143,847	143,847	10,435,827	11,469,236	22,192,757
Related party borrowings	-	5,432,836	-	-	-	5,432,836
Bank overdrafts	570,437	12,193,737	-	-	9,576,011	22,340,186
Lease liabilities	-	26,060	165,803	81,607	-	273,470
Trade and other payables	873,588	-	-	-	-	873,588
Dividend payable	-	72,918	-	-	132,753	205,671
	1,444,025	17,869,398	309,650	10,517,434	21,178,000	51,318,507

At 30 June 2020: Company	Current Kshs'000	Less than 1 year Kshs'000	Between 1 and 2 years Kshs'000	Between 2 and 5 years Kshs'000	Over 5 years Kshs'000	Total Kshs'000
Borrowings	855,831	2,567,494	9,915,825	20,355,875	12,350,000	46,045,025
Lease liabilities	3,631	13,770	9,653	1,333	-	28,387
Trade and other payables	-	12,674,504	-	-	-	12,674,504
Bank overdraft	-	2,804,807	-	-	-	2,804,807
Dividend payable	815,661	-	-	-	-	815,661
	1,675,123	**18,060,575**	**9,925,478**	**20,357,208**	**12,350,000**	**62,368,384**

Notes (continued)

4 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

At 30 June 2019: Company	Current Kshs'000	Less than 1 year Kshs'000	Between 1 and 2 years Kshs'000	Between 2 and 5 years Kshs'000	Over 5 years Kshs'000	Total Kshs'000
Borrowings	748,663	7,245,988	5,826,127	19,169,991	13,020,722	46,011,491
Lease liabilities	-	27,801	18,535	10,288	-	56,624
Trade and other payables	2,816,239	15,432,583	-	-	-	18,248,822
Dividend payable	590,623	-	-	-	-	590,623
	4,155,525	**22,706,372**	**5,844,662**	**19,180,279**	**13,020,722**	**64,907,560**

At 30 June 2018: Company	Current Kshs'000	Less than 1 year Kshs'000	Between 1 and 2 years Kshs'000	Between 2 and 5 years Kshs'000	Over 5 years Kshs'000	Total Kshs'000
Borrowings	-	-	5,000,000	6,000,000	7,868,462	18,868,462
Lease liabilities	-	16,852	14,567	6,045	-	37,464
Related party borrowings	-	-	-	-	11,469,236	11,469,236
Derivative financial liability	71,946	-	-	-	-	71,946
Bank overdrafts	-	7,175	-	-	-	7,175
Trade and other payables	16,926,026	2,687,595	-	-	-	19,613,621
Dividend payable	562,611	-	-	-	-	562,611
	17,560,583	2,711,622	5,014,567	6,006,045	19,337,698	50,630,515

At 30 June 2017: Company	Current Kshs'000	Less than 1 year Kshs'000	Between 1 and 2 years Kshs'000	Between 2 and 5 years Kshs'000	Over 5 years Kshs'000	Total Kshs'000
Borrowings	-	-	-	15,500,000	-	15,500,000
Lease liabilities	-	11,617	11,617	10,135	-	33,369
Related party borrowings	-	-	-	-	11,469,236	11,469,236
Bank overdrafts	-	369	-	-	-	369
Trade and other payables	5,570,972	7,454,988	-	-	-	13,025,960
Dividend payable	487,110	-	-	-	-	487,110
	6,058,082	7,466,974	11,617 -	15,510,135	11,469,236	40,516,044

At 30 June 2016: Company	Current Kshs'000	Less than 1 year Kshs'000	Between 1 and 2 years Kshs'000	Between 2 and 5 years Kshs'000	Over 5 years Kshs'000	Total Kshs'000
Borrowings	-	136,683	-	9,500,000	11,469,236	21,105,919
Lease liabilities	-	2,075	2,075	2,075	-	6,225
Bank overdrafts	-	5,087,149	-	-	-	5,087,149
Trade and other payables	1,339,822	14,247,247	-	-	460	15,587,530
Dividend payable	873,588	-	-	-	-	873,588
	2,213,410	19,473,154	2,075	9,502,075	11,469,696	42,660,410

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.

Notes (continued)

4 Financial risk management objectives and policies (continued)

Capital risk management (continued)

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 1.25 times. The Group regularly reviews the net borrowings to EBITDA leverage to ensure that it is within the set limits.

As noted in Note 2(a)(ii), Covid-19 pandemic has had a negative impact on the global economy and has led to general slowdown of business in the industry the Group operates in. This impact has been felt in the Group's net borrowings to EBITDA leverage. The Group responded to Covid-19 crisis by coming up with measures focussed in ensuring that the business conserves cash through rationalisation of expenditure while optimising on the more revenue generating trade channels. 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. The Group reported net borrowings to EBITDA leverage reflected in the table below:

	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Net borrowings:					
Total borrowings (Note 31)	44,938,591	36,319,744	31,066,701	28,077,640	26,648,750
Lease liabilities (Note 32)	1,611,106	1,189,076	757,919	672,705	225,325
Less: cash and bank balances (Note 35(b))	(5,661,635)	(12,468,585)	(3,588,370)	(3,907,473)	1,221,066
Net debt	**40,888,062**	**25,040,235**	**28,236,250**	**24,842,872**	**28,095,141**
EBITDA					
Profit before tax	10,655,259	17,829,903	11,738,017	13,298,248	13,616,565
Adjusted for:					
Net finance costs	3,826,091	3,483,223	3,430,677	3,218,264	3,273,135
Depreciation and amortisation	4,985,669	4,293,614	3,825,102	3,526,470	3,469,319
Total EBITDA	19,467,019	25,606,740	18,993,796	20,042,982	20,359,019
Net Debt to EBITDA	**x2.10**	**x0.98**	**x1.49**	**x1.24**	**x1.38**

Fair value measurement

Fair value measurements of financial instruments are presented through the use of a three-level fair value hierarchy that prioritises 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).

Notes (continued)

4 Financial risk management objectives and policies (continued)

Fair value measurement (continued)

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.

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's financial assets and liabilities that are measured at fair value at 30 June 2020.

	Level 1 Kshs'000	Level 2 Kshs'000	Level 3 Kshs'000	Total 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's financial assets and liabilities that are measured at fair value at 30 June 2019.

	Level 1 Kshs'000	Level 2 Kshs'000	Level 3 Kshs'000	Total Kshs'000
Financial assets at fair value through profit or loss:				
Derivative financial instruments (foreign exchange forward contracts)	-	179,678	-	179,678
Other financial assets	-	-	10,000	10,000
Net assets at fair value through profit or loss	**-**	**179,678**	**10,000**	**189,678**

There were no transfers between levels during the years ended 30 June 2020 and 30 June 2019.

Notes (continued)

4 Financial risk management objectives and policies (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2018.

	Level 1 Kshs'000	Level 2 Kshs'000	Level 3 Kshs'000	Total Kshs'000
Financial assets at fair value through profit or loss:				
Other investments	-	-	10,000	10,000
Financial liabilities at fair value through profit or loss:				
Derivative financial liabilities (Foreign exchange forward contracts)	-	(71,946)	-	(71,946)
Net assets at fair value through profit or loss	**-**	**(71,946)**	**10,000**	**(61,946)**

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2017.

	Level 1 Kshs'000	Level 2 Kshs'000	Level 3 Kshs'000	Total Kshs'000
Financial assets at fair value through profit or loss:				
Other investments	-	-	10,000	10,000
Total assets at fair value through profit or loss	**-**	**-**	**10,000**	**10,000**

There were no transfers between levels during the two years ended 30 June 2018 and 30 June 2017.

The following table presents the Group and company's financial assets and liabilities that are measured at fair value at 30 June 2016.

	Level 1 Kshs'000	Level 2 Kshs'000	Level 3 Kshs'000	Total Kshs'000
Financial assets at fair value through profit or loss				
Other investments	-	-	10,000	10,000
Total assets	**-**	**-**	**10,000**	**10,000**

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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
External sales	51,518,731	60,369,485	12,047,155	12,436,690	11,350,373	9,737,066	-	-	74,916,259	82,543,241
Inter segment sales	3,959,299	5,978,845	37,849	45,855	-	-	(3,997,148)	(6,024,700)	-	-
Total sales	**55,478,030**	**66,348,330**	**12,085,004**	**12,482,545**	**11,350,373**	**9,737,066**	**(3,997,148)**	**(6,024,700)**	**74,916,259**	**82,543,241**

	Kenya		Uganda		Tanzania		Eliminations		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
External sales	53,371,231	52,502,022	11,912,213	11,563,786	8,173,388	6,181,257	-	-	73,456,832	70,247,065
Inter segment sales	6,903,578	9,212,093	28,277	131,803	16,556	45,448	(6,948,411)	(9,389,344)	-	-
Total sales	**60,274,809**	**61,714,115**	**11,940,490**	**11,695,589**	**8,189,944**	**6,226,705**	**(6,948,411)**	**(9,389,344)**	**73,456,832**	**70,247,065**

	Kenya	Uganda	Tanzania	South Sudan	Eliminations	Consolidation
	2016	2016	2016	2016	2016	2016
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
External sales	46,288,650	11,024,933	7,139,765	61,914	(193,042)	64,322,220
Inter-segment sales	18,048,527	190,018	27,378	-	(18,265,923)	-
Total sales	**64,337,177**	**11,214,951**	**7,167,143**	**61,914**	**(18,458,965)**	**64,322,220**

Notes (continued)

5 Segmental reporting (continued)

Reportable segments assets and liabilities agree to the consolidated assets as follows:

	Kenya		Uganda		Tanzania		Eliminations		Consolidated	
	2020 Kshs '000	2019 Kshs '000	2020 Kshs '000	2019 Kshs '000	2020 Kshs '000	2019 Kshs '000	2020 Kshs '000	2019 Kshs '000	2020 Kshs '000	2019 Kshs '000
Segment non-current assets	83,298,223	81,229,752	9,183,143	7,255,246	9,888,947	8,856,216	(39,680,326)	(38,688,892)	62,689,987	58,652,322
Total segment assets	103,812,586	105,382,509	12,653,222	11,811,463	14,249,582	12,580,692	(42,056,984)	(41,519,961)	88,658,406	88,254,703
Segment liabilities	65,225,438	66,029,236	8,974,295	8,688,218	5,225,182	3,807,958	(4,759,777)	(6,425,460)	74,665,138	72,099,952
Capital expenditure	4,595,691	8,156,689	1,922,509	2,121,511	1,597,902	1,490,378	-	-	8,116,102	11,768,578
Depreciation and amortisation	3,350,911	2,962,211	846,968	529,797	787,790	801,606	-	-	4,985,669	4,293,614

	Kenya		Uganda		Tanzania		Eliminations		Consolidated	
	2018 Kshs '000	2017 Kshs '000	2018 Kshs '000	2017 Kshs '000	2018 Kshs '000	2017 Kshs '000	2018 Kshs '000	2017 Kshs '000	2018 Kshs '000	2017 Kshs '000
Segment non-current assets	75,738,520	74,110,172	5,465,994	5,280,202	8,093,008	8,500,521	(38,833,992)	(42,901,332)	50,463,530	44,989,563
Total segment assets	94,544,685	92,111,372	8,848,544	11,050,051	10,999,432	10,978,352	(42,403,169)	(47,015,612)	71,989,492	67,124,163
Segment liabilities	57,910,229	48,002,156	6,760,049	8,888,928	2,926,524	13,993,490	(7,244,093)	(15,737,121)	60,352,709	55,147,453
Capital expenditure	10,942,093	4,437,421	1,290,964	743,206	798,304	518,338	-	-	13,031,361	5,698,965
Depreciation and amortisation	2,581,764	2,337,805	461,271	402,873	782,067	785,792	-	-	3,825,102	3,526,470

	Kenya	Uganda	Tanzania	South Sudan	Eliminations	Consolidations
	2016 Kshs '000	2016 Kshs '000	2016 Kshs '000	2016 Kshs'000	2016 Kshs '000	2016 Kshs '000
Segment non-current assets	66,927,488	6,265,191	8,744,110	2,728	(41,659,396)	40,280,121
Total segment assets	91,267,982	15,666,203	10,962,968	221,987	(56,282,738)	61,836,402
Segment liabilities	53,683,850	10,437,712	12,098,092	1,196,125	(26,444,248)	50,971,531
Capital expenditure	3,429,556	1,108,125	519,808	-	(41,301)	5,016,188
Depreciation and amortisation	2,219,502	584,676	688,652	1,317	(24,828)	3,469,319

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period. Segment revenue is based on the geographical location of both customers and assets. The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the income statement. There is no reliance on individually significant customers by the Group. The amounts provided to the executive committee in respect to total assets and total liabilities are measured in a manner consistent with that of the financial state.

Notes (continued)

6 Revenue from contracts with customers

	2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
Group					
Gross sales	133,351,955	149,660,062	135,037,775	124,066,748	115,886,485
Indirect taxes	(58,435,696)	(67,116,821)	(61,580,943)	(53,819,683)	(51,564,265)
	74,916,259	**82,543,241**	**73,456,832**	**70,247,065**	**64,322,220**
Company					
Sale of product	-	3,341,978	-	-	-
Dividend income	13,557,295	6,131,586	7,798,813	9,723,594	10,103,583
Net sales	-	-	5,667,981	5,457,700	454,245
Management fees	1,212,836	1,200,313	1,445,643	1,766,691	2,106,747
Royalties	806,328	940,961	891,997	325,493	631,133
	15,576,459	**11,614,838**	**15,804,434**	**17,273,478**	**13,295,708**

7 Cost of sales

	2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
Group					
Raw materials and consumables	20,195,033	22,514,463	21,639,676	20,412,467	18,521,804
Distribution and warehousing	6,375,413	6,230,883	5,251,900	3,851,777	1,382,894
Maintenance and other costs	7,872,189	7,984,548	7,288,566	7,605,545	5,229,267
Staff costs	3,590,529	4,353,728	3,711,495	4,204,872	3,816,523
Depreciation and amortisation	3,863,065	3,342,482	3,160,772	3,042,081	3,159,895
	41,896,229	**44,426,104**	**41,052,409**	**39,116,742**	**32,110,383**
Company					
Cost of goods sold	-	1,450,323	2,379,412	2,378,534	265,047
Distribution and warehousing	-	53,485	23,993	27,938	-
Staff costs	-	298,666	259,021	188,864	-
Maintenance and other costs	-	-	124	42	1,903
	-	**1,802,474**	**2,662,550**	**2,595,378**	**266,950**

8 Administrative expenses

	2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
Group					
Staff costs	6,378,316	6,669,347	5,694,930	5,145,984	6,203,906
Office supplies and other costs	1,077,330	1,672,341	1,892,150	2,370,603	2,104,757
Depreciation and amortisation	916,048	730,169	598,806	484,389	309,422
Travelling and entertainment	193,546	199,865	281,192	212,701	382,654
	8,565,240	**9,271,722**	**8,467,078**	**8,213,677**	**9,000,739**
Company					
Staff costs	1,142,287	1,030,800	1,391,396	1,611,197	2,189,383
Office supplies and other costs	145,730	432,589	33,538	34,947	56,420
Depreciation and amortisation	152,852	147,515	141,359	157,397	98,679
Travelling and entertainment	52,640	51,315	86,490	87,551	150,503
	1,493,509	**1,662,219**	**1,652,783**	**1,891,092**	**2,494,985**

Notes (continued)

9 Other income/(expenses), net

Group	2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
Other income					
Profit on disposal of property, plant and equipment (Note 32)	-	-	699,098	-	1,077,587
Foreign exchange gains	-	1,280,390	-	1,205,986	-
Sundry income	144,000	302,937	467,191	381,721	615,171
	144,000	**1,583,327**	**1,166,289**	**1,587,707**	**1,692,758**
Other expenses					
Indirect tax expenses (*)	1,299,439	1,324,001	2,604,670	593,161	-
Expected credit losses on trade receivables (Note 28)	660,920	134,361	137,650	210,505	113,636
Write down of inventories	324,081	99,879	89,846	225,274	292,606
Foreign exchange losses	195,143	-	391,260	-	435,730
Impairment of goodwill (Note 23)	-	-	-	284,687	-
Loss on disposal of property, plant and equipment	68,390	26,478	-	212,965	(84,443)
Write-off of returnable packaging	-	-	-	67,755	-
Impairment of investments	-	-	-	33,195	-
Sundry expenses	978,838	321,497	287,747	985,221	1,197,768
	3,526,811	**1,906,216**	**3,511,173**	**2,612,763**	**1,955,297**
	(3,382,811)	**(322,889)**	**(2,344,884)**	**(1,025,056)**	**(262,539)**

Company	2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
Other income					
Profit on disposal of property, plant and equipment	-	-	-	-	1,077,587
Profit on disposal of business	-	-	-	-	2,249,428
Credit from capital reduction by a subsidiary	-	2,255,372	-	-	-
Net transactional foreign exchange gains	-	55,486	-	-	331,387
Sundry income	-	20,896	-	-	
	-	**2,331,754**	-	-	3,658,402
Other expenses					
Write-off of loan receivable from subsidiary (SBL)	-	-	4,256,283	-	-
Write-off of loan receivable from subsidiary (EABSS)	-	-	1,751,000	-	-
Net transactional foreign exchange losses	24,451	-	345,060	51,130	-
Irrecoverable withholding tax	122,523	59,891	189,807	580,942	211,813
Loss on disposal of equipment	9,568	-	-	-	-
Withholding tax irrecoverable	-	-	-	-	249,132
Sundry expenses	785,981	374,625	185,869	272,695	471,509
	942,523	**434,516**	**(6,728,019)**	**(904,767)**	**932,454**
	(942,523)	**1,897,238**	**(6,728,019)**	**(904,767)**	**2,725,948**

(*) Indirect tax expenses are expenses associated with irrecoverable VAT, irrecoverable withholding tax and other tax provisions.

Notes (continued)

10 Profit before income tax

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

Group	2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
Inventories expensed (Note 27)	20,195,033	22,514,463	21,639,676	20,412,467	18,521,804
Employee benefits expense (Note 11)	9,968,845	11,023,074	9,406,425	9,350,856	9,911,508
Depreciation on property, plant and equipment (Note 20)	4,265,062	3,726,411	3,495,415	3,328,169	3,374,633
Depreciation of right-of-use assets (Note 21)	509,680	386,509	180,438	96,513	19,993
Amortisation of intangible assets - software (Note 23)	210,927	180,694	149,249	101,788	74,693
Impairment of goodwill	-	-	-	284,687	-
Auditor's remuneration	36,158	33,508	39,599	39,599	33,487

Company	2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
Employee benefits expense (Note 11)	1,413,372	1,438,488	1,650,417	1,800,061	2,189,383
Depreciation on property and equipment (Note 20)	51,588	47,976	47,393	90,223	54,222
Write-off of loan receivable from subsidiary (SBL) (Note 18)	-		4,256,283	-	-
Write-off of loan receivable from subsidiary (EABSS)	-	-	1,751,000	-	-
Depreciation of right-of-use assets (Note 21)	26,099	16,033	13,365	8,642	884
Amortisation of intangible assets - software (Note 23)	78,947	83,288	80,602	58,532	43,635
Auditor's remuneration	5,746	5,092	11,307	11,307	8,550

Notes (continued)

11 Employee benefits expense

The following items are included within employee benefits expense:

Group	2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
Salaries and wages	6,677,908	7,866,304	6,280,515	6,887,648	7,022,735
Defined contribution scheme	482,734	456,617	449,661	436,303	346,040
National Social Security Fund	127,338	147,645	118,475	164,145	119,347
Share based payments	22,126	11,600	14,584	-	42,993
Employee share ownership plan(*)	63,980	108,248	79,444	31,294	-
Other staff costs	2,594,759	2,432,660	2,463,746	1,831,466	2,380,393
	9,968,845	**11,023,074**	**9,406,425**	**9,350,856**	**9,911,508**

The average number of employees during the year was as follows:

	2020	2019	2018	2017
Production	772	787	823	797
Sales and distribution	392	382	351	353
Management and administration	349	382	417	459
	1,513	**1,551**	**1,591**	**1,609**

Company	2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
Salaries and wages	681,703	566,479	880,374	1,046,021	1,701,474
Defined contribution scheme	101,930	93,639	72,623	78,143	57,271
National Social Security Fund	23,430	24,538	23,588	45,752	17,898
Share based payments	22,126	11,600	14,584	-	36,660
Employee share ownership plan of the parent company(*)	48,807	52,536	47,343	22,709	-
Other staff costs	535,376	689,696	611,905	607,436	376,080
	1,413,372	**1,438,488**	**1,650,417**	**1,800,061**	**2,189,383**

The average number of employees during the year was as follows:

	2020	2019	2018	2017
Management and administration	148	187	217	248
	148	**187**	**217**	**248**

(*) Some of the senior executives of the Group participate in the share ownership schemes linked to the share price of Diageo plc shares and administered by Diageo plc. The schemes are of various categories. The costs associated with these schemes are recharged to the Company and accounted for as part of staff costs.

Notes (continued)

12 Finance income/(expenses)

Group	2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
Finance income					
Interest income	164,873	107,567	81,949	81,686	280,738
Other finance income	-	13,034	-	-	-
	164,873	**120,601**	**81,949**	**81,686**	**280,738**
Finance costs					
Interest expense on borrowings	(3,817,504)	(2,953,889)	(3,284,208)	(3,255,402)	(3,535,343)
Interest expense on lease liabilities	(104,349)	(111,247)	(71,559)	(44,548)	(7,894)
Other finance costs	(69,111)	(538,688)	(156,859)	-	(10,636)
	(3,990,964)	**(3,603,824)**	**(3,512,626)**	**(3,299,950)**	**(3,553,873)**

Company	2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
Finance income					
Interest income	3,101,187	2,070,883	1,584,653	1,619,077	1,862,705
	3,101,187	**2,070,883**	**1,584,653**	**1,619,077**	**1,862,705**
Finance costs					
Interest expense on borrowings	(5,489,497)	(4,163,332)	(3,749,012)	(4,019,349)	(4,778,835)
Interest expense on lease liabilities	(3,817)	(5,119)	(4,054)	(3,121)	(330)
Other finance costs	(67,173)	(538,689)	(132,851)	-	-
	(5,560,487)	**(4,707,140)**	**(3,885,917)**	**(4,022,470)**	**(4,779,165)**

13 Income tax expense

The income tax expense has been calculated using income tax rate of 25% as at 30 June 2020 (2019: 30%, 2018: 30%, 2017: 30%, 2016: 30%). The applicable rate changed from 30% to 25% during the year following the enactment of the Tax Laws (Amendment) Act, 2020 on 25 April 2020 in Kenya.

Group	2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
i) Income tax expense					
Current income tax:					
Current year charge	3,864,468	3,238,540	3,423,241	4,725,556	5,632,306
Under provision in prior years	285,123	3,007	125,196	(484,345)	1,000,584
Current income tax charge	4,149,591	3,241,547	3,548,437	4,241,211	6,632,890
Deferred income tax:					
Current year charge	267,463	3,133,644	901,377	439,340	(1,056,014)
Effect of change in tax rates	(799,089)	-	-	-	-
Under/(over) provision in prior years	16,379	(75,671)	36,441	112,214	20,679
Deferred income tax (credit)/charge	(515,247)	3,057,973	937,818	551,554	(1,035,335)
Total income tax expense	**3,634,344**	**6,299,520**	**4,486,255**	**4,792,765**	**5,597,555**

Notes (continued)

13 Income tax expense (continued)

Company	2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
i) Income tax expense					
Current income tax:					
Current year charge	221,214	269,161	-	-	315,546
Under/(over) provision in prior years	333,825	(43,703)	(297,145)	(786,122)	581,123
Current income tax expense	555,039	225,458	(297,145)	(786,122)	896,669
Deferred income tax:					
Current year (credit)/charge	(35,194)	218,394	672,313	144,984	(705,300)
Impact of change in tax rates	81,468	-	-	-	-
Under provision in prior years	18,881	32	25,805	83,416	14,409
Deferred income tax charge (Note 19 (b))	65,155	218,426	698,118	228,400	(690,891)
Total tax expense	**620,194**	**443,884**	**400,973**	**(557,722)**	**205,778**

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:

Group	2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
Profit before income tax	10,655,259	17,829,903	11,738,017	13,298,248	13,616,565
Tax calculated at the statutory income tax rate of 25% (2019, 2018, 2017, 2016 - 30%)	2,663,815	5,348,971	3,521,405	3,989,474	4,084,970
Tax effects of:					
Expenses not deductible for tax purposes	1,321,132	1,023,213	803,213	583,528	766,017
Effect of different tax rates of foreign subsidiaries	146,984	-	-	-	-
Effect of change in tax rates	(799,089)	-	-	-	-
Income not subject to tax	-	-	-	-	(274,695)
Deferred income tax asset not recognised	-	-	-	591,894	-
Under-provision of current tax in prior years	285,123	3,007	125,196	(484,345)	1,000,584
Under/(over) provision of deferred tax in prior years	16,379	(75,671)	36,441	112,214	20,679
Income tax expense	**3,634,344**	**6,299,520**	**4,486,255**	**4,792,765**	**5,597,555**

Notes (continued)

13 Income tax expense (continued)

Company	2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
Profit before income tax	10,681,127	7,411,126	2,459,818	9,463,453	10,343,261
Tax calculated at the statutory income tax rate of 25% (2019, 2018, 2017, 2016 - 30%)	2,670,282	2,223,338	737,945	2,839,036	3,102,978
Tax effects of:					
- Non-taxable income	(4,164,621)	(2,516,088)	(2,339,644)	(2,917,077)	(4,043,493)
- Expenses not deductible for tax purposes	1,680,359	780,305	2,274,012	223,025	550,761
Impact of change in tax rates	81,468	-	-	-	-
Under provision of deferred income tax in prior year	18,881	32	25,805	(786,122)	14,409
Under/(over) provision of current income tax in prior year	333,825	(43,703)	(297,145)	83,416	581,123
Income tax expense	**620,194**	**443,884**	**400,973**	**(557,722)**	**205,778**

14 Dividends

A final dividend in respect of the year ended 30 June 2016 of Kshs 5.50 per share, 2017: Kshs 5.50, 2018: Kshs 5.50, 2019: Kshs 6.00 and 2020: Kshs Nil amounting to a total of 2016: Kshs 4,349,259,000 2017: Kshs 4,349,259,000, 2018: Kshs 4,349,259,000, 2019: Kshs 4,744,646,000 and 2020 Nil has been proposed. During the year an interim dividend of 2016: Kshs 2.00, 2017: 2.00, 2018: Kshs 2.00, 2019: Kshs 2.50 and 2020: of Kshs 3.00 amounting to a total of 2016: Kshs 1,581,548,000, 2017: Kshs 1,581,548,000, 2018: Kshs 1,581,548,000, 2019: Kshs 1,976,935,000 and 2020: Kshs 2,372,323,000 was paid. A special dividend amounting to Kshs 4.50 per share, amounting to a total of Kshs 3,558,486,000 was paid on 23 June 2016. The total dividend for the year is therefore 2016: Kshs 12.00 per share amounting to a total of Kshs 9,489,293,000, 2017: Kshs 7.50 per share amounting to a total of Kshs 5,930,807,000, 2018: Kshs 7.50 per share amounting to a total of Kshs 5,930,807,000, 2019: 8.50 per share amounting to a total of Kshs 6,721,581,000 and 2020: Kshs 3.00 per share amounting to a total of Kshs 2,372,323,000.

	2020		2019		2018		2017		2016	
	Per share	**Total**	**Per share**	**Total**	**Per share**	**Total**	**Per share**	**Total**	**Per share**	**Total**
	Kshs	**Ksh'000**	**Kshs**	**Kshs'000**	**Kshs**	**Kshs'000**	**Kshs**	**Kshs'000**	**Kshs**	**Kshs'000**
Interim dividends	3.00	2,372,323	2.50	1,976,935	2.00	1,581,548	2.00	1,581,548	2.00	1,581,548
Final dividends	-	-	6.00	4,744,646	5.50	4,349,259	5.50	4,349,259	5.50	4,349,259
Special dividends	-	-	-	-	-	-	-	-	4.50	3,558,486
Total	**3.00**	**2,372,323**	**8.50**	**6,721,581**	**7.50**	**5,930,807**	**7.50**	**5,930,807**	**12.00**	**9,489,293**

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.

Notes (continued)

15 Earnings per share

Basic and diluted earnings per share

The calculation of basic earnings per share is based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year ended. The basic and diluted earnings per share are the same as there is no dilutive effect.

Group	2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
Profit attributable to ordinary shareholders	4,086,477	8,893,042	5,679,971	7,667,947	9,648,332
Weighted average number of ordinary shares					
Issued and paid shares	790,774,356	790,774,356	790,774,356	790,774,356	790,774,356
Basic and diluted earnings per share (Kshs per share)	5.17	11.25	7.18	9.70	12.20

16 Share capital

Group and Company	Number of shares	Ordinary shares Kshs'000	Share premium Kshs'000
Issued and fully paid			
Balance as at 30 June 2016, 30 June 2017, 30 June 2018, 30 June 2019 and 30 June 2020	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

Other reserves are made up the following reserves:

	Group	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
(a)	Employees shares based reserves					
	(i) Treasury shares reserve	(594,677)	(608,997)	(507,275)	-	-
	(ii) Share based payment reserve	48,310	26,184	14,584	-	-
(b)	Currency translation reserve	(2,274,960)	(2,805,753)	(3,381,533)	(2,571,084)	(1,927,017)
		(2,821,327)	**(3,388,566)**	**(3,874,224)**	**(2,571,084)**	**(1,927,017)**
	Company					
(a)	Share based payment reserve	48,310	26,184	14,584	-	-

Notes (continued)

17 Other reserves (continued)

(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.
(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:

	2019 series	2018 series	2017 series	2016 series
Grant date share price	197	187	250	277
Exercise price:				
-ESOP	197	187	250	277
-RSU	-	-	-	-
-ESSS	158	150	196	224
Expected volatility	46.20%	20.01%	20.01%	13.1%
Dividend yield	5.2%	3.6%	3.6%	3%
Forfeiture rate	3.3%	3.9%	3.9%	3%
Option life	5 years	5 years	5 years	5 years

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 2020	**UDV (Kenya) Limited Kshs'000**	**Serengeti Breweries Limited Kshs'000**	**Other subsidiaries Kshs'000**	**Total Kshs'000**
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)**	

At 30 June 2019	**UDV (Kenya) Limited Kshs'000**	**Serengeti Breweries Limited Kshs'000**	**Other subsidiaries Kshs'000**	**Total Kshs'000**
Non-controlling interest percentage	**53.68%**	**27.5%**	**1% - 1.8%**	
Non-current assets	2,115,494	9,317,615	7,249,261	
Currents assets	12,169,809	3,722,387	4,451,704	
Non-current liabilities	(322,714)	-	(4,144,926)	
Current liabilities	(4,841,626)	(3,672,061)	(6,013,857)	
Net assets	9,120,963	9,367,941	1,542,182	
Carrying amount of non-controlling interest	**4,896,133**	**2,574,310**	**39,929**	**7,510,372**
Net sales	18,133,705	9,737,066	12,462,592	
Profit after tax	4,431,134	891,035	778,164	
Total profit after tax	4,431,134	891,035	778,164	
In respect of non-controlling interest	**2,378,633**	**244,856**	**13,852**	**2,637,341**
Cash generated from operating activities	3,025,036	2,760,575	2,474,284	
Cash used in investment activities	(122,387)	(1,506,733)	(2,101,244)	
Cash used in financing activities	(1,962,599)	(290,030)	439,120	
Net increase in cash and cash equivalents	**940,050**	**963,812**	**812,160**	

Notes (continued)

18 Non-controlling interests (continued)

(a) Subsidiaries with material non-controlling interests (continued)

At 30 June 2018	UDV (Kenya) Limited Kshs'000	Serengeti Breweries Limited Kshs'000	Other Subsidiaries Kshs'000	Total Kshs'000
Non-controlling interest percentage	53.68%	27.48%	1%-1.8%	
Non-current assets	2,230,063	8,550,389	5,458,464	
Currents assets	9,226,109	3,280,227	3,681,980	
Non-current liabilities	(340,000)	-	(4,025,699)	
Current liabilities	(4,463,747)	(3,166,775)	(4,833,729)	
Net assets	6,652,425	8,663,841	281,016	
Carrying amount of non-controlling interest	**3,571,022**	**2,380,824**	**19,245**	**5,971,091**
Revenue	15,637,384	8,189,944	11,919,899	
Profit	2,857,183	112,314	2,592	
Total comprehensive income	2,857,183	112,314	2,592	
In respect of non-controlling interest	**1,533,736**	**30,864**	**7,191**	**1,571,791**
Cash generated from operating activities	3,509,850	2,215,280	2,775,094	
Cash used in investment activities	(525,874)	(789,774)	(1,287,210)	
Cash used in financing activities	(1,570,079)	(927,708)	(24,451)	
Net increase in cash and cash equivalents	1,413,897	497,798	1,463,433	

At 30 June 2017	UDV (Kenya) Limited Kshs'000	Serengeti Breweries Limited Kshs'000	Other subsidiaries Kshs'000	Total Kshs'000
Non-controlling interest percentage	**53.68%**	**49%**	**1% - 1.8%**	
Non-current assets	1,947,565	8,498,407	5,271,414	
Currents assets	7,691,502	2,477,831	5,770,767	
Non-current liabilities	90,231	(12,002,326)	4,840,746	
Current liabilities	(4,363,973)	(5,706,024)	(5,727,413)	
Net assets/(liabilities)	5,365,325	(6,732,112)	10,155,514	-
Carrying amount of non-controlling interest	**2,880,106**	**(3,298,735)**	**21,226**	**(397,403)**
Revenue	14,758,986	6,226,706	11,694,593	
Profit/(loss)	3,132,374	(1,706,107)	(711,591)	
Total comprehensive income	3,132,374	(1,706,107)	(711,591)	
In respect on non-controlling interest	**1,681,458**	**(835,992)**	**(7,930)**	**837,536**
Cash generated from operating activities	2,954,149	1,324,268	893,324	
Cash used in investment activities	(909,825)	(511,476)	(841,755)	
Cash (used in) / generated from financing activities	(1,256,063)	(52,712)	1,516,775	
Net increase in cash and cash equivalents	788,261	760,080	1,568,344	

Notes (continued)

18 Non-controlling interests (continued)

(a) Subsidiaries with material non-controlling interests (continued)

At 30 June 2016	UDV (Kenya) Limited Kshs'000	Serengeti Breweries Limited Kshs'000	Other Subsidiaries Kshs'000	Total Kshs'000
Non-controlling interest percentage	53.68%	49%	1% - 1.8%	
Non-current assets	1,245,701	8,742,003	5,012,040	
Currents assets	5,547,314	2,218,858	4,677,385	
Non-current liabilities	70,717	(11,371,058)	(1,647,246)	
Current liabilities	(3,374,715)	(4,301,148)	(5,000,380)	
Net assets/(liabilities)	**3,489,017**	**(4,711,345)**	**3,041,799**	
Carrying amount of non-controlling interest	1,872,904	(2,308,559)	19,487	(416,168)
Revenue	12,768,274	7,167,143	11,255,021	
Profit/(loss)	2,497,519	(1,462,458)	(728,948)	
Total comprehensive income	**2,497,519**	**(1,462,458)**	**(728,948)**	
In respect on non-controlling interest	1,340,668	(716,604)	(3,958)	620,106
Cash generated/(used in) from operating activities	2,161,067	(845,883)	(1,697,270)	
Cash used in investment activities	(765,442)	(508,669)	(908,230)	
Cash generated from/(used in) financing activities	(1,276,391)	1,786,694	165,063	
Net increase/(decrease) in cash and cash equivalents	119,234	432,142	(2,440,437)	

(b) Transactions with non- controlling interests

In 2018, the Company entered into an arrangement with the non-controlling shareholders of Serengeti Breweries Limited (SBL) to restructure the capital of SBL that resulted in a commitment by the non-controlling shareholders of SBL to pay the Company Tanzania Shillings 70 billion (Kshs 3.2 billion). Under the terms of the arrangement, the non-controlling shareholders would pay the Company from 50% of their dividends received from SBL. The transaction resulted in a temporary increase in EABL's effective economic interest in the subsidiary from 51% to 75.5% while EABL's shareholding in SBL remained unchanged at 51%. Upon repayment of the amounts through dividends, the effective economic interest of EABL in SBL will revert back to the original 51% status, excluding the impact of subsequent transactions.

Transaction 1: Purchase of 4% shareholding from non-controlling shareholders:

Effective 1 July 2019, the Company purchased an additional 4% of the issued ordinary shares in SBL from one of the non-controlling shareholders. The consideration for the shares was Kshs 494 million. Out of this consideration, Kshs 308 million was paid in cash and the additional Kshs 186 million was utilised to partially clear his outstanding amounts with EABL. As a result of this transaction, EABL's effective economic interest in SBL moved from 75.5% to 77.5% and the legal shareholding moved from 51% to 55%.

The difference arising on the transaction, as shown below, has been recognised in equity being a transaction between shareholders:

	Kshs'000
Cash consideration	308,147
Transfer of non-controlling interest to retained earnings	(447,964)
Difference arising on transactions with non-controlling interests	**(139,817)**

Notes (continued)

18 Non-controlling interest (continued)

(b) Transactions with non- controlling interests (continued)

Transaction 2: Commitment to purchase 30% shareholding from non-controlling shareholders:

The Company has commited to purchase an additional 30% of the legal shareholding in SBL from the non-controlling shareholders in the future. Upon completion of the transaction, the effective economic interest in SBL will increase from 77.5% to 92.5%, while the legal shareholding will increase from 55% to 85%. This transaction is expected to be completed in the first half of the next financial year once all conditions precedent have been met.

19 Deferred income tax

Deferred income tax is calculated using the enacted domestic tax rate of 25% (2019, 2018, 2017, 2016 – 30%). The movement on the deferred income tax account is as follows:

Group	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
At start of year	5,555,556	2,538,119	1,791,410	1,303,190	2,650,215
Charge to profit or loss	267,463	3,133,644	901,377	439,340	(1,056,014)
Effect of change in tax rates	(799,089)	-	-	-	-
Under/(over) provision of deferred income tax in prior years	16,379	(75,671)	36,441	112,214	20,679
Effect of change in exchange rates	75,111	(40,536)	(191,109)	(63,334)	(311,690)
Total deferred income tax movement	(440,136)	3,017,437	746,709	488,220	1,303,190
At end of year	**5,115,420**	**5,555,556**	**2,538,119**	**1,791,410**	**1,303,190**
Analysed as follows:					
Deferred income tax liabilities	5,568,697	6,136,317	3,264,233	5,095,988	5,543,042
Deferred income tax assets	(453,277)	(580,761)	(726,114)	(3,304,578)	(4,239,852)
At end of year	**5,115,420**	**5,555,556**	**2,538,119**	**1,791,410**	**1,303,190**

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:

Group Year ended 30 June 2020	At 1 July 2019 Kshs'000	Impact of change in tax rate Kshs'000	Prior year (over)/under provision Kshs'000	Charged/ (credited) to profit or loss Kshs'000	Effects of exchange rate changes Kshs'000	At 30 June 2020 Kshs'000
Deferred income tax liabilities						
Property, plant and equipment	7,987,768	(928,784)	80,369	97,871	84,518	7,321,742
Unrealised exchange gains/(losses)	341,692	(7,865)	(52,795)	(115,486)	2,335	167,881
Other deductible differences	-	-	-	450,011	267	450,278
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
Tax losses carried forward	(1,578,168)	-	(133,672)	476,815	(20,272)	(1,255,297)
Other deductible differences	(1,224,406)	139,266	(953)	(563,627)	20,991	(1,628,729)
Deferred income tax assets	**(2,773,904)**	**137,560**	**(11,195)**	**(164,933)**	**(12,009)**	**(2,824,481)**
Net deferred income tax	**5,555,556**	**(799,089)**	**16,379**	**267,463**	**75,111**	**5,115,420**

Group Year ended 30 June 2019	At 1 July 2018 Kshs'000	Prior year (over)/under provision Kshs'000	Charged/ (credited) to profit or loss Kshs'000	Effects of exchange rate changes Kshs'000	At 30 June 2019 Kshs'000
Deferred income tax liabilities					
Property, plant and equipment	5,661,354	(12,270)	2,264,754	73,930	7,987,768
Unrealised exchange gains/(losses)	228,560	-	115,119	(1,987)	341,692
Deferred income tax liabilities	**5,889,914**	**(12,270)**	**2,379,873**	**71,943**	**8,329,460**
Deferred income tax assets					
Property, plant and equipment	(281,405)	(20,881)	(8,474)	(1,777)	(312,537)
Unrealised exchange gains/(losses)	(184,784)	(6,155)	525,248	6,898	341,207
Tax losses carried forward	(1,943,812)	32	378,306	(12,694)	(1,578,168)
Other deductible differences	(941,794)	(36,397)	(141,309)	(104,906)	(1,224,406)
Deferred income tax assets	**(3,351,795)**	**(63,401)**	**753,771**	**(112,479)**	**(2,773,904)**
Net deferred income tax	**2,538,119**	**(75,671)**	**3,133,644**	**(40,536)**	**5,555,556**

Notes (continued)

19 Deferred income tax (continued)

Group Year ended 30 June 2018:	At 1 July 2017 Kshs'000	Prior year (over)/under provision Kshs'000	Charged/ (credited) to income statement Kshs'000	Effects of exchange rate changes Kshs'000	At 30 June 2018 Kshs'000
Deferred income tax liabilities					
Property, plant and equipment	4,869,229	102,798	868,696	(179,369)	5,661,354
Unrealised exchange gain/losses	226,759	80,412	(81,475)	2,864	228,560
Deferred income tax liabilities	**5,095,988**	**183,210**	**787,221**	**(176,505)**	**5,889,914**
Deferred income tax assets					
Property, plant and equipment	(78,520)	(168,574)	(36,003)	1,692	(281,405)
Unrealised exchange gain/losses	(93,398)	(55,366)	(36,420)	400	(184,784)
Tax losses carried forward	(2,803,396)	88,741	802,294	(31,451)	(1,943,812)
Other deductible differences	(329,264)	(11,570)	(615,715)	14,755	(941,794)
Deferred income tax assets	**(3,304,578)**	**(146,769)**	**114,156**	**(14,604)**	**(3,351,795)**
Net deferred income tax	**1,791,410**	**36,441**	**901,377**	**(191,109)**	**2,538,119**

Group Year ended 30 June 2017:	At 1 July 2016 Kshs'000	Prior year (over)/under provision Kshs'000	Charged/ (credited) to income statement Kshs'000	Effects of exchange rate changes Kshs'000	At 30 June 2017 Kshs'000
Deferred income tax liabilities					
Property, plant and equipment	5,047,442	(66,120)	(90,992)	(21,101)	4,869,229
Unrealised exchange gain/losses	193,151	(5,697)	40,630	(1,325)	226,759
Deferred income tax liabilities	**5,240,593**	**(71,817)**	**(50,362)**	**(22,426)**	**5,095,988**
Deferred income tax assets					
Property, plant and equipment	(85,889)	22,158	(14,789)	-	(78,520)
Unrealised exchange gain/losses	(731,013)	52,355	300,994	(38,018)	(415,682)
Tax losses carried forward	(2,849,038)	107,682	(57,821)	(4,219)	(2,803,396)
Other deductible differences	(271,463)	1,836	(61,004)	1,367	(329,264)
Derecognized deferred tax	-	-	322,322	(38)	322,284
Deferred income tax assets	**(3,937,403)**	**184,031**	**489,702**	**40,908**	**(3,304,578)**
Net deferred income tax	**1,303,190**	**112,214**	**439,340**	**(63,444)**	**1,791,410**

Group Year ended 30 June 2016:	At 1 July 2015 Kshs'000	Charged/ (credited) to OCI Kshs'000	Charged/ (credited) to income statement Kshs'000	Effects of exchange rate changes Kshs'000	At 30 June 2016 Kshs'000
Deferred tax liabilities					
Property, plant and equipment	5,509,594	-	(279,794)	-	5,229,800
Intangible assets	168,901	-	(168,901)	-	-
Unrealised exchange gain	(65,603)	-	465,665	(86,820)	313,242
Deferred tax liabilities	**5,612,892**	**-**	**16,970**	**(86,820)**	**5,543,042**
Deferred tax assets					
Unrealised exchange losses	(186,002)	(426,619)	(644,056)	(31,796)	(1,288,473)
Other deductible differences	(230,920)	-	61,202	(72,545)	(242,263)
Tax losses carried forward	(2,545,755)	-	(42,832)	(120,529)	(2,709,116)
Deferred tax assets	**(2,962,677)**	**(426,619)**	**(625,686)**	**(224,870)**	**(4,239,852)**
Net deferred income tax	2,650,215	(426,619)	(608,716)	(311,690)	1,303,190

Notes (continued)

19 Deferred income tax (continued)

Company	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
At start of year	507,688)	(726,114)	(1,424,232)	(1,652,632)	(961,741)
(Credit)/charge to profit or loss	(35,194)	218,394	672,313	144,984	
Effect of change in tax rates	81,468	-	-	-	(705,300)
Under provision of deferred income tax in prior year	18,881	32	25,805	83,416	-
Total deferred income tax movement	65,155	218,426	698,118	228,400	14,409
At end of year	**(442,533)**	**(507,688)**	**(726,114)**	**(1,424,232)**	**(690,891)**

Company **Year ended 30 June 2020**	**At 1 July 2019 Kshs'000**	**Impact of change in tax rate Kshs'000**	**Prior year (over)/under provision Kshs'000**	**Charged/ (credited) to profit or loss Kshs'000**	**At 30 June 2020 Kshs'000**
Deferred income tax liabilities					
Property, plant and equipment	(44,461)	7,437	(159)	(7,121)	(44,304)
Right-of-use assets	-	-	-	6,615	6,615
Unrealised exchange gains	39,121	(6,520)	-	(32,594)	7
Deferred income tax liabilities	(5,340)	917	(159)	(33,100)	(37,682)
Deferred income tax assets					
Unrealised exchange losses	874	(146)	3	(84,433)	(83,705)
Lease liabilities	-	-	-	(7,097)	(7,097)
Other deductible differences	(503,222)	80,697	19,040	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)**

Company **Year ended 30 June 2019**	**At 1 July 2018 Kshs'000**	**Prior year (over)/under provision Kshs'000**	**Charged/ (credited) to profit or loss Kshs'000**	**At 30 June 2019 Kshs'000**
Deferred income tax liabilities				
Property, plant and equipment	(37,697)	-	(6,764)	(44,461)
Unrealised exchange gains	59,834	-	(20,713)	39,121
Deferred income tax liabilities	22,137	-	(27,477)	(5,340)
Deferred income tax assets				
Unrealised exchange losses	(61,249)	-	62,123	874
Tax losses carried forward	(391,323)	32	391,291	-
Other deductible differences	(295,679)	-	(207,543)	(503,222)
Deferred income tax assets	(748,251)	32	245,871	(502,348)
Net deferred income tax	**(726,114)**	**32**	**218,394**	**(507,688)**

Notes (continued)

19 Deferred income tax (continued)

Company **Year ended 30 June 2018:**	**At 1 July 2017 Kshs'000**	**Prior year (over)/under provision Kshs'000**	**(credited) to income statement Kshs'000**	**At 30 June 2018 Kshs'000**
Deferred income tax liabilities				
Property, plant and equipment	16,287	(53,485)	(499)	(37,697)
Unrealised exchange gains	12,060	2,120	45,654	59,834
Deferred income tax liabilities	28,347	(51,365)	45,155	22,137
Deferred income tax assets				
Unrealised exchange losses	(664)	-	(60,585)	(61,249)
Provisions	(291,631)	(11,571)	7,523	(295,679)
Tax losses	(1,160,284)	88,741	680,220	(391,323)
Deferred income tax assets	(1,452,579)	77,170	627,158	(748,251)
Net deferred income tax	**(1,424,232)**	**25,805**	**672,313**	**(726,114)**

Company **Year ended 30 June 2017:**	**At 1 July 2016 Kshs'000**	**Prior year (over)/under provision Kshs'000**	**Charged/ (credited) to income statement Kshs'000**	**At 30 June 2017 Kshs'000**
Deferred income tax liabilities				
Property, plant and equipment	8,300	1,701	6,286	16,287
Unrealised exchange gains	52,758	(52,914)	12,216	12,060
Deferred income tax liabilities	61,058	(51,213)	18,502	28,347
Deferred income tax assets				
Unrealised exchange losses	(121,876)	52,914	68,298	(664)
Provisions	(147,239)	-	(144,392)	(291,631)
Tax losses	(1,444,575)	81,715	202,576	(1,160,284)
Deferred income tax assets	(1,713,690)	134,629	126,482	(1,452,579)
Net deferred income tax	**(1,652,632)**	**83,416**	**144,984**	**(1,424,232)**

Company **Year ended 30 June 2016:**	**At 1 July 2015 Kshs'000**	**Prior year over/ provision Kshs'000**	**(credited) to income statement Kshs'000**	**At 30 June 2016 Kshs'000**
Deferred income tax liabilities				
Property, plant and equipment	12,706	-	(6,526)	6,180
Unrealised exchange gains	54,879	-	-	54,879
	67,585	-	(6,526)	61,059
Deferred income tax assets				
Unrealised exchange losses	(29,693)	-	(92,183)	(121,876)
Provisions	(74,371)	-	(72,868)	(147,239)
Tax losses	(925,262)	14,409	(533,722)	(1,444,575)
	(1,029,326)	14,409	(698,773)	(1,713,690)
Net deferred income tax	**(961,741)**	**14,409**	**(705,299)**	**(1,652,631)**

Notes (continued)

20 Property, plant and equipment

Group 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						
At 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 23)	-	-	-	-	(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
Disposals	(7,548)	(2,007)	(682,426)	-	-	(691,981)
Transfer to right-of-use assets (Note 21)	-	(26,885)	-	-	-	(26,885)
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 were no assets pledged by the Group to secure liabilities.

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.

Notes (continued)

20 Property, plant and equipment (continued)

Group Year ended 30 June 2019	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						
At 1 July 2018	4,987,211	2,975,610	40,394,764	13,630,309	11,831,797	73,819,691
Additions	-	46,694	720,768	1,563,812	9,345,690	11,676,964
Transfers from capital work in progress	91,524	2,670,269	9,748,924	1,137,516	(13,648,233)	-
Disposals	-	-	(422,535)	-	-	(422,535)
Transfer to intangible assets (Note 23)	-	-	-	-	(262,698)	(262,698)
Assets written off	-	-	-	(1,713,075)	-	(1,713,075)
Effect of exchange rate changes	5,863	50,768	489,348	120,697	67,324	734,000
At 30 June 2019	**5,084,598**	**5,743,341**	**50,931,269**	**14,739,259**	**7,333,880**	**83,832,347**
Depreciation and impairment						
At 1 July 2018	1,068,031	925,211	19,062,631	7,399,974	-	28,455,847
Charge for the year	106,984	75,431	2,112,960	1,431,036	-	3,726,411
Disposals	-	-	(386,922)	-	-	(386,922)
Assets written off	-	-	-	(1,276,037)	-	(1,276,037)
Effect of exchange rate changes	3,433	13,441	186,121	72,242	-	275,237
At 30 June 2019	**1,178,448**	**1,014,083**	**20,974,790**	**7,627,215**	**-**	**30,794,536**
Carrying amount at 30 June 2019	**3,906,150**	**4,729,258**	**29,956,479**	**7,112,044**	**7,333,880**	**53,037,811**

There were no assets pledged by the Group to secure liabilities.

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)

Group Year ended 30 June 2018	Freehold property Kshs '000	Leasehold buildings Kshs '000	Plant & equipment Kshs '000	Motor vehicles Kshs '000	Returnable packaging Kshs '000	Capital work in progress Kshs '000	Total Kshs '000
Cost							
1 July 2017	4,611,690	3,047,596	38,358,297	81,626	13,829,816	4,553,792	64,482,817
Additions	177,011	37,509	2,075,654	-	1,370,384	9,368,176	13,028,734
Transfers from work in progress	258,557	41,103	1,011,850	-	684,444	(1,995,954)	-
Disposals	(50,188)	-	(40,128)	-	(153,786)	-	(244,102)
Transfer to intangible assets (Note 22)	-	-	-	-	-	(41,013)	(41,013)
Assets written off	-	-	-	-	(1,807,349)	-	(1,807,349)
Effect of exchange rate changes	(9,859)	(150,598)	(1,092,421)	(114)	(293,200)	(53,204)	(1,599,396)
At 30 June 2018	**4,987,211**	**2,975,610**	**40,313,252**	**81,512**	**13,630,309**	**11,831,797**	**73,819,691**
Depreciation and impairment							
At 1 July 2017	1,003,217	894,389	17,595,049	54,145	7,618,571	-	27,165,371
Charge for the year	88,707	67,579	1,844,879	195	1,494,055	-	3,495,415
On assets disposed	(18,130)	-	(24,419)	-	(130,676)	-	(173,225)
On assets written off	-	-	-	-	(1,402,943)	-	(1,402,943)
Effect of exchange rate changes	(5,763)	(36,757)	(407,134)	(84)	(179,033)	-	(628,771)
At 30 June 2018	**1,068,031**	**925,211**	**19,008,375**	**54,256**	**7,399,974**	**-**	**28,455,847**
Carrying amount at 30 June 2018	**3,919,180**	**2,050,399**	**21,304,877**	**27,256**	**6,230,335**	**11,831,797**	**45,363,844**

There were no assets pledged by the Group to secure liabilities other than as disclosed under Note 34. The capital work in progress mainly relates to construction of a brewery in Kisumu, Kenya.

Included under additions to capital work in progress are borrowing costs of Kshs 299,944,000 incurred on the long-term loan that was received during the year to finance the construction of the new brewery in Kisumu. The weighted average capitalization rate on funds borrowed is 10%.

Notes (continued)

20 Property and equipment (continued)

Group Year ended 30 June 2017	Freehold property Kshs '000	Leasehold buildings Kshs '000	Plant & equipment Kshs '000	Motor vehicles Kshs '000	Returnable packaging Kshs '000	Capital work in progress Kshs '000	Total Kshs '000
Cost							
1 July 2016	4,267,901	3,352,209	36,026,391	158,922	14,178,725	3,022,938	61,007,086
Additions	172,568	31,430	805,393	-	886,331	3,766,788	5,662,510
Disposals	(191,102)	(378,391)	(345,400)	(74,395)	(1,241,994)	(63,116)	(2,294,398)
Transfers from work in progress	363,271	48,429	1,556,323	-	271,102	(2,554,392)	(315,267)
Assets written off	-	-	-	-	(439,283)	-	(439,283)
Effect of exchange rate changes	(948)	(6,081)	315,590	(2,901)	174,935	381,574	862,169
At 30 June 2017	**4,611,690**	**3,047,596**	**38,358,297**	**81,626**	**13,829,816**	**4,553,792**	**64,482,817**
Depreciation and impairment							
At 1 July 2016	985,215	868,115	16,230,959	138,292	7,177,697	-	25,400,278
On assets disposed	(63,142)	(99,652)	(225,855)	(74,290)	(604,219)	-	(1,067,158)
On Assets written off	-	-	-	-	(371,530)	-	(371,530)
Charge for the year	82,445	128,473	1,689,927	(8,304)	1,435,623	-	3,328,169
Effect of exchange rate changes	(1,301)	(2,552)	(99,982)	(1,553)	(19,000)	-	(124,388)
At 30 June 2017	**1,003,217**	**894,389**	**17,595,049**	**54,145**	**7,618,571**	**-**	**27,165,371**
Carrying amount as at 30 June 2017	**3,608,473**	**2,153,207**	**20,763,248**	**27,481**	**6,211,245**	**4,553,792**	**37,317,446**

There were no assets pledged by the Group to secure liabilities other than as disclosed under Note 34. The capital work in progress is mainly due to a new spirits line and expansion of the kegging line in Kenya.

Notes (continued)

20 Property and equipment (continued)

Group Year ended 30 June 2016	Freehold property Kshs '000	Leasehold buildings Kshs '000	Plant & equipment Kshs '000	Motor vehicles Kshs '000	Returnable packaging Kshs '000	Capital work in progress Kshs '000	Total Kshs '000
Cost							
1 July 2015	4,234,932	3,126,689	35,497,936	122,308	11,927,128	1,461,081	56,370,074
Additions	-	2,927	277,895	-	1,402,577	3,186,702	4,870,101
Disposals	(198,318)	-	(310,577)	-	(847,035)	(158,081)	(1,514,011)
Reclassifications	1,285	-	(1,350,456)	-	1,572,353	(223,182)	-
Transfers from work in progress	220,202	-	630,543	-	392,837	(1,243,582)	-
Assets written off	-	-	-	-	(300,719)	-	(300,720)
Transfers to intercompany	-	-	-	-	-	-	-
Effect of exchange rate changes	136,746	222,593	1,344,623	36,614	(978,116)	946,127	1,708,588
At 30 June 2016	**4,394,848**	**3,352,210**	**36,089,964**	**158,922**	**13,169,024**	**3,969,065**	**61,134,032**
Depreciation and impairment							
At 1 July 2015	977,031	770,202	13,181,953	61,558	5,798,953	-	20,789,696
On assets disposed	(7,928)	-	(259,889)	-	(773,107)	-	(1,040,924)
On reclassifications	7,320	-	(324,783)	-	317,463	-	-
On assets transferred	-	-	-	-	-	-	-
On Assets written off	-	-	-	-	(216,276)	-	(216,276)
Charge for the year	101,529	52,106	1,536,037	1,161	1,684,318	-	3,375,152
Effect of exchange rate changes	126,209	(46,193)	2,542,828	75,573	(78,841)	-	2,619,575
At 30 June 2016	**1,204,161**	**776,114**	**16,676,146**	**138,292**	**6,732,510**	**-**	**25,527,223**
Carrying amount as at 30 June 2016	**3,190,687**	**2,576,095**	**19,413,818**	**20,631**	**6,436,514**	**3,969,065**	**35,606,809**

There were no assets pledged by the Group to secure liabilities other than as disclosed under Note 35. Collaterised borrowings are secured by land, industrial property and bank guarantee. The capital work in progress is mainly due to information systems, safety and supply related projects.

Notes (continued)

20 Property and equipment (continued)

Company **Year ended 30 June 2020**	**Freehold property Kshs '000**	**Leasehold buildings Kshs '000**	**Equipment Kshs '000**	**Capital work in progress Kshs '000**	**Total Kshs '000**
Cost					
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
Disposals	-	-	(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.

Notes (continued)

20 Property and equipment (continued)

Company **Year ended 30 June 2019**	**Freehold property Kshs '000**	**Leasehold buildings Kshs '000**	**Equipment Kshs '000**	**Capital work in progress Kshs '000**	**Total Kshs '000**
Cost					
At 1 July 2018	132,228	32,127	330,717	135,811	630,883
Additions	-	-	1,796	324,348	326,144
Disposals	-	-	(11,504)	-	(11,504)
Transfers from capital work in progress	871	-	12,342	(13,213)	-
Transfers to Group companies	(3,500)	(17,230)	-	(98,307)	(119,037)
At 30 June 2019	**129,599**	**14,897**	**333,351**	**348,639**	**826,486**
Depreciation and impairment					
At 1 July 2018	4,358	5,957	238,180	-	248,495
Disposals	-	-	(10,242)	-	(10,242)
Transfers to Group companies	(2,811)	(6,103)	-	-	(8,914)
Charge for the year	711	1,023	46,242	-	47,976
At 30 June 2019	**2,258**	**877**	**274,180**	**-**	**277,315**
Carrying amount at 30 June 2019	**127,341**	**14,020**	**59,171**	**348,639**	**549,171**

There are no assets pledged by the Company to secure liabilities.

Notes (continued)

20 Property and equipment (continued)

Company Year ended 30 June 2018	Freehold property Kshs '000	Leasehold buildings Kshs '000	Plant & equipment Kshs '000	Capital work in progress Kshs '000	Total Kshs '000
Cost					
1 July 2017	132,228	41,490	318,158	104,146	596,022
Additions	-	-	9,132	62,527	71,659
Transfers from work in progress	-	25,577	3,427	(29,004)	-
Transfers to intangible assets (Note 22 (b))	-	-	-	(1,858)	(1,858)
Assets written off	-	-	-	-	-
Transfers to Group companies	-	(34,940)	-	-	(34,940)
At 30 June	**132,228**	**32,127**	**330,717**	**135,811**	**630,883**
Depreciation and impairment					
1 July 2017	3,647	15,213	192,738	-	211,598
Transfers to Group companies	-	(10,496)	-	-	(10,496)
Charge for the year	711	1,240	45,442	-	47,393
At 30 June	**4,358**	**5,957**	**238,180**	**-**	**248,495**
Carrying amount at 30 June 2018	**127,870**	**26,170**	**92,537**	**135,811**	**382,388**

There are no assets pledged by the Company to secure liabilities.

Notes (continued)

20 Property and equipment (continued)

Company **Year ended 30 June 2017**	**Freehold property Kshs '000**	**Leasehold buildings Kshs '000**	**Plant & equipment Kshs '000**	**Capital work in progress Kshs '000**	**Total Kshs '000**
Cost					
1 July 2016	174,900	41,490	466,689	232,474	915,553
Additions	-	-	29,705	347,321	377,026
Disposals	(205,041)	-	(102,700)	(62,729)	(370,470)
Transfers from work in progress	35,423	-	11,665	(177,205)	(130,117)
Transfers to/from group Companies	126,946	-	(87,201)	(235,715)	(195,970)
At 30 June 2017	**132,228**	**41,490**	**318,158**	**104,146**	**596,022**
Depreciation and impairment					
At 1 July 2016	11,845	20,853	221,129	-	253,827
On assets disposed	(149,345)	(5,640)	(102,700)	-	(257,685)
Transfers from/to Group Companies	126,946	-	(1,713)	-	125,233
Charge for the year	14,201	-	76,022	-	90,223
At 30 June 2017	**3,647**	**15,213**	**192,738**	**-**	**211,598**
Carrying amount as at 30 June 2017	**128,581**	**26,277**	**125,420**	**104,146**	**384,424**

There are no assets pledged by the Company to secure liabilities.

Notes (continued)

20 Property and equipment (continued)

Company **Year ended 30 June 2016**	**Freehold property Kshs '000**	**Leasehold buildings Kshs '000**	**Plant & equipment Kshs '000**	**Capital Work in progress Kshs '000**	**Total Kshs '000**
Cost					
1 July 2015	162,305	41,420	333,729	280,839	818,293
Additions	-	-	-	262,144	262,144
Disposals	(198,318)	-	(68,957)	(147,435)	(414,710)
Transfers from work in progress	6,251	-	111,484	(117,734)	0
Reclassifications	-	-	45,340	(45,340)	(0)
Assets written off	-	-	-	-	-
Transfers to intercompany	331,509	70	45,093	-	376,771
At 30 June 2016	**301,847**	**41,490**	**466,688**	**232,474**	**1,042,498**
Depreciation and impairment					
At 1 July 2015	-	18,950	176,152	-	195,102
Additions	-	-	-	-	-
On assets dispcsed	(7,928)	-	(29,369)	-	(37,297)
Transfers to intercompany	146,718	-	22,026		168,744
On assets transferred	-	-	-	-	-
Charge for the year	-	1,903	52,319	-	54,222
At 30th June 2016	**138,790**	**20,853**	**221,128**	**-**	**380,771**
Carrying amount as at 30 June 2016	**163,057**	**20,637**	**245,560**	**232,474**	**661,727**

There are no assets pledged by the Company to secure liabilities.

Notes (continued)

21 Right-of-use assets

Upon adoption of IFRS 16 *Leases*, the right-of-use assets were recognised and remeasured at an amount equal to the lease liabilities, with exception of leasehold land which has been recognised at an amount equal to the originally recognised prepaid operating lease rentals.

The Group leases space for offices and motor vehicles. The leases of office space are 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 are on average 4 to 5 years.

Under the previous accounting policy, payments made under operating leases were charged to the profit and loss account on a straight-line basis over the lease period. Prepaid operating lease rentals were recognised at historical cost and subsequently amortised over the lease period. The carrying amount of prepaid operating lease rentals of Kshs 10,538,000 for Group and Kshs 1,264,000 for Company at 1 July 2015 have been reclassified as right-of-use assets.

Year ended 30 June 2020 **(a) Group**	**Buildings** **Kshs '000**	**Motor vehicles** **Kshs '000**	**Leasehold property** **Kshs '000**	**Total** **Kshs '000**
Net carrying value				
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 equipment (Note 20)	-	-	35,183	**35,183**
Amortisation charge	(46,569)	(462,936)	(175)	**(509,680)**
Effect of exchange rate changes	1,814	12,591	(2)	**14,403**
At 30 June 2020	**641,720**	**893,522**	**42,173**	**1,577,415**
(b) Company				
Net carrying value				
At 1 July 2019	-	52,557	-	**52,557**
Amortisation charge	-	26,099	-	**26,099**
At 30 June 2020	**-**	**26,458**	**-**	**26,458**

Year ended 30 June 2019 **(a) Group**	**Buildings** **Kshs '000**	**Motor vehicles** **Kshs '000**	**Leasehold property** **Kshs '000**	**Total** **Kshs '000**
Net carrying value				
At 1 July 2018	177,050	565,616	7,351	**750,017**
Additions	39,830	792,863	-	**832,693**
Amortisation charge	(178,086)	(208,197)	(226)	**(386,509)**
Effect of exchange rate changes	-	-	42	**42**
At 30 June 2019	**38,794**	**1,150,282**	**7,167**	**1,196,243**
(b) Company				
Net carrying value				
At 1 July 2018	-	30,968	644	**31,612**
Additions	-	37,608	-	**37,608**
Transfers to Group companies	-	-	(630)	**(630)**
Amortisation charge	-	(16,019)	(14)	**(16,033)**
At 30 June 2019	**-**	**52,557**	**-**	**52,557**

Notes (continued)

21 Right-of-use assets (continued)

Year ended 30 June 2018 **(a) Group**	**Buildings Kshs '000**	**Motor vehicles Kshs '000**	**Leasehold property Kshs '000**	**Total Kshs '000**
Net carrying value				
At 1 July 2017	236,066	221,785	14,992	**472,843**
Additions	-	464,437	-	**464,437**
Disposals	-	-	(6,753)	**(6,753)**
Amortisation charge	(59,016)	(120,606)	(816)	**(180,438)**
Effect of exchange rate changes	-	-	(72)	**(72)**
At 30 June 2018	**177,050**	**565,616**	**7,351**	**750,017**
(b) Company				
Net carrying value				
At 1 July 2017	-	27,743	1,124	**28,867**
Additions	-	16,531	-	**16,531**
Transfers to Group companies	-	-	(421)	**(421)**
Amortisation charge	-	(13,306)	(59)	**(13,365)**
At 30 June 2018	**-**	**30,968**	**644**	**31,612**

Year ended 30 June 2017 **(a) Group**	**Buildings Kshs '000**	**Motor vehicles Kshs '000**	**Leasehold property Kshs '000**	**Total Kshs '000**
Net carrying value				
At 1 July 2016	-	90,197	10,309	**100,506**
Additions	295,082	168,722	5,066	**468,870**
Amortisation charge	(59,016)	(37,134)	(363)	**(96,513)**
Effect of exchange rate changes	-	-	(20)	**(20)**
At 30 June 2017	**236,066**	**221,785**	**14,992**	**472,843**
(b) Company				
Net carrying value				
At 1 July 2016	-	5,972	1,195	**7,167**
Additions	-	30,342	-	**30,342**
Amortisation charge	-	(8,571)	(71)	**(8,642)**
At 30 June 2017	**-**	**27,743**	**1,124**	**28,867**

Year ended 30 June 2016 **(a) Group**	**Motor vehicles Kshs '000**	**Leasehold property Kshs '000**	**Total Kshs '000**
Net carrying value			
At 1 July 2015	-	-	-
IFRS 16 transition adjustment	109,895	-	**109,895**
Reclassifications from prepaid operating lease rentals	-	10,538	**10,538**
Amortisation charge	(19,698)	(295)	**(19,993)**
Effect of exchange rate changes	-	66	**66**
At 30 June 2016	**90,197**	**10,309**	**100,506**

Notes (continued)

21 Right-of-use assets (continued)

(b) Company	Motor vehicles Kshs '000	Leasehold property Kshs '000	Total Kshs '000
Net carrying value			
At 1 July 2015	-	-	-
IFRS 16 transition adjustment	6,787	-	**6,787**
Reclassifications from prepaid operating lease rentals	-	1,264	**1,264**
Amortisation charge	(815)	(69)	**(884)**
At 30 June 2016	**5,972**	**1,195**	**7,167**

22 Discontinued operation

In September 2015, the Group sold its shares in Central Glass Industries Limited ("CGI"); the glass and containers producing subsidiary of the Group, to Consol Glass Proprietary Limited following a strategic review of the business for a cash consideration of Kshs 3.5 billion. The pre-tax profit on disposal of the subsidiary was Kshs 2.4 billion.

CGI's results are presented in the financial information for the year ended 30 June 2016 as a discontinued operation. The financial information relates to CGI for the period to the date of disposal. The consolidated income statement and statement of cash flow distinguish discontinued operations from continuing operations.

Income statement

	2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
Revenue	-	-	-	-	193,042
Expenses	-	-	-	-	(192,169)
Result from operating activities	**-**	**-**	**-**	**-**	**873**
Income tax	-	-	-	-	(248)
Post-tax profit from business of discontinued operations	**-**	**-**	**-**	**-**	**625**
Pre-tax profit on disposal of the subsidiary	-	-	-	-	2,369,789
Income tax expense	-	-	-	-	(120,986)
Post-tax profit on disposal of the subsidiary	**-**	**-**	**-**	**-**	**2,248,803**
Profit from discontinued operations	**-**	**-**	**-**	**-**	**2,249,428**

Notes (continued)

23 Intangible assets - software

Group	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Cost					
At start of year	2,309,929	1,943,999	1,927,111	1,650,241	1,536,940
Additions	163,187	91,614	2,627	31,388	147,435
Disposals	(128,666)	-	-	(69,275)	-
Transfer from property plant and equipment (Note 20(a))	22,237	262,698	41,013	315,268	-
Effect of exchange rate changes	18,011	11,618	(26,752)	(511)	(34,134)
At end of year	**2,384,698**	**2,309,929**	**1,943,999**	**1,927,111**	**1,650,241**
Amortisation					
At start of year	1,688,853	1,502,402	1,364,296	1,227,630	1,160,149
Amortisation during the year	210,927	180,694	149,249	101,788	74,693
On assets disposed	(128,666)	-	-	-	-
Effect of exchange rate changes	11,548	5,757	(11,143)	34,878	(7,212)
At end of year	**1,782,662**	**1,688,853**	**1,502,402**	**1,364,296**	**1,227,630**
Net book value	**602,036**	**621,076**	**441,597**	**562,815**	**422,611**

Company	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Cost					
At start of year	1,487,572	1,485,409	1,480,923	1,412,475	1,265,040
Additions	75,988	2,163	2,627	7,607	147,435
Disposals	(128,666)	-	-	(69,275)	-
Transfer from property, plant and equipment (Note 20)	-	-	1,858	130,116	-
At end of year	**1,434,894**	**1,487,572**	**1,485,408**	**1,480,923**	1,412,475
Amortisation					
At start of year	1,362,269	1,278,981	1,198,379	1,139,847	(1,096,212)
Charge for the year	78,947	83,288	80,602	58,532	(43,635)
On assets disposed	(128,666)	-	-	-	-
At end of year	**1,312,550**	**1,362,269**	**1,278,981**	**1,198,379**	**(1,139,847)**
Net book value	**122,344**	**125,303**	**206,427**	**282,544**	**272,628**

Transfer of assets from property and equipment to intangible assets relate to costs incurred in the acquisition of software.

24 Intangible assets - goodwill and brand

(a) Goodwill

Year ended 30 June 2020	Carrying amount at 1 July Kshs'000	Effect of exchange rate changes Kshs'000	Carrying amount at 30 June Kshs'000
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**

Notes (continued)

24 Intangible assets - goodwill and brand (continued)

(a) Goodwill (continued)

Year ended 30 June 2019	Carrying amount at 1 July	Effect of exchange rate changes	Carrying amount at 30 June
Serengeti Breweries Limited (SBL)	2,118,560	18,620	2,137,180
UDV (Kenya) Limited (UDV)	415,496	-	415,496
International Distillers (Uganda) Limited (IDU)	178,508	11,817	190,325
Total	**2,712,564**	**30,437**	**2,743,001**

Year ended 30 June 2018	Carrying amount At 1 July Kshs'000	Impairment charge Kshs'000	Effect of exchange rate changes Kshs'000	Carrying amount as 30 June Kshs'000
Serengeti Breweries Limited (SBL)	2,225,442	-	(106,882)	2,118,560
UDV (Kenya) Limited (UDV)	415,496	-	-	415,496
International Distillers (Uganda) Limited (IDU)	198,381	-	(19,873)	178,508
Total	**2,839,319**	**-**	**(126,755)**	**2,712,564**
Year ended 30 June 2017				
Serengeti Breweries Limited (SBL)	2,928,527	(284,687)	(418,398)	2,225,442
UDV (Kenya) Limited (UDV)	415,496	-	-	415,496
International Distillers (Uganda) Limited (IDU)	233,168	-	(34,787)	198,381
Total	**3,577,191**	**(284,687)**	**(453,185)**	**2,839,319**

Year ended 30 June 2016	At 1 June Kshs'000	Cumulative impairment Kshs'000	Carrying amount as 30 June Kshs'000
Serengeti Breweries Limited (SBL)	2,928,527	-	2,928,527
UDV (Kenya) Limited (UDV)	415,496	-	415,496
International Distillers (Uganda) Limited (IDU)	233,168	-	233,168
Total	**3,577,191**	**-**	**3,577,191**

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

	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
At start of year	463,430	459,394	482,562	563,005	563,005
Effect of exchange rate changes	17,789	4,036	(23,168)	(80,443)	-
At end of year	**481,219**	**463,430**	**459,394**	**482,562**	**563,005**

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				
	2020	**2019**	**2018**	**2017**	**2016**
Terminal growth rate[1]	5%	5%	6%	5%	7%
WACC rate[2]	15%	16%	15%	18%	16.6%

	Kenya				
	2020	**2019**	**2018**	**2017**	**2016**
Terminal growth rate[1]	5%	5%	5%	5%	7%
WACC rate[2]	13%	13%	12%	13%	16.0%

	Uganda				
	2020	**2019**	**2018**	**2017**	**2016**
Terminal growth rate[1]	5%	5%	5%	5%	7%
WACC rate[2]	14%	13%	12%	14%	18.6%

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.

(ii) 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 2020. As a result, the Group has not recognised an impairment charge (2019, 2018, 2017 & 2016: Nil).

Brand

Based on the above assumptions, the recoverable value of the brand exceeded the carrying value at 30 June 2020. As a result, the Group has not recognised an impairment charge (2019, 2018, 2017 & 2016: Nil).

(iii) 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 2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Kenya Breweries Limited	Kenya	100%	22,377,809	22,377,809	22,377,809	22,377,809	22,377,809
Serengeti Breweries Limited	Tanzania	77.5%	15,970,420	15,992,891			4,942,998
Serengeti Breweries Limited	Tanzania	72.5%			15,992,891	4,942,998	
East African Maltings (Kenya) Limited	Kenya	100%	687,662	-			
Uganda Breweries Limited	Uganda	98%	687,648	687,648	687,648	687,648	687,648
UDV (Kenya) Limited	Kenya	46%	589,410	589,410	589,410	589,410	589,410
International Distillers Uganda Limited	Uganda	100%	300,000	300,000	300,000	300,000	300,000
EABL International Limited	Kenya	100%			150,000	150,000	150,000
EABL Tanzania Limited	Tanzania	100%	5,610	5,610	5,610	5,610	5,610
East African Breweries (Rwanda) Limited	Kenya	100%	1,337	1,337	1,337	-	-
East African Beverages (South Sudan) Limited	South Sudan	99%	299	299	299	299	299
Allsopps (EA) Sales Limited	Kenya	100%	3	3	3	3	3
EABL International Limited	Kenya	100%	2	2	-	-	-
Salopia Limited	Kenya	100%	-	-	200	200	200
Net book amount			**40,620,200**	**39,955,009**	**40,105,207**	**29,053,977**	**29,053,977**

Notes (continued)

25 Investments in subsidiaries (continued)

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 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 (Note 18(b))	(330,618)
East African Maltings (Kenya) Limited	
Conversion of long-term loan to equity investment	687,662
	995,809
At 30 June 2020	**40,620,200**

Year ended 30 June 2019

	Kshs'000
At 1 July 2018	40,105,207
EABL International Limited	
Capital reduction	(149,998)
Other subsidiaries	
Derecognition upon wind-up	(200)
At 30 June 2019	**39,955,009**

Year ended 30 June	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
At 1 July	29,053,977	29,053,977	29,053,977
Acquisition of additional interest in subsidiary (Note 18(b)			
- Investment loan converted to equity investment	15,306,176	-	-
- Capital contribution on behalf of NCI	(4,256,283)		-
Investment in East African Breweries (Rwanda) Limited	1,337	-	-
At 30 June	**40,105,207**	**29,053,977**	**29,053,977**

26 Other financial assets

Group and Company	2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 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	10,000	10,000	10,000
At end of year	**10,000**	**10,000**	**10,000**	**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.

Notes (continued)

27 Inventories

Group	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Raw materials and consumables	7,091,534	4,343,198	4,835,788	5,096,867	5,323,908
Work in progress	588,459	604,058	721,933	483,618	550,864
Finished goods	3,213,469	2,253,687	1,930,324	1,672,653	2,239,655
Goods in transit	22,908	167,069	394,561	219,956	16,815
	10,916,370	**7,368,012**	**7,882,606**	**7,473,094**	**8,131,242**

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to 2020: Kshs 20,195,033,000 (2019: Kshs 22,514,463,000, 2018: Kshs 21,639,676,000, 2017: Kshs 20,412,467,000 and 2016: Kshs 18,521,804,000).

Company	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Finished goods	-	-	38,906	33,958	2,594

28 Trade and other receivables

Group	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Trade receivables	4,895,259	4,928,580	5,371,289	6,815,831	6,543,762
Less: Provision for expected credit losses	(1,142,429)	(624,898)	(685,942)	(822,526)	(723,524)
	3,752,830	**4,303,682**	**4,685,347**	**5,993,305**	**5,820,238**
Other receivables	1,600,375	1,847,867	2,657,087	3,024,375	4,600,085
Less: Provision for expected credit losses	(369,152)	(225,763)	(170,421)	(134,314)	(60,531)
Prepayments	397,534	2,079,441	423,502	325,642	349,314
Due from related parties (Note 36(a)(iii))	299,857	217,767	350,966	718,992	863,040
	5,681,444	**8,222,994**	**7,946,481**	**9,928,000**	**11,572,146**

Movement in expected credit losses allowance

	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
At 1 July	850,661	856,363	956,840	784,055	742,075
IFRS 9 transition adjustment	-	105,455	-	-	-
Charge to profit or loss (Note 9(a))	660,920	134,361	137,650	210,505	41,980
Write offs	-	(245,518)	(238,127)	(37,720)	-
At end of year	**1,511,581**	**850,661**	**856,363**	**956,840**	**784,055**

Company	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Trade receivables	-	-	512,080	590,159	40,868
Receivables from related companies (Note 36(b)(iii))	1,430,603	831,475	2,925,420	3,198,367	5,247,164
Other receivables	655,103	230,049	383,818	2,074,170	3,372,091
Prepayments	11,078	88,950	4,437	-	2,546
	2,096,784	**1,150,474**	**3,825,755**	**5,862,696**	**8,662,668**

Notes (continued)

29 Derivative financial instruments

The amount reported represents the fair value of forward foreign exchange contracts that were held to manage foreign currency risk on the Euro denominated borrowings. These derivative financial instruments were measured at fair value through profit or loss. During the year, the Euro denominated loan was repaid and the derivatives were settled.

Group and Company	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Derivative financial assets/ (liabilities)					
Foreign exchange forward contracts	-	179,678	(71,946)	-	-

30 Trade and other payables

Group	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Trade payables	5,672,679	6,135,927	5,781,983	4,393,197	5,218,577
Other payables and accrued expenses	15,186,925	20,465,246	17,694,450	15,891,910	14,571,073
Payables to related parties (Note 36(a)(iii))	871,479	1,263,019	1,152,866	528,904	2,131,028
	21,731,083	**27,864,192**	**24,629,299**	**20,814,011**	**21,920,677**

Company	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Trade payables	126,357	108,252	114,640	149,708	357,714
Payables to related parties (Note 36(b)(iii))	10,356,587	15,263,832	16,943,244	10,155,305	12,038,440
Other payables and accrued expenses	2,191,560	2,876,738	2,555,737	2,720,947	2,771,868
	12,674,504	**18,248,822**	**19,613,621**	**13,025,960**	**15,168,022**

31 Borrowings

Group	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Non-current					
Related party loans	-	-	11,469,236	11,469,236	11,469,236
Bank loans	30,900,000	25,115,178	8,077,553	5,019,038	5,004,358
Medium term note	6,000,000	6,000,000	11,000,000	11,000,000	5,000,000
	36,900,000	**31,115,178**	**30,546,789**	**27,488,274**	**21,473,594**
Current					
Medium term note	-	5,000,000	-	-	-
Bank loans	4,106,253	204,566	118,667	-	-
	4,106,253	5,204,566	18,667	-	-
Bank overdraft	3,932,338	-	401,245	589,366	5,175,156
	8,038,591	**5,204,566**	**519,912**	**589,366**	**5,175,156**
	44,938,591	**36,319,744**	**31,066,701**	**28,077,640**	**26,648,750**

Notes (continued)

31 Borrowings (continued)

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:

Group	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
At start of year	36,319,744	31,066,701	28,077,640	26,648,750	33,764,890
Advanced in the year	23,400,000	17,334,800	8,707,194	8,500,000	4,994,446
Repayments in the year	(18,716,209)	(11,525,326)	(5,492,942)	(2,500,000)	(12,898,623)
Movement in bank overdrafts	3,932,338	(401,245)	(188,121)	(4,585,790)	778,125
Effect of exchange rate changes	2,718	(155,186)	(37,070)	14,680	9,912
At end of year	**44,938,591**	**36,319,744**	**31,066,701**	**28,077,640**	**26,648,750**

(i) Bank loans comprise:

- Long term loan from Stanbic Bank Kenya Limited of 2020: Kshs 4,500,000,000, 2019: Kshs 12,115,178,000 and 2018: Kshs 4,520,000,000 at a weighted average interest rate of 2020: 8.9%, 2019: 6% and 2018: 6%. The loan is unsecured and matures in March 2025.
- Long term loan from Standard Chartered bank of Kenya of Kshs 7,600,000,000 (2019: Kshs nil) 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, 2019: Kshs 2,831,478,000, 2018: Kshs 3,156,250,000, 2017:Kshs 4,500,000,000, 2016: Kshs. 4,500,000,000 at average annual interest rates of (CBR+300bps), effectively 2020: 8.0%, 2019: 9%, 2018: 12.5%, 2017: 13.62% and 2016: 11.54%. 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 2020: Kshs 6,500,000,000, 2019: Kshs 5,500,000,000 at interest rate of 8.4%, 2019:10.4%. The loan is unsecured and matures on 31 December 2023.
- Medium term loan from Standard Chartered bank of Kenya of Kshs 4,500,000,000 (2019 Kshs 4,500,000,000 at interest rate of 8.3% (2019: 10.3%). 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 (2019: Nil) at an interest of 8.0% (2019: Nil). The loan is unsecured and is repayable in 12 quarterly instalments of Kshs 400,000,000 beginning July 2022.
- Short term loan from Standard Chartered Bank of Kenya of Kshs 4,000,000,000 (2019: Kshs nil) at an interest rate of 7.3%. The loan is unsecured and matures on 29 July 2020.
- Medium term loan from Stanbic Bank of Uganda of USD 1,000,000 (2019: USD 2,312,500) at an effective interest rate of (3 months LIBOR+4.85%), effectively 5.4% (2019: 7.2%). This facility is unsecured and matures on 30 April 2021.

(ii) Medium term note of 2020: Kshs 6,000,000,000, 2019: Kshs 11,000,000,000, 2018: Kshs 11,000,000,000, 2017: Kshs. 11,000,000,000, 2016: 5,000,000,000. 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 2020. The second tranche of Kshs 6,000,000,000 is still outstanding. It is unsecured, has an annual interest rate of 14.17% (2019: 14.17%) and matures in March 2022.

(iii) The bank overdraft facilities have an effective interest rate of 2020: 9%, 2019: 10%, 2018: 10%, 2017: 15.29%, 2016: 9.03% and is sourced from Absa Bank of Kenya plc, Absa Bank of Uganda, Standard Chartered Bank of Uganda and Citibank Kenya and Uganda.

Notes (continued)

31 Borrowings (continued)

The Group is not in breach of any financial covenants for facilities issued by its bankers. For the medium-term note, the Capital Markets Authority has exempted the Group from maintaining a current assets ratio of 1 until June 2023. The Group had available undrawn facilities of Kshs 4.1 billion as at 30 June 2020 (2019: Kshs 11.7 billion).

Company	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Non-current					
Medium term note	6,000,000	6,000,000	22,469,236	22,469,236	5,000,000
Bank loans	30,900,000	25,115,178	7,868,462	4,500,000	15,969,236
	36,900,000	**31,115,178**	**30,337,698**	**26,969,236**	**20,969,236**
Current					
Medium term note	-	5,000,000	-	-	-
Bank loans	4,000,000	-	-	-	-
	4,000,000	5,000,000	-	-	-
Bank overdraft	2,804,807	-	7,175	369	5,054,999
	6,804,807	**5,000,000**	7,175	**369**	5,054,999
Total borrowings	**43,704,807**	**36,115,178**	**30,344,873**	**26,969,605**	**26,024,235**

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:

Company	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
At start of year	36,115,178	30,344,873	26,969,605	26,024,236	31,710,173
Advanced in the year - Long term bank loan	23,400,000	17,334,800	8,707,194	8,500,000	4,500,000
Repayments	(18,615,178)	(11,557,320)	(5,338,732)	(2,500,000)	(11,715,761)
Movement in bank overdrafts	2,804,807	(7,175)	6,806	(5,054,631)	1,529,823
At end of year	**43,704,807**	**36,115,178**	**30,344,873**	**26,969,605**	**26,024,236**

(i) Bank loans comprise:

- Long term loan from Stanbic Bank Kenya Limited of Kshs 4,500,000,000 (2019: Kshs 12,115,178,000) at a weighted average interest rate of 8.9% (2019: 6%). The loan is unsecured and matures in March 2025.
- Long term loan from Standard Chartered bank of Kenya of Kshs 7,600,000,000 (2019: Kshs nil) 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 (2019: Kshs 2,831,478,000) at average annual interest rates of (CBR+300bps), effectively 8.0% (2019: 9%). 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 6,500,000,000 (2019: Kshs 5,500,000,000) at interest rate of 8.4% (2019:10.4%). The loan is unsecured and matures on 31 December 2023.
- Medium term loan from Standard Chartered bank of Kenya of Kshs 4,500,000,000 (2019 Kshs 4,500,000,000 at interest rate of 8.3% (2019: 10.3%). The loan is unsecured and matures on 28 December 2023.

Notes (continued)

31 Borrowings (continued)

- Medium term loan from Absa Bank Kenya (formerly Barclays Bank of Kenya) of Kshs 4,800,000,000 (2019: Nil) at an interest of 8.0% (2019: Nil). The loan is unsecured and is repayable in 12 quarterly instalments of Kshs 400,000,000 beginning July 2022.
- Short term loan from Standard Chartered Bank of Kenya of Kshs 4,000,000,000 (2019: Kshs nil) at an interest rate of 7.3%. The loan is unsecured and matures on 29 July 2020.

(ii) Medium term note of Kshs 6,000,000,000 (2019: Kshs 11,000,000,000). 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 2020. The second tranche of Kshs 6,000,000,000 is still outstanding. It is unsecured, has an annual interest rate of 14.17% (2019: 14.17%) and matures in March 2022.

(iii) The bank overdraft facilities have an effective interest rate of 9% (2019: 10%) and is sourced from Absa Bank of Kenya plc and Citibank Kenya.

32 Lease liabilities

(a) Group	2020 Kshs '000	2019 Kshs '000	2018 Kshs '000	2017 Kshs '000	2016 Kshs '000
At start of year	1,189,076	757,919	672,705	225,325	205,653
IFRS 16 transition adjustment	-	-	-	-	109,895
Additions	841,266	832,693	464,437	534,445	-
Disposals	-	-	(203,394)	-	(72,900)
Interest expense on leases	104,349	111,247	71,559	44,548	7,894
Repayment of lease liabilities					
- Payment of the principal portion of the lease liability	(473,709)	(401,536)	(175,829)	(87,065)	(17,323)
- Payment of interest on lease liabilities	(104,349)	(111,247)	(71,559)	(44,548)	(7,894)
Effect of change in exchange rates	54,473	-	-	-	-
At end of year	**1,611,106**	**1,189,076**	**757,919**	**672,705**	**225,325**
Presented as:					
Current lease liabilities	459,265	351,416	222,257	208,934	24,680
Non-current lease liabilities	1,151,841	837,660	535,662	463,771	200,645
	1,611,106	**1,189,076**	**757,919**	**672,705**	**225,325**

(b) Company	2020	2019	2018	2017	2016
At start of year	52,557	32,411	28,678	6,078	-
IFRS 16 transition adjustment	-	-	-	-	6,787
Additions	-	37,608	16,531	30,342	-
Interest expense on leases	3,817	5,119	4,054	3,121	330
Repayment of lease liabilities					
- Payment of the principal portion of the lease liability	(24,170)	(17,462)	(12,798)	(7,742)	(709)
- Payment of interest on lease liabilities	(3,817)	(5,119)	(4,054)	(3,121)	(330)
At end of year	**28,387**	**52,557**	**32,411**	**28,678**	**6,078**
Presented as:					
Current lease liabilities	17,401	22,214	14,089	9,071	1,524
Non-current lease liabilities	10,986	30,343	18,322	19,607	4,554
	28,387	**52,557**	**32,411**	**28,678**	**6,078**

Notes (continued)

33 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.

34 Commitments

(i) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised in the financial statements is as follows:

Group	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Contracted but not provided for	5,138,376	3,331,053	5,626,927	642,325	1,879,149
Authorised but not contracted for	884,876	4,072,636	4,573,991	798,067	-
	6,023,252	**7,403,689**	**10,200,918**	**1,440,392**	**1,879,149**

Notes (continued)

35 Cash generated from operations

(a) Reconciliation of profit before income tax to cash generated from operations

Group	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Profit before income tax	10,655,259	17,829,903	11,738,017	13,298,248	13,616,565
Adjusted for:					
Interest income (Note 12)	(164,873)	(120,601)	(81,949)	(81,686)	(280,738)
Interest expense on borrowings (Note 12)	3,886,615	3,492,577	3,441,067	3,255,402	3,545,979
Interest expense on lease liabilities (Note 12)	104,349	111,247	71,559	44,548	7,894
Depreciation of property, plant and equipment (Note 20)	4,265,062	3,726,411	3,495,415	3,328,169	3,375,152
Amortisation of right-of-use assets (Note 21)	509,680	386,509	180,438	96,513	19,993
Amortisation of intangible asset - software (Note 23)	210,927	180,694	149,249	101,788	74,693
Impairment of tangible assets	-	-	-	-	84,443
Gain on disposal of land	-	-	-	-	(1,077,587)
Share based payments	22,126	11,600	14,584	-	-
Loss on disposal of property, plant and equipment	68,390	26,478	(699,098)	212,965	95,674
Fair value movement on derivative financial instruments	-	-	71,946	-	-
Impairment of goodwill	-	-	-	284,687	-
Adjustment of dividends payable	239,225	-	-	-	-
Write off of property, plant and equipment	381,531	464,294	404,406	67,753	-
Cash generated from operations before working capital adjustments	**20,178,291**	**26,109,112**	**18,785,634**	**20,608,387**	**19,462,068**
Changes in working capital:					
-Trade and other receivables	2,621,475	(416,038)	15,015	608,209	(1,211,333)
-Inventories	(3,434,483)	276,315	(568,417)	563,305	2,543,164
-Trade and other payables	(5,728,956)	3,034,797	3,732,452	(124,682)	7,165,779
Cash generated from operations	**13,636,327**	**29,004,186**	**21,964,684**	**21,655,219**	**27,959,678**

Notes (continued)

35 Cash generated from operations (continued)

(a) Reconciliation of profit before income tax to cash generated from operations (continued)

Company	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Profit before income tax	10,681,127	7,411,126	2,459,818	9,463,453	10,343,261
Adjusted for:					
Interest income (Note 12)	(3,101,187)	(2,070,883)	(1,584,653)	(1,619,077)	(1,862,705)
Interest expense (Note 12)	5,556,670	4,702,021	3,881,863	4,019,349	4,778,835
Interest expense on lease liabilities (Note (12)	3,817	5,119	4,054	3,121	330
Depreciation of property and equipment (Note 20)	51,588	47,976	47,393	90,223	54,222
Depreciation of right-of-use asset (Note 21)	26,099	16,033	13,365	8,642	884
Write off of intangible assets	-	-	-	69,275	-
Amortisation of intangible asset - software (Note 23)	78,947	83,288	80,602	58,532	43,635
Share based payments	22,126	11,600	14,584	-	(355,461)
Dividend income	(13,557,295)	(6,131,586)	(7,798,813)	(9,723,594)	(10,103,583)
Profit on disposal of business	-	-	-	-	(2,249,428)
Fair value movement on derivative financial instruments	-	-	71,946	-	-
Settlement of amounts due from non-controlling interests (non-cash)	185,897	-	-	-	-
Loss/(gain) on disposal of property and equipment	9,568	106	-	156,839	(1,077,587)
Adjustment of dividends payable	239,225	-	-	-	-
Release of prior year overprovision of current tax	-	-	329,693	786,121	-
Capital reduction by a subsidiary	-	(2,405,372)	-	-	-
Write off of loan receivable from subsidiary	-	-	4,256,282	-	-
Write off of Investment loan	-	-	1,751,000	-	-
Derecognition of Investment in subsidiaries (non-cash)	-	150,200	-	-	-
Cash generated from operations before working capital adjustments	**196,582**	**1,819,628**	**3,527,134**	**3,312,884**	**(427,597)**
Changes in working capital:					
-Trade and other receivables	(946,310)	2,352,453	150,470	(1,364,307)	1,956,183
-Inventories	-	38,906	(4,947)	(31,364)	(2,594)
-Trade and other payables	(5,574,316)	1,024,122	6,576,844	(2,142,062)	8,803,550
Cash generated from operations	**(6,324,044)**	**5,235,109**	**10,249,501**	**(224,849)**	**10,329,542**

Notes (continued)

35 Cash generated from operations (continued)

(b) Cash and cash equivalents	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Group					
Cash and bank balances	5,661,635	12,468,585	3,588,370	3,907,473	1,221,066
Bank overdraft (Note 31)	(3,932,338)	-	(401,245)	(589,366)	(5,175,156)
	1,729,297	**12,468,585**	**3,187,125**	**3,318,107**	**(3,954,090)**
Company					
Cash and bank balances	3,616,403	9,020,367	1,685,800	1,927,851	35,437
Bank overdraft (Note 31)	(2,804,807)	-	(7,175)	(369)	(5,054,999)
	811,596	**9,020,367**	**1,678,625**	**1,927,482**	**(5,019,562)**

(c) Movement in working capital

Group

	2020	2019	2018	2017	2016
Movement in trade and other receivables					
Movement per statement of financial position	2,541,550	(276,513)	1,981,519	1,644,146	(2,458,333)
Non-cash transactions (receivable on sale of leasehold land)	-	-	-	-	1,247,000
Proceeds from sale of leasehold property	-	(207,000)	(1,762,500)	(994,500)	-
Foreign currency translation differences	79,925	67,475	(204,004)	(41,437)	-
Net movement in receivables as per cash flow	**2,621,475**	**(416,038)**	**15,015**	**608,209**	**(1,211,333)**
Movement in inventory					
Movement per statement of financial position	(3,548,358)	514,594	(409,512)	658,148	2,543,164
Foreign currency translation differences	113,875	(238,279)	(158,905)	(94,843)	-
Net movement in inventories as per cashflow	**(3,434,483)**	**276,315**	**(568,417)**	**563,305**	**2,543,164**
Movement in trade and other payables					
Movement per statement of financial position	(6,133,109)	3,234,893	3,815,288	(1,033,749)	7,778,477
External interest payable	158,207	(19,279)	-	-	-
Non-cash transactions (tax provisions)	-	-	-		(1,064,000)
Movement in net assets of disposal of business	-	-	-	-	451,300
Foreign currency translation differences	245,946	(180,817)	(82,837)	909,067	-
Net movement in payables as per cash flow	**(5,728,956)**	**3,034,797**	**3,732,451**	**(124,682)**	**7,165,778**

Notes (continued)

35 Cash generated from operations (continued)

(c) Movement in working capital (continued)

Company	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Movement in trade and other receivables					
Movement per statement of financial position	(946,310)	2,559,453	3,971,483	(369,807)	679,183
Proceeds on sale of leasehold property	-	(207,000)	-	-	-
Non-cash transactions (receivable on sale of leasehold property)	-	-	(1,762,500)	(994,500)	1,277,000
Write off of investment loan (EABSS)	-	-	(1,751,000)	-	-
Conversion of debt to equity (SBL)	-	-	(15,306,176)	-	-
Investment in long term loan (KBL)	-	-	15,000,000	-	-
Investment in subsidiaries (EABL Rwanda)	-	-	(1,337)	-	-
Net movement in receivables as per cash flow	**(946,310)**	**2,352,453**	**150,470**	**(1,364,307)**	**1,956,183**
		-			
Movement in trade and other payables					
Movement per statement of financial position	(5,574,316)	(1,364,799)	-	-	-
External interest payable	-	(16,451)	-	-	-
Capital reduction by a subsidiary (Note 25)	-	2,405,372	-	-	-
Net movement in payables as per cash flow	**(5,574,316)**	**1,024,122**	-	-	-

Notes (continued)

36 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 PLC through common shareholdings. The following are transactions and balances with related parties:

(a) Group

(i) Management and manufacturing fees and royalties paid

	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Diageo Great Britain	1,385,933	1,670,341	1,554,262	843,508	319,541
Diageo Ireland	512,106	697,756	273,040	265,571	410,327
Diageo North America, Inc	282,669	279,626	591,465	327,244	146,698
Diageo Brands B.V.	250,752	122,378	111,386	39,168	35,445
Diageo Scotland Limited	79,238	185,639	109,718	-	-
Diageo Business Services Hungary	48,513	42,475	155,614	68,517	3,219
Guinness Ghana Breweries Limited	15,761	9,059	29,050	-	-
R & A Bailey & Co	6,056	-	-	-	-
Guinness Nigeria plc	-	13,638	12,844	15,343	-
Diageo plc	-	-	11,651	11,584	-
Other related parties	6,828	8,200	-	-	5,247
	2,587,856	**3,029,112**	**2,856,138**	**1,576,343**	**920,477**

(ii) Purchase of goods and services

	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Diageo Brands B.V.	1,255,601	453,654	420,040	831,586	170,081
Diageo Ireland	1,222,395	1,439,139	1,498,684	2,000,289	2,668,348
Diageo Great Britain	803,026	385,665	132,906	119,300	368,996
United Spirits Singapore Pte. Limited	7,858	-	-	-	-
Diageo plc	-	-	-	-	457,953
Diageo North America, Inc.	-	-	-	-	13,398
Diageo South Africa (Pty) Limited	-	-	33,387	30,860	-
United Spirits Singapore Pte. Limited	-	-	-	12,912	-
Diageo North America, Inc	-	257,975	354,455	284,266	-
Guinness Storehouse Limited	-	154,690	-	-	-
Diageo Scotland Limited	-	26,568	46,081	782	160,100
Guinness Cameroun S A	-	-	-	-	36,542
Guinness Nigeria plc	-	-	-	-	15,914
Diageo Business Services Limited	-	-	-	-	12,353
Namibia Breweries Limited	-	-	-	-	8,341
Other related parties	-	1,559	8,111	5,313	5,371
	3,288,880	**2,719,250**	**2,529,470**	**3,390,488**	**3,917,397**

Notes (continued)

36 Related party transactions (continued)

(a) Group (continued)

(iii) Outstanding balances arising from sale and purchase of goods/services

Receivables from related parties	**2020 Kshs'000**	**2019 Kshs'000**	**2018 Kshs'000**	**2017 Kshs'000**	**2016 Kshs'000**
Diageo Great Britain limited	215,926	-	23,104	11,320	307,229
Guinness Nigeria Plc	-	-	-	-	311,697
Diageo Reunion SA	-	-	-	-	15,600
Diageo Vietnam Limited	-	-	-	-	13,972
Diageo Southern Africa Markets (Pty) Limited	-	100,061	105,639	73,760	26,009
Sumagro Limited	-	-	97,994	100,338	-
Guinness Nigeria Plc	23,037	18,655	23,838	21,490	-
Diageo Supply Marracuene Limitada		-	9,482	23,224	23,083
Meta Abo Breweries Limited	25,349	9,692	7,529	180,646	121,741
Diageo Ireland	16,104	-	4,702	176,767	-
Diageo Business Services Hungary	5,380	-	-	-	-
Guinness Ghana Breweries Limited	4,642	7,842	-	-	7,518
Seychelles Breweries Limited	3,071	3,238	-	-	8,846
Diageo South Africa (Pty) Limited	-	-	5,031	18,690	-
Diageo Mozambique Limitada	-	-	-	10,517	10,454
Diageo North America, Inc	-	-	-	42,317	-
Diageo Brands B.V.	-	-	-	10,840	-
Diageo Uzeltiveti Szolgal	-	-	-	-	2,699
Guinness Cameroon S.A.	1,552	45,290	51,971	8,129	8,525
Diageo plc	-	22,485	-	-	5,161
Other related parties	4,796	10,504	21,676	40,954	507
	299,857	**217,767**	**350,966**	**718,992**	**863,040**

Payables to related parties	**2020 Kshs'000**	**2019 Kshs'000**	**2018 Kshs'000**	**2017 Kshs'000**	**2016 Kshs'000**
Diageo Brands B.V.	460,634	463,865	108,191	84,902	203,723
Diageo Great Britain Limited	208,996	234,584	397,215	118,528	1,214,078
Diageo Ireland	132,867	468,493	444,579	84,156	565,581
Diageo Scotland Limited	-	-	-	-	30,529
Guinness Cameroun S.A.	-	-	-	-	12,063
Diageo Uzeltiveti Szolgal	-	-	-	-	9,195
Diageo Finance plc	-	-	102,752	123,302	-
Diageo plc	-	-	-	-	10,596
Diageo Business Services India	-	-	-	16,060	-
Guinness Nigeria plc	-	-	-	2,602	10,512
Diageo North America, Inc	41,035	73,708	66,312	74,049	40,197
United Spirits Limited	11,728	-	-	-	-
Diageo Business Services Hungary	1,497	6,560	12,943	21,062	-
Other related parties	14,722	15,809	20,874	4,243	34,554
	871,479	**1,263,019**	**1,152,866**	**528,904**	**2,131,028**

Notes (continued)

36 Related party transactions (continued)

(b) Company

(i) Management and manufacturing fees and royalties paid

	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Kenya Breweries Limited	1,539,840	1,586,606	1,501,955	1,539,268	1,596,324
UDV (Kenya) Limited	289,947	385,212	696,065	411,109	384,386
Uganda Breweries Limited	189,377	169,456	135,187	127,138	298,735
East African Maltings Limited	-	-	4,433	7,441	13,934
EABL International Limited	-	-	-	-	292,407
Other related parties	-	-	-	7,228	152,094
	2,019,164	**2,141,274**	**2,337,640**	**2,092,184**	**2,737,880**

(ii) Purchase of goods and services

	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Diageo Great Britain Limited	912,425	909,798	540,766	577,322	318,911
Kenya Breweries Limited	217,444	1,899,104	2,742,801	2,946,932	923,130
Diageo Scotland Limited	77,272	183,673	93,243	164,670	-
Diageo Brands B.V.	71,032	39,613	-	-	-
Diageo Ireland	57,394	-	-	-	-
Uganda Breweries Limited	21,728	67,696	68,890	60,474	51,874
Diageo Business Services India	-	-	62,774	102,659	-
Diageo Business Services Hungary	48,513	42,475	88,831	120,922	-
Diageo Finance plc	-	-	-	-	1,066,470
Serengeti Breweries Limited	44,579	7,798	-	-	233,680
Guinness Ghana Breweries Limited	15,761	9,059	28,796	11,208	-
Diageo Business Services India	6,056	-	-	-	-
Diageo Brands BV	-	-	33,372	45,490	-
Guinness Nigeria plc	3,633	-	12,844	16,835	-
Diageo North America, Inc	-	13,806	27,338	40,006	19,995
Diageo Americas Supply Inc	-	7,728	15,653	20,679	-
Diageo South Africa (Pty) Limited	-	3,988	39,890	32,623	-
Other related parties	4,302	8,044	19,292	31,225	22,772
	1,480,139	**3,192,782**	**3,774,490**	**4,171,045**	**2,636,832**

(iii) Outstanding balances arising from sale and purchase of goods/services

Long term loans receivables from subsidiaries	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Kenya Breweries Limited	23,800,000	15,000,000	15,000,000	-	-
Uganda Breweries Limited	2,308,422	1,875,602	1,759,774	1,954,853	1,381,868
East Africa Maltings Limited	686,338	1,742,662	1,742,662	1,742,662	1,742,662
UDV (Kenya) Limited	1,100,000	-	-	-	-
East African Beverages (South Sudan) Limited	-	-	-	1,433,287	1,433,287
Serengeti Breweries Limited	-	-	-	15,306,176	12,117,748
	27,894,760	**18,618,264**	**18,502,436**	**20,436,978**	**16,675,565**

Notes (continued)

36 Related party transactions (continued)

(b) Company (continued)

(iii) Outstanding balances arising from sale and purchase of goods/services (continued)

The Company has advanced loans to the subsidiaries to finance their capital expenditure and working capital requirements as part of the Group's centralised treasury management process. 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.

Receivables from related parties	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Kenya Breweries Limited	506,700	551,902	1,933,792	1,562,673	467,486
East African Maltings Limited	603,500	14,912	629,090	914,880	3,803,919
UDV (Kenya) Limited	48,503	59,010	96,321	55,628	88,276
Uganda Breweries Limited	23,277	60,215	46,338	7,287	110,828
East African Beverages (South Sudan) Limited	-	-	-	163,711	1,606
Serengeti Breweries Limited	-	-	-	8,296	132,446
Diageo Uzeltiveti Szolgal	-	-	-	-	133,301
Diageo Great Britain Limited	215,926	6,059	23,104	11,302	-
Guinness Nigeria Plc	17,215	-	-	10,517	311,697
Guinness Ghana Breweries Limited	4,642	7,842	-	-	7,518
Seychelles Breweries Limited	3,071	2,782	800	82,274	5,443
Guinness Cameroun S.A	1,552	-	-	-	8,138
Diageo Brands B.V.	-	-	-	-	93,024
Meta Abo Breweries Limited	1,428	1,465	11,679	7,796	-
Diageo Scotland Limited	-	-	5,031	18,690	-
Diageo Supply Marracuene Limitada	-	-	51,376	51,376	-
Diageo Mozambique Limitada	-	-	-	2,873	10,454
Diageo North America, Inc.	1,043	148	9,482	23,224	-
Diageo plc	538	22,485	-	-	5,161
Diageo Southern Africa Markets (Pty) Limited	-	100,061	100,608	73,760	26,009
Other related parties	3,208	4,594	17,799	204,080	41,858
	1,430,603	**831,475**	**2,925,420**	**3,198,367**	**5,247,164**

Payables to related parties	2020	2019	2018	2017	2016
UDV (Kenya) Limited	7,627,310	7,927,002	4,558,847	4,422,995	2,274,513
Kenya Breweries Limited	2,448,966	6,588,246	9,577,351	3,064,349	2,861,856
EABL international Limited	254,524	254,524	2,659,896	2,514,026	6,709,963
East African Maltings Limited	-	458,304	8,796		67,677
Diageo Great Britain Limited	-	-	102,752	123,302	42,094
Diageo Brands B.V	19,881	-	-	-	4,688
Diageo Scotland Limited	3,254	-	-	-	11,103
Diageo Finance plc	-	-	-	14,089	18,649
Diageo Americas Supply	-	-	12,943	15,125	-
Others	2,652	35,756	22,659	1,419	47,897
	10,356,587	**15,263,832**	**16,943,244**	**10,155,305**	**12,038,440**

Notes (continued)

36 Related party transactions (continued)

(c) Other related party disclosures

(i) Directors' remuneration

Group	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Fees for services as a Director	34,339	33,516	37,754	16,134	12,972
Share based payments	29,018	50,571	39,459	29,384	-
Other emoluments (included in key management compensation in (ii) below)	310,983	230,257	181,618	240,121	249,508
	374,340	**314,344**	**258,831**	**285,639**	**262,480**

Company	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Fees for services as a Director	34,339	33,516	37,754	16,134	5,221
Share based payments	17,277	40,645	32,469	25,784	-
Other emoluments (included in key management compensation in (ii) below)	248,426	183,801	145,493	184,418	133,612
	300,042	**257,962**	**215,716**	**226,336**	**138,833**

Directors' remuneration include fees in relation to non-executive Directors and compensation to executive Directors in the Company and its subsidiaries.

(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	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Salaries and other shorter-term employment benefits	1,275,118	864,115	952,511	854,722	938,796
Share based payments	63,980	52,535	79,444	31,294	37,470
Post-employment benefits	55,513	49,085	49,420	49,416	25,303
	1,394,611	**965,735**	**1,081,375**	**935,432**	**1,001,569**

Company	2020 Kshs'000	2019 Kshs'000	2018 Kshs'000	2017 Kshs'000	2016 Kshs'000
Salaries and other shorter-term employment benefits	447,938	276,059	952,511	854,722	938,796
Termination benefits	-	-	-	-	37,470
Share based payments	17,277	52,535	79,444	31,294	-
Post-employment benefits	1,625	1,647	49,420	49,416	25,303
	466,840	**330,241**	**1,081,375**	**935,432**	**1,001,569**

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East African Breweries PLC
Historical financial ratios for each of the preceding five financial years

	Group	2020	2019	2018	2017	2016
1	Earnings before interest and taxes interest cover (times)	3.67	5.95	4.34	5.03	4.83
2	Cash flows from operations to total debt (%)	8%	66%	45%	50%	61%
3	Free cash flow to total debt (%)	14%	50%	30%	58%	76%
4	Total free cash flow to short term obligation (%)	134%	536%	1,688%	2,493%	468%
5	Net profit margin (%)	9%	14%	10%	12%	12%
6	Post-tax return (before financing on capital employed) (%)	19%	31%	26%	30%	27%
7	Long term debt to capital employed (%)	62%	65%	70%	63%	54%
8	Total debt to equity (times)	2.79	2.49	2.57	2.44	2.50

	Company					
1	Earnings before interest and taxes interest cover (times)	2.92	2.57	1.63	3.35	3.16
2	Cash flows from operations to total debt (%)	-23%	5%	27%	-10%	20%
3	Free cash flow to total debt (%)	-18%	15%	35%	-2%	35%
4	Total free cash flow to short term obligation (%)	-50%	277%	55,792%	14,046%	200%
5	Net profit margin (%)	65%	60%	13%	58%	76%
6	Post-tax return (before financing on capital employed) (%)	27%	23%	13%	31%	33%
7	Long term debt to capital employed (%)	58%	62%	61%	54%	51%
8	Total debt to equity (times)	2.17	2.00	1.58	1.47	1.81

Appendix C: Interim Financial Statement for 6 Months ended 31 December 2020

EAST AFRICAN BREWERIES PLC

INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2020

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pwc

The Directors
East African Breweries PLC
Garden City Business Park
Ruaraka
P O Box 30161 - 00100
Nairobi, Kenya

Report on East African Breweries PLC's interim financial statements for the six-month period ended 31 December 2020

We have reviewed the accompanying compilation of the consolidated interim financial statements of East African Breweries PLC ("EABL" or the "Company") and its subsidiaries (together, the "Group") for the six-month period ended 31 December 2020 as set out on pages 2 to 20, comprising the consolidated statement of financial position as at 31 December 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view of, in all material respects, the financial position of the Group as at 31 December 2020, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Accounting Standard 34 – Interim Financial Reporting.

FCPA Michael Mugasa, Practising certificate No. 1478
Engagement partner responsible for the engagement

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

5 October 2021

Consolidated statement of profit or loss

	Notes	Period ended 31 December 2020 Kshs '000	2019 Kshs '000
Revenue from contracts with customers	3	44,459,706	45,855,825
Cost of sales	4	(25,127,211)	(24,012,531)
Gross profit		19,332,495	21,843,294
Selling and distribution costs		(3,878,137)	(3,883,269)
Administrative expenses	5	(4,258,284)	(4,542,194)
Other (expenses)/income, net	6	(3,430,596)	(971,006)
Finance income		50,477	60,782
Finance costs		(1,981,350)	(1,905,404)
Profit before income tax		5,834,605	10,602,203
Income tax expense		(2,044,140)	(3,392,705)
Profit for the period		3,790,465	7,209,498
Profit attributable to:			
Equity holders of the Company		2,142,515	5,536,295
Non-controlling interest		1,647,950	1,673,203
Profit for the period		3,790,465	7,209,498
Earnings per share			
Basic and diluted (Kshs per share)		2.71	7.00

Consolidated statement of comprehensive income

	Period ended 31 December 2020 Kshs '000	2019 Kshs '000
Profit for the period	3,790,465	7,209,498
Other comprehensive income, net of tax:		
Items that may be reclassified to profit or loss		
Exchange differences from translation of net foreign operations	490,110	(229,272)
Total comprehensive income for the period	4,280,575	6,980,226
Total comprehensive income for the year attributable to:		
Equity holders of the Company	2,534,911	5,284,110
Non-controlling interests	1,745,664	1,696,116
Total comprehensive income for the period	4,280,575	6,980,226

Consolidated statement of financial position

	Note	As at 31 December 2020 Kshs '000	30 June 2020 Kshs '000
Equity attributable to owners of the Company			
Share capital	8	1,581,547	1,581,547
Share premium	8	1,691,151	1,691,151
Other reserves		(2,428,931)	(2,821,327)
Retained earnings		3,307,555	5,869,572
		4,151,322	6,320,943
Non-controlling interests	9	7,842,006	7,672,325
Total equity		11,993,328	13,993,268
Non-current liabilities			
Deferred income tax		5,932,079	5,568,697
Borrowings	13	36,400,000	36,900,000
Lease liabilities		1,109,423	1,151,841
		43,441,502	43,620,538
Total equity and non-current liabilities		**55,434,830**	**57,613,806**
Non-current assets			
Property, plant and equipment	10	59,084,686	56,734,910
Right of-use assets		1,385,752	1,577,415
Intangible assets – Software		593,142	602,036
Intangible assets – Goodwill	11	2,883,255	2,831,130
Intangible assets – Brand	11	490,583	481,219
Other financial assets		10,000	10,000
Deferred income tax assets		889,308	453,277
		65,336,726	62,689,987
Current assets			
Inventories		9,607,122	10,916,370
Trade and other receivables		12,793,236	5,681,444
Current income tax		3,495,269	3,708,970
Cash and bank balances		5,624,019	5,661,635
		31,519,646	25,968,419
Current liabilities			
Trade and other payables		36,031,820	21,731,083
Dividends payable		674,463	815,661
Borrowings	13	1,254,805	4,106,253
Lease liabilities		367,938	459,265
Bank overdraft		3,092,516	3,932,338
		41,421,542	31,044,600
Net current liabilities		(9,901,896)	(5,076,181)
		55,434,830	**57,613,806**

Consolidated statement of changes in equity

Period ended 31 December 2020	Share capital Kshs '000	Share premium Kshs '000	Other reserves Kshs '000	Retained earnings Kshs '000	Total Kshs '000	Non-controlling interests Kshs '000	Total equity 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 period	-	-	-	2,142,515	**2,142,515**	1,647,950	**3,790,465**
Other comprehensive income	-	-	392,396	-	**392,396**	97,714	**490,110**
Total comprehensive income for the period	-	-	**392,396**	**2,142,515**	**2,534,911**	**1,745,664**	**4,280,575**
Transactions with owners of the Company							
Acquisition of non-controlling interests (Note 9)	-	-	-	(4,704,532)	**(4,704,532)**	(1,566,844)	**(6,271,376)**
Dividends:							
- Final for 2020	-	-	-	-	-	(9,139)	**(9,139)**
Total transactions with owners of the Company	-	-	-	(4,704,532)	(4,704,532)	(1,575,983)	(6,280,515)
At 31 December 2020	**1,581,547**	**1,691,151**	**(2,428,931)**	**3,307,555**	**4,151,322**	**7,842,006**	**11,993,328**

Consolidated statement of changes in equity (continued)

Year ended 30 June 2020

	Share capital Kshs '000	Share premium Kshs '000	Other reserves Kshs '000	Retained earnings Kshs '000	Total Kshs '000	Non-controlling interests Kshs '000	Total equity 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							
Acquisition of non-controlling interests	-	-	-	139,817	**139,817**	(447,964)	**(308,147)**
Share based payment reserve	-	-	22,126	-	**22,126**	-	**22,126**
Employees share ownership plan	-	-	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**

Consolidated statement of cash flows

	Notes	Period ended 31 December 2020 Kshs '000	2019 Kshs '000
Operating activities			
Cash generated from operations	12 (a)	17,888,525	15,157,561
Interest received		50,477	60,782
Interest paid		(1,965,255)	(1,902,060)
Income tax paid		(1,973,035)	(4,389,554)
Net cash generated from operating activities		**14,000,712**	**8,926,729**
Investing activities			
Purchase of property, plant and equipment	10	(4,103,418)	(4,359,436)
Purchase of intangible assets - software		(50,059)	(19,487)
Proceeds from disposal of property, plant and equipment		-	35,245
Purchase of additional interest in a subsidiary	9	(4,841,705)	(308,147)
Net cash used in investing activities		**(8,995,182)**	**(4,651,825)**
Financing activities			
Repayment of principal portion of lease liabilities		(214,292)	(245,645)
Dividends paid to Company's shareholders		-	(4,744,646)
Dividends paid to non-controlling interests		(9,139)	(158,045)
Unclaimed dividend paid to UFAA		(140,397)	-
Proceeds from borrowings – long-term bank loan	13	5,200,000	10,600,000
Repayment of borrowings	13	(8,554,805)	(10,165,694)
Net cash used in financing activities		**(3,718,633)**	**(4,714,030)**
Net increase/(decrease) in cash and cash equivalents		**1,286,897**	**(439,126)**
Movement in cash and cash equivalents			
At start of period		1,729,297	12,468,585
Foreign exchange impact of translation		(484,691)	61,591
Net increase/(decrease) during the period		1,286,897	(439,126)
Cash and cash equivalents at end of period	**12 (b)**	**2,531,503**	**12,091,050**

Notes

1. General Information

East African Breweries PLC (the "Company") is incorporated as a limited liability company in Kenya under the Kenya Companies Act, 2015 and is domiciled in Kenya. Effective 1 October 2021, the Company changed its name from East African Breweries Limited to East African Breweries PLC.

The address of its registered office and principal place of business is as follows:

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

The consolidated interim financial statements for the Company as at 31 December 2020 and for the six months then ended comprise the Company and the subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

The Company's shares are listed on the Nairobi Securities Exchange, Uganda Stock Exchange and Dar es Salaam Stock Exchange.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position in these financial statements. This consolidated interim financial statements have been reviewed, not audited.

2. Summary of significant accounting policies

a. Basis of Accounting

These consolidated interim financial statements have been prepared in accordance with International Accounting Standards (IAS) 34: *Interim Financial Reporting*. The unaudited interim financial statements should be read in conjunction with the financial statements for the year ended 30 June 2020. The accounting policies used in the preparation of the consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2020.

b. Functional and presentation currency

The financial statements are presented in Kenya Shillings which is the Company's functional currency. All financial statements 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.

c. Use of judgement and estimates

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2020.

Notes (continued)

2. Summary of significant accounting policies (Continued)

d. Going concern

The Group's statement of financial position indicates a net current liabilities position of Kshs 9,901,896,000 as at 31 December 2020 (30 June 2020: Kshs 5,076,181,000). The net current liabilities position was impacted mainly by Covid-19 pandemic. The Group entered quarter one with a slowdown of business. However, with the reopening of the on-trade channels the business has been on a positive trajectory. The priority of management remains profitability and cash conservation through rationalisation of expenditure and focusing on the more revenue generating trade channels. 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 31 December 2020 of Kshs 6.7 billion (30 June 2020: Kshs 4.1 billion) as disclosed in note 13.

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 this interim financial report. The Directors have also reviewed all borrowing financial covenants and confirmed them to be in compliance.

Notes (continued)

3. Revenue

	Period ended 31 December 2020 Kshs '000	2019 Kshs '000
Gross sales	78,163,679	81,875,462
Indirect taxes	(33,703,973)	(36,019,637)
	44,459,706	**45,855,825**

4. Cost of sales

	Period ended 31 December 2020 Kshs '000	2019 Kshs '000
Raw materials and consumables	13,016,194	12,020,839
Distribution and warehousing	4,131,750	3,636,982
Maintenance and other costs	4,107,052	4,441,032
Staff costs	1,813,916	1,993,416
Depreciation	2,058,299	1,920,262
	25,127,211	**24,012,531**

5. Administrative expenses

	Period ended 31 December 2020 Kshs '000	2019 Kshs '000
Staff costs	3,233,974	3,769,871
Office supplies and other costs	560,742	319,246
Depreciation and amortisation	426,339	335,714
Travelling and entertainment	37,229	117,363
	4,258,284	**4,542,194**

6. Other income/(expenses) net

	Period ended 31 December 2020 Kshs '000	2019 Kshs '000
Other income		
Profit on sale of Squadron brand	-	108,309
	-	**108,309**
Other expense		
Indirect tax expenses (*)	1,797,688	213,829
Transactional foreign exchange losses	923,907	123,456
Write down of inventories	142,933	202,135
Loss on disposal of property, plant and equipment	-	60,209
Sundry expenses	566,068	479,686
	3,430,596	**1,079,315**
	3,430,596	**971,006**

(*) Indirect tax expenses are expenses associated with irrecoverable VAT, irrecoverable withholding tax and other tax provisions.

Notes (continued)

7. 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 Finance and Strategy Director.

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	
	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
External sales	29,181,029	32,527,749	8,207,770	7,285,659	7,070,908	6,042,417	-	-	44,459,707	45,855,825
Inter segment sales	2,450,165	2,484,544	29,177	16,757	-	-	(2,479,342)	(2,501,301)	-	-
Total sales	**31,631,194**	**35,012,293**	**8,236,947**	**7,302,416**	**7,070,908**	**6,042,417**	**(2,479,342)**	**(2,501,301)**	**44,459,707**	**45,855,825**

Notes (continued)

7. Segmental reporting (continued)

Reportable segments assets and liabilities are as follows:

	Kenya		Uganda		Tanzania		Eliminations		Consolidated	
	As at 31 December 2020 Kshs '000	As at 30 June 2020 Kshs '000	As at 31 December 2020 Kshs '000	As at 30 June 2020 Kshs '000	As at 31 December 2020 Kshs '000	As at 30 June 2020 Kshs '000	As at 31 December 2020 Kshs '000	As at 30 June 2020 Kshs '000	As at 31 December 2020 Kshs '000	As at 30 June 2020 Kshs '000
Segment non-current assets	90,965,612	83,298,222	10,429,587	9,183,143	10,245,992	9,888,947	(46,304,465)	(39,680,326)	65,336,726	62,689,987
Total segment assets	113,563,884	103,812,646	16,530,520	12,653,222	16,504,981	14,249,582	(49,743,013)	(42,056,984)	96,856,372	88,658,406
Segment liabilities	72,729,358	65,225,437	12,291,140	8,974,295	6,367,378	5,225,182	(6,524,832)	(4,759,777)	84,863,044	74,665,138
Capital expenditure	2,244,430	4,595,691	1,306,018	1,922,509	603,029	1,597.902	-	-	4,153,477	8,116,102
Depreciation and amortisation	1,731,758	3,350,911	458,352	846,968	446,650	787,790	-	-	2,636,760	4,985,669

Segment capital expenditure is the total cost incurred during the period 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)

8. Share capital

	Number of shares	Ordinary shares Kshs'000	Share premium Kshs'000
Issued and fully paid			
Balance as at 1 July 2019, 30 June 2020 and 31 December 2020	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 meetings of the Company. All shares rank equally with regard to the Company's residual assets.

9. Transactions with non-controlling shareholders

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 the 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 has been 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 is 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 shareholders:

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)**

Amounts due from non controlling interests:

The amounts due from the non-controlling interests arising from the SBL capital restructuring in 2018 are classified as part of the investment in subsidiries in the Company's statement of financial position. The movement in the balance during the period is as follows:

	Kshs'000
At start of period	2,836,496
Settlement through assignment of 50% of dividends declared by subsidiary	(6,579)
Settlement through additional purchase of NCI shares (as disclosed above)	(2,031,727)
Total settlement of the loan to non-controlling shareholders	(2,038,306)
Effect of exchange rate changes	123,515
At end of period	**921,704**

Notes (continued)

10. Property, plant and equipment

Period ended 31 December 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 2020	6,074,617	6,241,585	55,461,615	13,999,283	7,548,309	89,325,409
Additions	8,290	149,305	249,779	1,325,573	2,370,471	4,103,418
Transfers from work in progress	58,947	54,516	515,484	95,394	(724,341)	-
Transfer to intangible assets	-	-	-	-	(35,499)	(35,499)
Assets written off	-	-	(647)	(16,142)	(4,826)	(21,615)
Effect of exchange rate changes	3,372	85,612	526,091	123,821	137,638	876,534
At 31 December	**6,145,226**	**6,531,018**	**56,752,322**	**15,527,929**	**9,291,752**	**94,248,247**
Depreciation						
1 July 2020	1,339,609	1,090,541	23,057,793	7,102,556	-	32,590,499
Charge for the period	93,666	43,352	1,328,889	822,504	-	2,288,411
Assets written off	-	-	(70)	(8,321)	-	(8,391)
Effect of exchange rate changes	2,254	24,783	204,393	61,612	-	293,042
At 31 December	**1,435,529**	**1,158,676**	**24,591,005**	**7,978,351**	**-**	**35,163,561**
Carrying amount as at 31 December 2020	**4,709,697**	**5,372,342**	**32,161,317**	**7,549,578**	**9,291,752**	**59,084,686**

There are no assets pledged by the Group to secure liabilities other than as disclosed under Note 13.

The capital work in progress mainly relates to the biomass project in Kenya and Uganda, water and effluent recovery projects in Kenya and Uganda and capacity expansion in Kenya, Uganda and Tanzania.

Notes (continued)

10. Property, plant and equipment (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	-	-	-	-	(22,237)	(22,237)
Transfer to right-of-use assets	-	(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
Disposals	(7,548)	(2,007)	(682,426)	-	-	(691,981)
Transfer to right-of-use assets	-	(26,885)	-	-		(26,885)
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 13.

The capital work in progress mainly relates to environmental projects in Kenya and Uganda which include the biomass project, water and effluent recovery projects. It also includes finalisation of Kisumu Brewery in Kenya and capacity expansion in Kenya, Uganda and Tanzania.

Notes (continued)

11. Intangible assets – Goodwill and brand

(a) Goodwill

Period ended 31 December 2020	Carrying amount at 1 July Kshs'000	Effect of exchange rate changes Kshs'000	Carrying amount at 31 December Kshs'000
Serengeti Breweries Limited (SBL)	2,219,246	43,202	2,262,448
UDV (Kenya) Limited (UDV)	415,496	-	415,496
International Distillers (Uganda) Limited (IDU)	196,388	8,923	205,311
Total	**2,831,130**	**52,125**	**2,883,255**

Year ended 30 June 2020	Carrying amount at 1 July Kshs'000	Effect of exchange rate changes Kshs'000	Carrying amount at 30 June Kshs'000
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**

The goodwill represents the excess of cost of acquisitions over the fair value of identifiable assets and liabilities of the respective companies at the acquisition date.

As at the end of the reporting period, goodwill arising from foreign operations has been translated into the presentation currency at the exchange rates prevailing at the reporting date.

A triggering event review was performed during the first half of the financial year. No impairment trigger events were identified. A detailed goodwill impairment review will be finalised during the second half of the financial year.

(b) Brand

	31 December 2020 Kshs'000	30 June 2020 Kshs'000
Carrying amount at beginning of period	481,219	463,430
Effect of exchange rate changes	9,365	17,789
Carrying amount at end of period	**490,583**	**481,219**

This represents the value of the "Premium Serengeti Lager" brand at acquisition of Serengeti Breweries Limited.

As at the end of the reporting period, the brand intangible has been translated into the presentation currency at the exchange rate prevailing at the reporting date.

Notes (continued)

11. Intangible assets – Goodwill and brand (continued)

(c) Impairment testing for cash-generating units containing goodwill and brand

For the purpose of impairment testing at the year-end, goodwill and brand is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of an operating division is determined based on a detailed 5-year model that is extrapolated in perpetuity by applying the long-term growth rate of the country. Profit is amended with working capital and capital expenditure requirements.

The net cash flows are discounted using the country-specific weighted average cost of capital (WACC). These calculations use cash flow projections based on financial projections approved by management covering a 5-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates.

12. Cash generated from operations

(a) Reconciliation of profit before income tax to cash generated from operations

	Six month period ended 31 December	
	2020 Kshs'000	2019 Kshs'000
Profit before income tax	5,834,605	10,602,203
Interest income	(50,477)	(60,782)
Interest expense	1,936,711	1,841,771
Interest expense on lease liabilities	44,639	63,633
Depreciation of property, plant and equipment	2,288,411	2,032,088
Amortisation of right-of-use assets	247,925	194,046
Amortisation of intangible asset - software	100,424	96,565
Loss on disposal of property, plant and equipment	-	60,209
Write off of property, plant and equipment	13,224	58,265
Cash generated from operations before working capital adjustments	**10,415,462**	**14,887,998**
Changes in working capital:		
- Trade and other receivables	(7,035,836)	(2,967,910)
- Inventories	1,347,489	133,254
- Trade and other payables	13,161,410	3,104,219
Cash generated from operations	**17,888,525**	**15,157,561**

(b) Cash and cash equivalents

	31 December 2020 Kshs'000	30 June 2020 Kshs'000
Cash and bank balances	5,624,019	5,661,635
Bank overdraft	(3,092,516)	(3,932,338)
	2,531,503	**1,729,297**

Notes (continued)

12. Cash generated from operations (continued)

(c) Movement in working capital

	December 2020 Kshs'000	June 2020 Kshs'000
Movement in inventory		
Movement per statement of financial position	1,309,248	(3,548,358)
Foreign currency translation differences	38,241	113,875
Net movement in inventory as per cash flow	**1,347,489**	**(3,434,483)**
Movement in trade and other receivables		
Movement per statement of financial position	(7,111,792)	2,541,550
Foreign currency translation differences	75,956	79,925
Net movement in receivables as per cash flow	**(7,035,836)**	**2,621,475**
Movement in trade and other payables		
Movement per statement of financial position	14,300,737	(6,133,109)
External interest payable	16,574	158,207
Deferred consideration	(1,429,671)	-
Foreign currency translation differences	273,770	245,946
Net movement in payables as per cash flow	**13,161,410**	**(5,728,956)**

13. Borrowings

	31 December 2020 Kshs'000	30 June 2020 Kshs'000
The borrowings are made up as follows:		
Non-current		
Bank loans	30,400,000	30,900,000
Medium term note	6,000,000	6,000,000
	36,400,000	**36,900,000**
Current		
Bank loans	1,254,805	4,106,253
	1,254,805	**4,106,253**
Bank overdraft	3,092,516	3,932,338
	40,747,321	**44,938,591**

The carrying amounts of current borrowings approximate their fair value, as the impact of discounting is not material.

	31 December 2020 Kshs'000	30 June 2020 Kshs'000
The movement in borrowings is as follows:		
At start of period/year	44,938,591	36,319,744
Advanced in the period/year	5,200,000	23,400,000
Repayments in the period/year	(8,554,805)	(18,716,209)
Movement in bank overdrafts	(839,822)	3,932,338
Effect of exchange rate changes	3,357	2,718
At end of period/year	**40,747,321**	**44,938,591**

Notes (continued)

13. Borrowings (continued)

(i) Bank loans comprise:

- Long term loan from Stanbic Bank Kenya Limited of Kshs 4,000,000,000 (30 June 2020: Kshs 4,500,000,000) at a weighted average interest rate of 8.9% (30 June 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 (30 June 2020: Kshs 7,600,000,000) at a weighted average interest rate of 9% (30 June 2020: 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 (30 June 2020: Kshs 3,000,000,000) at average annual interest rates of (CBR+300bps), effectively 8.0% (30 June 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 6,500,000,000 (30 June 2020: Kshs 6,500,000,000) at interest rate of 8.4% (30 June 2020: 8.4%). The loan is unsecured and matures on 31 December 2023.
- Medium term loan from Standard Chartered bank of Kenya of Kshs 4,500,000,000 (30 June 2020: Kshs 4,500,000,000 at interest rate of 8.3% (30 June 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 (2019: Nil) at an interest of 8.0% (2019: Nil). The loan is unsecured and is repayable in 12 quarterly instalments of Kshs 400,000,000, beginning in July 2022.
- Medium term loan from Stanbic Bank of Uganda of USD 500,000 (30 June 2020: USD 1,000,000) at an effective interest rate of (3 months LIBOR+4.85%), effectively 5.4% (30 June 2020: 5.4%). This facility is unsecured and matures on 30 April 2021.
- Short-term loan from Stanbic bank Kenya of Kshs 1,200,000,000 (30 June 2020: nil) at an interest of SPR (Stanbic Prime rate) +1.4% margin. The loan is unsecured and matures on 14 March 2021.

(ii) Medium term note of Kshs 6,000,000,000 (30 June 2020: Kshs 6,000,000,000) is unsecured, has an annual interest rate of 14.17% (30 June 2020: 14.17%) and matures in March 2022.

(iii) The bank overdraft facilities have an effective interest rate of 9% (30 June 2020: 9%) and is sourced from Absa Bank of Kenya plc, Absa Bank of Uganda, Standard Chartered Bank of Uganda and Citibank Kenya and Uganda.

The Group is not in breach of any financial covenants for facilities issued by its bankers as at 31 December 2020. For the medium-term note, the Capital Markets Authority has exempted the Group from maintaining a current assets ratio of 1 until 2023. The Group had available undrawn facilities of Kshs 6.7 billion as at 31 December 2020 (30 June 2020: Kshs 4.1 billion).

Notes (continued)

14. Contingent liabilities

The Group has operations in several countries and is subject to a number of legal, customs, duty, excise and tax proceedings 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 claims in Kenya that challenge its interpretation of various excise 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 loss 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 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.

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Appendix D: Form of Pricing Supplement

EAST AFRICAN BREWERIES PLC

(Incorporated in Kenya under the Companies Act, Chapter 486 (now repealed), Registration Number C.5/34)

PUBLIC OFFER AND LISTING OF KENYA SHILLINGS ELEVEN BILLION (KES 11,000,000,000) FIXED RATE MEDIUM TERM NOTES

This document constitutes the applicable Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 5 October 2021 as updated and amended from time to time. This applicable Pricing Supplement must be read in conjunction with such Information Memorandum. To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Information Memorandum, the provisions of this Pricing Supplement shall prevail.

1. Description of the Notes	
1.1 Issuer	East African Breweries PLC ("**EABL**")
1.2 Arrangers and Placing Agents	Absa Bank Kenya PLC and Absa Securities Limited
1.3 Status of the Notes	Senior, unsecured
1.4 Issue:	
a. Tranche Number	01
b. Series Number*	EABB.BD.29/10/26-XXX-12.25-
* explanation of the Series number EABL – East African Breweries PLC; FXD03 – third tranche of fixed rate notes; 2021 – year of issue; 5 – tenor of notes	
1.5 Redemption/Payment Basis	Par
1.6 Principal Amount	Up to KES 11,000,000,000
1.7 Form of Notes	Book-entry
1.8 Issue Date	29 October 2021
1.9 Trade Date	29 October 2021
1.10 Business Centre	Nairobi
1.11 Specified Denomination of the Notes (Minimum Subscription Amount)	KES 100,000 with integral multiples of KES 10,000 thereof
1.12 Issue Price	100%
1.13 Interest Commencement Date	29 October 2021
1.14 Interest Termination Date	29 October 2026

1.15 Redemption Date	29 October 2026
1.16 Specified Currency	Kenya Shillings
1.17 Applicable Business Day convention	Following Business Day Convention (if an Interest Payment Date (or other date) falls on a date which is not a Business Day, the following Business Day shall be substituted for such day unless such date falls in the next calendar month, in which case the preceding Business Day shall apply.
1.18 Fiscal Agent and Registrar	Image Registrars Limited
1.19 Specified office	
i. Of the Paying Agent and Registrar	5th Floor, Absa Towers, Loita Street
ii. Of the Issuer	Garden City Business Park, 5th Floor, Block A, Ruaraka,
1.20 Final Redemption Amount	Up to KES 11,000,000,000
1.21 Record Date	Fifteen (15) calendar days prior to each Interest Payment Date
2. Provisions relating to Interest Payable	
2.1 Fixed Rate Note Provisions	N/A
i. Fixed Rate of Interest	12.25% per annum payable semi-annually in arrears
ii. Interest Payment Dates	**Interest payment** / **Date** 1st: 29 April 2022 2nd: 29 October 2022 3rd: 29 April 2023 4th: 29 October 2023 5th: 29 April 2024 6th: 29 October 2024 7th: 29 April 2025 8th: 29 October 2025 9th: 29 April 2026 10th: 29 October 2026
iii. Default Rate	Fixed Rate of Interest + 2%
iv. Other terms relating to the method of calculating interest for the Fixed Rate Notes	Not Applicable
2.2 Floating Rate Notes	Not Applicable
3. Provisions regarding Redemption	
3.1 Redemption at the option of the Issuer	Applicable
If applicable,	
a. Optional Redemption Dates	on an Interest Payment Date
b. Optional Redemption Amount(s) and method, if any, of calculation of such amount(s)	KES 50,000,000 and integral multiples of KES 10,000,000 thereafter

c. Minimum period of notice (if different from Condition 6 *(Redemption and Purchase)*	Not applicable
d. If redeemable in part	
i. Minimum Redemption Amount	KES 50,000,000
ii. Higher Redemption Amount	Not Applicable
e. Other terms applicable on Redemption	None
GENERAL	
4. Other terms or special conditions	None
5. Board approval for issuance of the Notes	5 October 2021
6. Additional Selling Restrictions	None
7. Allotment policy	All applications shall be considered equally for purposes of allotment. In the event of oversubscription, allotment should be on a pro rata basis. The basis of allotment shall be notified to subscribers and the CMA. Applicants will be informed of the reasons for the rejection of an application.
8. Listing	
a. International Securities Identification Numbering (ISIN)	KE7000006549 (*EABL Medium Term Note Bond*)
b. Financial Exchange	Nairobi Securities Exchange
c. Relevant sub-market of the Financial Exchange	Fixed Income Securities Market Segment
9. Settlement Procedures and Settlement Instructions	same day funds on 29 October 2021
10. Details of bank account(s) to which payments are to be made in respect of the Notes Settlement Procedures and Settlement Instructions	Account name: Image Registrars Bank: Absa Bank Kenya PLC Account number: 2044573108 Branch: Absa Towers
11. Last Day to Register, which shall mean that the "books closed period" (during which the Register will be closed) will be from each Last Day to Register to the applicable Payment Day until the date of redemption	5.00 p.m. Nairobi time fifteen (15) calendar days prior to each Interest Payment Date until the redemption date
12. Method of Distribution	Public
13. Total Notes in issue (excluding the current issue)	None
14. Rights of Cancellation	The Notes will be delivered to investors on the Issue Date/Settlement Date by registration in the CDSC Account as book-entry Notes provided that: (i) no event occurs prior to the settlement process being finalised on the Issue

	Date/Settlement Date which the Issuer (in its sole discretion) consider to be a *force majeure* event; or (ii) no event occurs which the Issuer (in its sole discretion) considers may prejudice the issue, the Issuer or the Notes, (each a **Withdrawal Event**). If the Issuer decides to terminate this transaction due to the occurrence of a Withdrawal Event, this transaction shall terminate and no party hereto shall have any claim against any other party as a result of such termination. In such event, the Notes, if listed, will immediately be de-listed.
15. Tax	Interest earned on the Notes is subject to withholding tax at the rate applicable to bond instruments, currently at 15%. (Attach copy of certificate of exemption where applicable). Capital Gains Tax is not chargeable on any gain which accrues on the disposal of the Notes
16. Material Change	Save as disclosed in the Information Memorandum, there has been no significant change in the Issuer's financial position since the date of the Issuer's last audited financial statements.
17. Minimum level of subscription required to deem this issue successful	50%
ADDITIONAL INFORMATION	
18. Additional steps that may be taken following approval of the Extraordinary Resolution (in accordance with the Conditions)	None
19. Specify Agents and Specified Offices if new or other Agents appointed	Not applicable
LISTING APPLICATION This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the KES 11,000,000,000 Medium Term Note Programme of East African Breweries PLC.	
Salient Dates	
Offer Opens	06 October 2021
Offer Closes	21 October 2021
Allotment Date	27 October 2021
Notification Date (via email/telephone)	27 October 2021
Payment Date	29 October 2021
Issue Date	29 October 2021
CDS Account upload date	29 October 2021

Application is hereby made to list this issue of Notes pursuant to the listing of the KES 11,000,000,000 Medium Term Note Programme of East African Breweries PLC as from 1 November 2021

EABL Authorised Signatories

RESPONSIBILITY

The Issuer and its Board of Directors accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Information Memorandum, contains all information that is material in the context of the issue of the Notes.

Signed at **NAIROBI** on this 5th day of October 2021.

For and on behalf of
EAST AFRICAN BREWERIES PLC

Name: RISPER OHAGA	Name: KATHRYNE MAUNDU
Capacity: Director	Capacity: Company Secretary
Who warrants her authority hereto	Who warrants her authority hereto

Appendix E: Form of Application

SINCE 1922

eabl

CELEBRATING LIFE

Up to KES 11,000,000 MEDIUM TERM NOTE PROGRAMME

For the offering of East African Breweries PLC Notes

I/We, the undersigned hereby apply to purchase the amount specified below of the Fixed Rate Notes (the "Notes") to be issued by East African Breweries PLC ("EABL") upon the terms and conditions set out in this application form and the Information Memorandum dated **05/10/202**1. (please tick appropriate box)

[insert type of Notes								[insert type of Notes]	

Applications must be made in accordance with the instructions set out in this document. Due care must be taken to follow these instructions as applications that do not comply may be rejected If you are in any doubt, please call the helpline +254 709 170000 for assistance.

Please complete all relevant sections of this Form USING BLOCK LETTERS WHERE APPLICABLE

PARTICIPANT STATUS (PLEASE TICK 1)		DATE (DD/MM/YYYY)	CONTROL NO. (FOR REGISTRARS' USE ONLY)
Resident	☐	/ /	
Non-Resident	☐	**DECLARATION** (PLEASE TICK AS APPROPRIATE)	
Tax Exempt	☐	☐ I/We note that the Issuer and the Placing Agent are entitled in their absolute discretion to accept or reject this application.	
Taxable	☐		
PARTICIPANT TYPE (PLEASE TICK 1)		☐ I/We confirm that I/we have read the Information Memorandum dated **05/10/202**1 and that my/our application(s) is/are made on the terms set therein.	
Fund Manager	☐		
East African Individual	☐	☐ I/We agree to accept the Principal Amount as may be allocated to me/us subject to the terms in this Pricing Supplement.	
East African Corporate	☐		
Insurance Company	☐	☐ I/We authorise you to enter my/our name on the Register of Noteholders of the Notes that may be allotted to me/us and to register my/our address as given below.	
Bank	☐		
Foreign Individual	☐	☐ I/We hereby irrevocably undertake and confirm my/our application(s) for Notes is on the terms outlined in the relevant Pricing Supplement.	
Foreign Corporate	☐		
[other]	☐		

PARTICIPANT DETAILS (INDIVIDUAL/CORPORATE/JOINT) (Please use one box for one alphabet leaving one box blank between first word and second)

SURNAME/CORPORATE NAME

FIRST NAME (FOR INDIVIDUALS ONLY) | OTHER NAMES (FOR INDIVIDUALS ONLY)

JOINT APPLICANT'S FIRST NAME (IF APPLICABLE) | OTHER NAMES (FOR JOINT APPLICANT ONLY)

CONTACT PERSON (FOR CORPORATE APPLICANT)/ NEXT OF KIN (FOR INDIVIDUAL APPLICANT)

PHYSICAL ADDRESS IN FULL (PLEASE DO NOT REPEAT APPLICANT(S)' NAME). POST BOX NO. ALONE IS NOT SUFFICIENT

				TEL	
CITY		COUNTRY		EMAIL	

PARTICIPATION AND ALLOTMENT DETAILS

All applications must be for a minimum amount of [Kes] [500,000] [insert amount in words] and in multiples of 50,000 thereafter.

FACE VALUE:	KES														
Attach proof of Payment															

Please credit my/our CDSC Account as detailed below to the extent of the Notes are allotted:

PARTICIPANT'S CDSC ACCOUNT NO:																								

BANK DETAILS INTEREST PAYMENTS

BANK NAME		BRANCH	
ACCOUNT NO:		CITY/COUNTY	

SIGNATURES	2ND SIGNATURE (CORPORATE/JOINT)	OFFICIAL STAMP
NAME OF AUTHORISED SIGNATORY (Corporate Only)	NAME OF AUTHORISED SIGNATORY (Corporate/Joint):	
DESIGNATION (Corporate only):	DESIGNATION (Corporate only):	

:

Notes:

1. Completing the form

This completed form should be submitted via the provided online platform www.eabl.com

- Application will close at 5:00 p.m. on 21st of October 2021
- Applications are made subject to the provisions of the Information Memorandum to which this form is attached
- Applications are irrevocable and may not be withdrawn or amended without the written consent of the Issuer
- Individual applicants must be 18 years of age or older.

2. Acceptance

- By completing and submitting the online application form, an applicant undertakes:
- For Non-Professional Investors: to pay to the issue's receiving account on the date of submission of application, in same day funds, the purchase price for the Notes subscribed
- For Professional Investors: to pay to the issue's receiving account on the allotment date, in same-day funds, the purchase price for the Notes allotted.
- For the purposes of this clause, a Professional Investor refers to (i) any person licensed under the CMA Act; (ii) an authorized scheme or collective investment scheme; (iii) a bank or subsidiary of a bank, insurance company, cooperative, statutory fund, pension or retirement fund; or (iv) a person including a company, partnership, association or a trustee on behalf of a trust which, either alone, or with any associates on a joint account subscribes for Notes with an issue price of at least five hundred thousand shillings.

3. Settlement procedure

Payment of the purchase price for the Notes may be made by bank transfer or cash deposit. Remittance to be made on application for subscription of the Notes not later than 5 p.m. on 21st of October 2021 to:

Account Name: Image Registrars Limited
Bank: Absa Bank Kenya
Branch: ABSA Towers, Loita Street (former Barclays Plaza)
Account No.: 2044573108

4. General

The Information Memorandum and any contracts resulting from an acceptance of an application for the Notes shall be governed and construed in accordance with Kenyan law.

5. Data Protection

INTRODUCTION

This Privacy Notice applies to personal information collected by or on behalf of East African Breweries PLC ("EABL") in respect of the EABL up to KES 11,000,000 Medium Term Note Programme. It sets out what we do with your personal information, how we keep it secure and explains the rights that you have in relation to your personal information.

WHO WE ARE

EABL is the East Africa's leading premium drinks business. Details of EABL's different brands can be found here.

EABL is a member of the Diageo group of companies, the ultimate holding company of which is Diageo Plc. EABL is registered in Kenya with company number C.5/34 and is situated at the Garden City Business Park, 5th Floor, Block A, Ruaraka, Nairobi, Kenya. Information on EABL can be found in our latest annual report, which is available here.

All references to 'our', 'us', 'we', or 'company' within this notice are deemed to refer to EABL, its subsidiaries, affiliates, and/or associates, as appropriate.

WHAT TYPES OF PERSONAL INFORMATION DO WE COLLECT?

Personal information is information about an identifiable individual, as defined by applicable law. We collect personal information that you provide to us.

We have set out below more details regarding these types of personal information:

Information you provide to us: These types of personal information may include:

- contact details (such as your name, postal & physical addresses, phone numbers, next of kin details and email addresses),
- online registration information (such as your password and other authentication information),
- payment information (such as your credit card information, CDSC account, bank details and billing address),
- information provided as part of online questionnaires (such as responses to any customer satisfaction surveys or market research),

HOW/WHEN DO WE COLLECT PERSONAL INFORMATION?

Information you provide to us: You provide personal information directly to us when you subscribe to the EABL up to KES 11,000,000 Medium Term Note Programme.

PURPOSES FOR WHICH YOUR PERSONAL INFORMATION IS USED

The different purposes for which we use your personal information are set out below:

- Corporate transactions: We may use your personal information in the event of a sale of the EABL Medium Term Notes.
- Authentication and access control: We may use your personal information to authenticate your access to our websites and to determine which content to provide you and/or whether you should be granted access to certain content. We may also use your personal information to verify your identity when responding to any requests to exercise your rights under applicable law.
- Comply with legal obligations and protect against legal claims or liability: We may use your personal information to comply with our legal obligations, protect us against legal claims, or to detect, protect, or defend us and/or other third parties against error, negligence, breach of contract, theft, fraud, or other illegal or harmful activity, to comply with our audit and security requirements, or to audit compliance with our corporate policies, procedures, legal, or contractual obligations.

LEGAL BASIS FOR THE PROCESSING OF PERSONAL INFORMATION

We will only process your personal information where we have a legal basis to do so. The legal basis will depend on the purposes for which we have collected and use your personal information. In almost every case the legal basis will be one of the following:

- Consent: Where you have provided your consent to receive certain marketing from us. You can withdraw your consent at any time.
- Our legitimate business interests: Where it is necessary for us to understand our customers, participants, promote our services and operate effectively as a multinational beverages company, provided in each case that this is done in a legitimate way which does not unduly affect your privacy and other rights.
- Performance of a contract with you: This would also apply where we need to take steps prior to entering into a contract with you. For example, where you have purchased Notes from us and we need to use your contact details and payment information in order to process your order and send the product to you.
- Compliance with law: Where we are subject to a legal obligation and need to use your personal information in order to comply with that obligation.

Disclosure of your personal information

We value your personal information and only share it with third parties in certain circumstances. From time to time we may disclose personal information to:

- third parties where you have provided your consent. For example, we will obtain your permission before we allow a third party that is not an affiliate to access your information.
- our service providers and subcontractors, including our affiliates, and/or third party websites (such as social media platforms or search engines) retained to perform functions on our behalf, or to provide services to us including; credit card and data processing; website hosting and management; information technology and office services; legal, accounting, audit and other professional service providers; and other services related to our business), provided such service providers and subcontractors have entered into written agreements with us and do not collect, use, or disclose the personal information for any purpose other than to perform such functions on our behalf, to provide services to us, or as otherwise required or permitted by law;
- third parties who, in our reasonable judgment, are providing or seeking the information as your **authorized** or appointed legal **agent**;
- a person or entity, including our affiliates, in the event of a sale, merger, consolidation, change in control, transfer of substantial assets, financing, **reorganization**, or liquidation whereby we transfer, sell, or assign to such third party information concerning your relationship with us, including without limitation, personal information that you provide and other information concerning your relationship with us; and
- law enforcement, governmental or regulatory agencies, or other third parties in order to comply with applicable law, or where we believe such action is necessary in order to comply with applicable law, or to detect, protect, or defend us and/or other third parties against error, negligence, breach of contract, theft, fraud, or other illegal or harmful activity, to comply with our audit and security requirements, or to audit compliance with our corporate policies, procedures, legal, or contractual obligations.

INTERNATIONAL DATA TRANSFERS

Please note that your personal information may be transferred to, and stored at, a destination outside the country in which you reside, including countries, which have less strict, or no data protection laws, when compared to those in your country.

Whenever we transfer your information as described in the paragraph above, we will take steps which are reasonably necessary to ensure that adequate safeguards are in place to protect your personal information and to make sure it is treated securely. In these cases, we rely on approved data transfer mechanisms (for example, the EU "Standard Contractual Clauses" or the EU-US "Privacy Shield") to ensure your information is subject to adequate safeguards in the recipient country. If you are located in the EEA, you may contact us using the contact details below for a copy of the safeguards which we have put in place to protect your personal information and privacy rights in these circumstances.

INFORMATION SECURITY

We take information security seriously and take precautions to keep your personal information secure. We have put in place appropriate physical, technical, and organisational measures to safeguard the information we collect. However, we have no control over the privacy of any communication while it is in transit to us. We therefore recommend that you do not include confidential, proprietary, or sensitive information in any such communications.

Unfortunately, no data transmission over the Internet or data storage system can be guaranteed to be 100% secure. If you have reason to believe that your interaction with us is no longer secure (for example, if you feel that the security of any account you might have with us has been compromised), please immediately notify us of the problem by contacting us at the contact details below.

In the unlikely event that we believe that the security of your personal information in our possession or control may have been compromised, we may seek to notify you of that development. If such a notification is appropriate, we will endeavour to do so as promptly as possible under the circumstances, and, to the extent we have your email address, we may notify you by email.

You are reminded that, in accordance with the Conditions of Use for this website and/or app, you are responsible for maintaining the strict confidentiality of your account password, and you are responsible for any activity under your account and password. It is your sole responsibility to control the dissemination and use of your password, access to and use of your account, and to notify us when you wish to cancel your account. We will not be responsible or liable for any loss or damage arising from your failure to comply with this obligation.

YOUR RIGHTS

Depending on the jurisdiction in which you are located, you have certain rights in relation to your personal information. These rights may include:

- the right to withdraw your consent to any processing of your personal information (where you had provided consent);
- the right to object to the processing of your information for certain purposes;
- the right to access your personal information, and the ability to erase, restrict or in certain cases receive a machine-readable copy of your personal information;
- the right to ask us to rectify any information about you that you think is inaccurate; and
- the right to unsubscribe from any of our marketing communications at any time.

If you wish to exercise any of these rights you may contact us as stated below. We will handle any request to exercise your rights in accordance with applicable law in your country and any relevant legal exemptions.

HOW LONG WILL WE RETAIN YOUR PERSONAL INFORMATION FOR?

We will retain your personal information for the period necessary to fulfill the purposes outlined in this Privacy Notice unless a longer retention period is required or permitted by law. After this period it will be deleted or in some cases anonymised.

Where we have collected the personal information based on your consent and we have no other lawful basis to continue with that processing, if you subsequently withdraw your consent then we will delete your personal information. However, please note that where you unsubscribe from our marketing communications, we will keep a record of your contact details to ensure we do not send you further marketing communications in future.

INTERFACES WITH THIRD-PARTY WEBSITES AND SERVICES

Our websites may contain links, references, and content from other websites and services outside of our control. Please be aware that we have no control over these websites and services and our Privacy Notice does not apply to them.

We will not be liable to you for any issues arising in connection with their use of your information and we encourage you to read the Privacy Notice and Conditions of Use of any linked, referenced, or interfacing websites and services you visit or use.

HOW TO CONTACT US

We are committed to safeguarding your privacy. If you have any comments, queries, or complaints about our collection or use of personal information please contact us via:

Post: East African Breweries PLC, Data Protection Officer, Garden City Business Park, Block A, Garden City Road, Ruaraka, Nairobi, Kenya.

Email: DataProtectionOffice@eabl.com

If you are not satisfied with the response that you receive from EABL, you may, where applicable, contact the relevant data protection regulator in your jurisdiction. EABL will provide information on the manner in which complaints to regulators may be made, if requested to do so.

Appendix F: Advisers to the Transaction

Adviser	Name and Address
Arrangers	Absa Bank Securities Limited West End Building, Waiyaki Way P.O. Box 30120 00100 Nairobi, GPO Absa Bank Kenya Plc Absa Headquarters Waiyaki Way P.O. Box 30120 00100 Nairobi, GPO
Transaction Legal Counsel	Coulson Harney LLP (trading as Bowmans Kenya) 5th Floor, ICEA Lion Centre, West wing Riverside Park, Chiromo Road Nairobi P.O. Box 10643 00100 Nairobi, GPO
Paying Agent and Registrar	Image Registrars Limited 5th Floor, Absa Towers Loita Street P.O. Box 9287-00100 GPO Nairobi Kenya
Note Trustee	MTC Trust and Corporate Services Limited Delta Riverside, Block 4, Ground Floor Riverside Drive P.O. Box 1071, 00200
Reporting Accountants	PricewaterhouseCoopers LLP PwC Tower Waiyaki Way/ Chiromo Road P.O. Box 43963 00100 Nairobi, GPO

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