AIRTEL UGANDA LIMITED

ANNUAL REPORT
AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2024

AIRTEL UGANDA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

CONTENTS

COMPANY INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	Airtel Uganda Limited 16A Clement Hill Road P O Box 6771 Kampala, Uganda
COMPANY SECRETARY	Godfrey Bakibinga Airtel Uganda Limited 16A Clement Hill Road P.O. Box 6771 Kampala, Uganda

COMPANY SOLICITORS

Nangwala, Rezida & Company Advocates
Suite 3B
3rd Floor, Plot 9 Yusuf Lule Road
P.O. Box 10304
Kampala, Uganda

Verma Jivram & Associates
3rd Floor, FIL Courts
88 Luthuli Avenue, Bugolobi
P O Box 7595
Kampala, Uganda

Lex Uganda Advocates & Solicitors,
1 Colville Street
P.O. Box 22490
Kampala, Uganda

Katende, Ssempebwa & Co Advocates,
Radiant House
20 Kampala Road
P O Box 2344,
Kampala, Uganda

K & K Advocates
67 Lugogo By-Pass,
P.O. Box 6061
Kampala, Uganda

Burungyi, Barata Associates
Plot 14, Archer Road, Kololo
P.O. Box 21086
Kampala, Uganda

COMPANY INFORMATION (CONTINUED)

BANKERS

Citibank Uganda Limited
4 Centre Court
Ternan Avenue
P. O. Box 7505
Kampala, Uganda

Stanbic Bank (U) Ltd
10th Floor, Short Tower
17 Hannington Road
Crested Towers
Kampala, Uganda

Equity Bank Uganda Limited
34 Church House, Kampala Road
P.O. Box 10184
Kampala, Uganda

Standard Chartered Bank Uganda Limited
5 Speke Road
P.O. Box 7111
Kampala, Uganda

Absa Bank Uganda Limited
2/4 Hannington Road
P.O. Box 7101
Kampala, Uganda

Ecobank Uganda Limited
8A Kafu Road Nakasero
P.O. Box 7368
Kampala, Uganda

United Bank for Africa (UBA) Uganda
2 Jinja Road
P.O. BOX 7396
Kampala, Uganda

DFCU Uganda
26 Kyadondo Road Nakasero,
P.O. Box 70
Kampala, Uganda

AUDITORS

Deloitte & Touche
Certified Public Accountant of Uganda
3rd Floor, Rwenzori House
1 Lumumba Avenue
P.O. Box 10314
Kampala, Uganda

DIRECTORS' REPORT

The Directors submit their report and audited Financial Statements of Airtel Uganda Limited ("the Company") for the year ended 31 December 2024, which show the state of affairs of the Company.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the operation of a cellular telephone network in Uganda and the provision of telecommunication services.

FINANCIAL RESULTS

	2024 Ushs million	2023 Ushs million
Profit before taxation	451,736	426,885
Taxation charge	(134,996)	(129,935)
Profit for the year	**316,740**	**296,950**

The profit for the year amounted to Ushs 316,740 million (2023: Ushs 296,950 million). The Directors declared interim dividends for the year ended 31 December 2024 amounting to Ushs 215,000 million (2023: 194,800 million) (refer note 32 of the financial statements).

Further, the Directors recommends a final dividend of Ushs 100,000 million at a rate of Ushs. 2.5 per share making a total dividend for the year of Ushs 315,000 million (2023: 280,800 million) at a rate of Ushs 7.88 per share for the year ended 31 December 2024 (2023: Ushs 7.02 per share).

Subject to the approval of the shareholders at the AGM, the final dividend will be paid on or before 28 April 2025 to the shareholders on the register at the close of business on 31 March 2025. This final dividend is not included as a liability in the Financial Statements.

RESERVES

The reserves of the Company are set out on page 13 in the Statement of Changes in Equity.

DIRECTORS

The Directors who held office during the year and to the date of this report were as follows:

Hannington Karuhanga	-	Non-Executive Director
Soumendra Sahu	-	Executive Director (Appointed 1 December 2024)
Manoj Murali	-	Executive Director (Resigned 31 October 2024)
Alok Bafna	-	Non-Executive Director
Rama Krishna Lella	-	Non-Executive Director
Apoorva Mehrotra	-	Non-Executive Director
Keith Kalyegira	-	Non-Executive Director (Appointed 26 March 2024)
Suzan Kitariko Mweheire	-	Non-Executive Director (Appointed 26 March 2024)

DIRECTORS' REPORT (CONTINUED)

The Directors were in office for the entire period unless otherwise stated.

SHAREHOLDING

The shareholding of the Company as at 31 December 2024 is as follows

Name of shareholder	No. of shares	% of shareholding
Bharti Airtel Uganda Holdings B.V.	35,644,069,165	89.1102%
Bharti Airtel Africa B.V.	28,000	0.0001%
National Social Security Fund	4,218,800,000	10.5470%
Other Shareholders	137,102,835	0.3428%
Total	**40,000,000,000**	

AUDITORS

Deloitte & Touche, Certified Public Accountant of Uganda, have expressed their willingness to continue in office in accordance with the provisions of Section 163 (2) of the Companies Act Cap. 106 of the laws of Uganda.

BY ORDER OF THE BOARD

Secretary

18 February **2025**

Kampala

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Companies Act Cap. 106 of the Laws of Uganda requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the State of Financial Affairs of the Company as at the end of the financial year and of its operating results for that year. The Act also requires the Directors to ensure the Company keeps proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors are ultimately responsible for the internal control. The Directors delegate responsibility for internal control to Management. Standards and systems of internal control are designed and implemented by Management to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of the Company's assets. Appropriate accounting policies supported by reasonable and prudent judgments and estimates, are applied on a consistent and using the going concern basis. These systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The Directors accept responsibility for the year's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Companies Act Cap. 106 of Uganda. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of Financial Statements, as well as adequate systems of internal financial control.

The financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The financial statements were approved by the Board of Directors on **18 February 2025** and signed on its behalf by:

S. K. Sahu

Soumendra Sahu
Director

Hannington Karuhanga
Chairman

Deloitte & Touche
Certified Public Accountant of Uganda
ICPAU Registration No: AF0001
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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AIRTEL UGANDA LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Airtel Uganda Limited set out on pages 11 to 65, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Airtel Uganda Limited as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act Cap. 106 of the Laws of Uganda.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Guidelines issued by the Institute of Certified Public Accountants of Uganda. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of Ethics issued by the Institute of Certified Public Accountants of Uganda. This code is in line with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements of Airtel Uganda Limited. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code and in accordance with other ethical requirements applicable to performing the audit of Airtel Uganda Limited.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Partners: A. N. Muraya* F. Okwiri* P. Ssali
*Kenyan
Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited
The firm is licensed and regulated by Institute of Certified Public Accountants of Uganda

Key audit matters

Recognition of revenue from contracts with customers	**How our audit addressed the matter**
Recognition of revenue from contracts with customers. The recognition of revenue from contracts with customers is considered a key audit matter in telecom companies due to its complexity, significance judgmental nature, contractual dynamics and control environment. Furthermore, we considered revenue recognition as a key audit matter because the entity's revenue recognition process relies on the use of multiple, and in some cases complex, information technology systems to apply distinct tariff structures and pricing models to the company's products and services. As disclosed in notes 6(a) of these financial statements, the company earned Ushs 1,974 billion (2023: Ushs 1,769 billion) revenue with differing contractual arrangements with customers.	• Used internal IT specialists to test the IT environment in which the billing systems reside, including interface controls between different IT applications. • Tested the relevant controls over (a) approvals and maintenance of new tariff plans in the billing system and (b) authorization of the rate changes and the maintenance of such rates in the billing systems. • Tested the accuracy and completeness of key information used within relevant controls ("IUC") either through testing controls around the IUC or directly testing the IUC. • Obtained and substantively tested samples of CDR (call detail records) rating validations performed by revenue assurance to test the accuracy of both revenue streams and the resolution of exceptions noted, if any. Sample tested the accuracy of tariffs set up in the system. • Performed independent call testing with the objective of ensuring the accuracy of plans by ensuring that a sample of each major tariff has been tested and that the rates set up in the system are accurate. • Obtained and tested the accuracy of the reconciliation between the Intelligent Network (IN) billing system and the general ledger (the manual revenue reconciliation process). • Assessed the adequacy and appropriateness of disclosures for compliance with the accounting standards. Based on the procedures described above, our audit evidence was consistent with the revenue recognized in the financial statements in accordance with IFRS 15. We also found the disclosures to be adequate and appropriate.

Other information

The Directors are responsible for the other information, which comprises the information included in the Directors' report and statement of directors' responsibilities as required by the Companies Act Cap. 106 of the laws of Uganda. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act Cap. 106 of the Laws of Uganda, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal requirements

As required by the Companies Act Cap. 106, we report to you based on our audit, that:

(i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) in our opinion, proper books of account have been kept by the Company so far as appears from our examination of those books; and

(iii) The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

The Engagement Partner responsible for the audit resulting in this independent auditor`s report is Paul Ssali, Practicing Number P0508.

Deloitte & Touche

Certified Public Accountant of Uganda

18 February **2025**

Kampala

Paul Ssali
Partner

AIRTEL UGANDA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 Ushs millions	2023 Ushs millions
Income			
Revenue	6	1,978,815	1,777,307
Other income	6(b)	7,683	6,653
		1,986,498	**1,783,960**
Expenses			
Network operating expenses	7(a)	(334,080)	(314,475)
Access charges		(104,809)	(66,008)
Licence fees and spectrum usage charges		(46,771)	(43,567)
Employee benefit expenses	7(b)	(88,978)	(83,568)
Sales and marketing expenses	7(c)	(227,215)	(198,777)
Other operating expenses	7(d)	(192,215)	(159,174)
Depreciation and amortisation	8	(363,310)	(326,737)
		(1,357,378)	**(1,192,306)**
Operating profit		**629,120**	**591,654**
Finance income	9(a)	14,969	10,276
Finance costs	9(b)	(192,353)	(175,045)
Profit before tax		**451,736**	**426,885**
Income tax expense	10(a)	(134,996)	(129,935)
Profit for the year		**316,740**	**296,950**
Other comprehensive income/(loss) for the year, net of tax		**32**	**(6)**
Total comprehensive income for the year, net of tax		**316,772**	**296,944**
Basic and diluted earnings per share	33	**7.9**	**7.4**

AIRTEL UGANDA LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 Ushs millions	2023 Ushs millions
ASSETS			
Non-current assets			
Property plant and equipment	11	845,455	764,871
Capital work-in-progress	11	29,145	41,448
Right of use asset	12	1,082,205	672,869
Intangible assets	14	387,887	421,292
Other non-current assets	15	60,251	66,571
		2,404,943	**1,967,051**
Current assets			
Inventories	16	3,027	3,445
Financial assets			
Trade receivables	17	75,235	98,481
Cash and cash equivalents	18	9,443	34,345
Others	19	10,883	24,636
Income tax asset (net)	10(c)	13,478	5,406
Other current assets	15	88,521	67,194
		200,587	**233,507**
TOTAL ASSETS		**2,605,530**	**2,200,558**
EQUITY AND LIABILITIES			
Equity			
Share capital	21	40,000	40,000
Retained earnings		102,401	86,661
Other reserves	34	111	79
		142,512	**126,740**
Non-current liabilities			
Financial liabilities			
Borrowings	22	258,717	291,429
Lease liabilities	23	1,063,657	609,902
Others	24	141,782	145,203
Deferred revenue	25	9,534	11,068
Provisions	26	2,391	2,931
Deferred tax liabilities	10(d)	132,340	100,188
		1,608,421	**1,160,721**
Current liabilities			
Financial liabilities			
Borrowings	22	394,773	401,747
Lease liabilities	23	125,274	175,317
Trade payables	27	181,067	194,379
Derivative financial instruments	28	3,549	508
Others	24	47,005	45,370
Deferred revenue	25	29,464	29,085
Provisions	26	14,692	13,694
Other current liabilities	29	58,773	52,997
		854,597	**913,097**
TOTAL EQUITY AND LIABILITIES		**2,605,530**	**2,200,558**

The Financial Statements on pages 11 to 65 were approved for issue by the Board of Directors on **18 February 2025** and signed on its behalf by:

S.K. Sahu

Soumendra Sahu
Director

Hannington Karuhanga
Chairman

AIRTEL UGANDA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

Particulars	Share Capital Ushs millions	Share premium Ushs millions	Retained earnings Ushs millions	Other comprehensive income Ushs millions	Grand total Ushs millions
At 1 January 2023	1,408	16,128	106,239	85	123,860
Profit for the period	-	-	296,950	-	296,950
Dividend - Final dividend FY22 (Refer to note 32)	-	-	(99,264)	-	(99,264)
Dividends – Interim dividend FY23 (Refer to note 32)	-	-	(194,800)	-	(194,800)
Other comprehensive income	-	-	-	(6)	(6)
Conversion of share premium to share capital	16,128	(16,128)	-	-	-
Conversion of retained earnings to share capital	22,464	-	(22,464)	-	-
At 31 December 2023	40,000	-	86,661	79	126,740
At 1 January 2024	40,000	-	86,661	79	126,740
Profit for the period	-	-	316,740	-	316,740
Dividend - Final dividend FY23 (Refer to note 32)	-	-	(86,000)	-	(86,000)
Dividends – Interim dividend FY24 (Refer to note 32)	-	-	(215,000)	-	(215,000)
Other comprehensive income	-	-	-	32	32
At 31 December 2024	40,000	-	102,401	111	142,512

AIRTEL UGANDA LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 Ushs millions	2023 Ushs millions
OPERATING ACTIVITIES			
Profit before tax		**451,736**	**426,885**
Adjustments for:			
Depreciation and amortisation	8	363,310	326,737
Interest income	9(a)	(626)	(1,021)
Unrealised foreign exchange gain	9(a)	(14,343)	(9,255)
Interest on borrowings	9(b)	93,433	80,684
Interest on lease liabilities	9(b)	72,211	54,215
Interest on spectrum liabilities	9(b)	10,929	9,458
Movement in provision for trade receivables	17	1,305	1,242
Movement in provision for inventory obsolescence	16	(78)	1,069
Asset write off	11	217	793
Operating cash flow before changes in working capital		**978,094**	**890,807**
Decrease in inventories	16	496	933
Decrease / (Increase) in trade receivables	17	19,224	(21,924)
Increase in other financial and non-financial assets	15, 19	(414)	(30,691)
(Decrease)/Increase in trade payables	27	(12,574)	45,740
Decrease in deferred revenue	25	(1,155)	(7,586)
Increase/(Decrease) in other financial, provisions and non-financial liabilities	24, 26, 28, 29	7,200	(6,065)
Net cash generated from operations before tax		**990,871**	**871,215**
Income tax paid	10(e)	(110,916)	(137,709)
Net cash generated from operating activities (a)		**879,955**	**733,506**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment & capital work in progress	11	(235,861)	(242,296)
Interest received	9(a)	626	1,021
Net cash flows used in investing activities (b)		**(235,235)**	**(241,275)**
FINANCING ACTIVITIES			
Proceeds from borrowings	22	35,000	300,000
Repayment of borrowings	22	(105,451)	(334,486)
Interest on borrowings	9(b)	(94,071)	(81,548)
Repayment of lease liabilities	23	(144,161)	(119,448)
Interest paid on lease liabilities	23	(72,211)	(54,215)
Payment of spectrum liabilities	24	(6,715)	(6,595)
Interest paid on spectrum liabilities	24	(10,929)	(9,458)
Dividend paid	32	(301,009)	(294,049)
Net cash flows used in financing activities (c)		**(699,547)**	**(599,798)**
Net movement in cash and cash equivalents during the year (a+b+c)		**(54,827)**	**(107,568)**
Cash and cash equivalents as at beginning of the year	18	(296,919)	(189,351)
Cash and cash equivalents as at end of the year	**18**	**(351,746)**	**(296,919)**

1. CORPORATE INFORMATION

Airtel Uganda Limited is incorporated in Uganda under the Companies Act as a public limited liability Company and is domiciled in Uganda. The Company was listed on the Uganda's Security Exchange on 7 November 2023. The address of its registered office is Airtel House, Plot 16A Clement Hill Road, Kampala, Uganda. Its principal activities are the operation of a cellular telephone network in Uganda and provision of telecommunication services. The Company is subsidiary of Bharti Airtel Uganda Holdings B.V. The Intermediate Parent is Airtel Africa PLC (listed in London stock exchange and Nigeria stock exchange).

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

2.1 New and amended Standards that are effective for the current year

In the current year, the company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements

Amendments to IAS 7 Statement of Cash flows and IFRS 7 financial instruments: Disclosures titled supplier finance arrangements

The Company has adopted the amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements for the first time in the current year.
The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The amendments contain specific transition provisions for the first annual reporting period in which the Company applies the amendments. Under the transitional provisions an entity is not required to disclose:

- comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments
- the information otherwise required by IAS 7:44H(b)(ii)–(iii) as at the beginning of the annual reporting period in which the entity first applies those amendments.

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

The Company has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year.

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

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

2.1 New and amended Standards that are effective for the current year (Continued)

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

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

The Company has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year.

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

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period.

However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

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

The Company has adopted the amendments to IFRS 16 for the first time in the current year.

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

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

2.1 New and amended Standards that are effective for the current year (Continued)

Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback (Continued)

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

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

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

2.2 New and revised standards in issue but not yet effective

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

Standard or amendment	Description	Effective date
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
Amendments to IAS 21	Lack of Exchangeability (Amendments to IAS 21)	1 January 2025
Amendments IFRS 9 and IFRS 7	Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	1 January 2026
Annual IFRS improvement Volume 11	Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods, except if indicated below.

Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2024

IFRS 18 - Presentation and Disclosures in Financial Statements

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

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

2.2 New and revised standards in issue but not yet effective (Continued)

IFRS 18 introduces new requirements to:

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

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Directors of the Company anticipate that the application of these amendments may have an impact on the financial statements in future periods.

Lack of Exchangeability (Amendments to IAS 21)

The amendments in Lack of Exchangeability (Amendments to IAS 21) amend IAS 21 to:

- **Specify when a currency is exchangeable into another currency and when it is not** — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.

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

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

The amendments also extend to conforming amendments to IFRS 1 which previously referred to, but did not define, exchangeability.

The amendments to IAS 21 are effective for accounting periods beginning on or after 1 January 2025 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

2.2 New and revised standards in issue but not yet effective (Continued)

Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments

The International Accounting Standards Board (IASB) has issued 'Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)' to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 'Financial Instruments.

The amendments clarify that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date.

The amendments to IFRS 9 and IFRS 7 are effective for accounting periods beginning on or after 1 January 2026 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

Annual Improvements to IFRS Accounting Standards — Volume 11
The IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11

Standard	The amendment
IFRS 1 First-time Adoption of International Financial Reporting Standards	**Hedge accounting by a first-time adopter.** The amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 *Financial Instruments*.
IFRS 7 Financial Instruments: Disclosures	**Gain or loss on derecognition.** The amendment addresses a potential confusion in paragraph B38 of IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 *Fair Value Measurement* was issued.
IFRS 7 Financial Instruments: Disclosures (implementation guidance only)	**Disclosure of deferred difference between fair value and transaction price.** The amendment addresses an inconsistency between paragraph 28 of IFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of IFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.
IFRS 7 Financial Instruments: Disclosures (implementation guidance only)	**Introduction and credit risk disclosures.** The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 and by simplifying some explanations.
IFRS 9 Financial Instruments	**Lessee derecognition of lease liabilities.** The amendment addresses a potential lack of clarity in the application of the requirements in IFRS 9 to account for an extinguishment of a lessee's lease liability that arises because paragraph 2.1(b)(ii) of IFRS 9 includes a cross-reference to paragraph 3.3.1, but not also to paragraph 3.3.3 of IFRS 9.

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

2.2 New and revised standards in issue but not yet effective (Continued)

IFRS 9 Financial Instruments	**Transaction price.** The amendment addresses a potential confusion arising from a reference in Appendix A to IFRS 9 to the definition of 'transaction price' in IFRS 15 *Revenue from Contracts with Customers* while term 'transaction price' is used in particular paragraphs of IFRS 9 with a meaning that is not necessarily consistent with the definition of that term in IFRS 15.
IFRS 10 Consolidated Financial Statements	**Determination of a 'de facto agent'.** The amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of IFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.
IAS 7 Statement of Cash Flows	**Cost method.** The amendment addresses a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term 'cost method' that is no longer defined in IFRS Accounting Standards.

The annual improvement volume 11 are effective for accounting periods beginning on or after 1 January 2026 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies adopted in the preparation of these Financial Statements are set out below.

(a) Basis of preparation

The Financial Statements of Airtel Uganda Limited have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act Cap. 106, of the Laws of Uganda. The Financial Statements are presented in Uganda Shillings and all values are rounded to the nearest millions except when otherwise indicated.
For purposes of reporting under the Companies Act Cap. 106 of the Laws of Uganda, the Balance Sheet in these Financial Statements is represented by the Statement of Financial Position and the Profit and Loss account is represented by the statement of profit or loss and other comprehensive income.

The accounting policies adopted are consistent with those used in the previous year, except otherwise indicated.

(b) Basis of measurement

The Financial Statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is based on the fair value of the consideration given in exchange for goods and services.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Basis of measurement (Continued)

Fair value measurement

Fair value is the price at the measurement date, at which an asset can be sold or the price paid to transfer a liability, in an orderly transaction between market participants. The Company's accounting policies require measurement of certain financial/non-financial assets and liabilities at fair value (either on a recurring or non-recurring basis).

The Company is required to classify the fair valuation method of the financial/non-financial assets and liabilities, either measured or disclosed at fair value in the Financial Statements, using a three level fair-value hierarchy (which reflects the significance of inputs used in the measurement of fair value). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as described below, based on the lowest input that is significant to the fair value measurement as a whole:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly: and

- Level 3 inputs are unobservable inputs for the asset or liability.

(c) Revenue recognition

Revenue is recognised upon the transfer of control of promised products or services to the customer at the consideration which the Company has received or expects to receive in exchange for those products or services, net of any taxes/duties and discounts. When determining the consideration to which the Company is entitled for providing promised products or services via intermediaries, the Company assesses whether the intermediary is a principal or agent in the onward sale to the end customer. To the extent that the intermediary is considered a principal, the consideration to which the Company is entitled is determined to be that receivable from the intermediary (accounted at gross). To the extent that the intermediary is considered to be an agent, the consideration to which the Company is entitled is determined to be the amount receivable from the ultimate customer (accounted at net off commission). Any upfront discount or commission provided to the intermediary is recognised as operating expenses where the intermediary is considered to be an agent.

The Company has entered into certain multiple-element revenue arrangements, which involve the delivery or performance of multiple products, services or rights to use assets. At the inception of the arrangement, all the deliverables within the contract are evaluated to determine whether they represent distinct performance obligations and, if so, they are accounted for separately.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(c) Revenue recognition (Continued)

Total consideration related to the multiple element arrangements is allocated to each performance obligation based on their relative standalone selling prices. The standalone selling prices are the prices at which the Company would sell a promised good or service separately to a customer.

Revenue is recognised when, or as, each distinct performance obligation is satisfied. The main categories of revenue and the basis of recognition are as follows:

Service revenue
Service revenue is derived from the provision of telecommunications services to customers. The majority of the Company's customers subscribe to services on a pre-paid basis.

Telecommunications service revenue mainly pertains to usage, subscription charges for voice, data, messaging and value added services and customer onboarding charges.

Telecommunications services are considered to represent a single performance obligation as all are provided over the Company's network and transmitted as data representing a digital signal on the network. The transmission consumes network bandwidth and therefore, irrespective of the nature of the communication, the customer ultimately receives access to the network and the right to consume network bandwidth.

Customers primarily pay in advance for services of the Company. These cash amounts are recognised in deferred revenue in the consolidated statement of financial position and transferred to the profit and loss when the service obligation has been performed/ when the usage of services becomes remote.

The Company recognises revenue from these services over time as they are provided. Revenue is recognised over time based on actual units of telecommunications services provided during the reporting period as a proportion of the total units of telecommunications services to be provided.

Subscription charges are recognised over the subscription pack validity period. Customer onboarding revenue is recognised upon successful onboarding of customers i.e., upfront.

Revenue recognised in excess of amounts invoiced are classified as unbilled revenue. If amounts invoiced/collected from a customer are in excess of revenue recognised, a deferred revenue/advance income is recognised.

Service revenue also includes revenue from interconnection/roaming charges for use of the Company's network by other operators for voice, data, messaging and signalling services.

Revenue from long distance operations comprise voice services and bandwidth services (including installation), which are recognised on the provision of services, provided over the period of the respective arrangements.

The Company has interconnect agreements with local and foreign operators. This allows customers from either network to originate or terminate calls to each other's network. Revenue is earned and recognised as per bilateral agreements when other operators' calls are terminated to the Company's network, i.e., when the service is rendered.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(c) Revenue recognition (Continued)

Equipment sales

Equipment sales mainly pertain to sale of telecommunication equipment and related accessories for which revenue is recognised when the control of equipment is transferred to the customer i.e., transferred at a point in time.

Costs to obtain or fulfil a contract with a customer

The Company defers costs to obtain or fulfil a contract with a customer over expected average customer life determined based on churn rate specific to such contracts.

(d) Functional currency and translation of foreign currencies

Functional and presentation currency

The items included within the Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e., 'functional currency').

The Financial Statements are presented in Uganda Shillings, which is also the functional, and presentation currency of the Company.

Transactions and balances

Transactions in foreign currencies are initially recorded in the relevant functional currency at the rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date with the resulting foreign exchange differences, on subsequent re-statement/settlement, recognised in the statement of profit or loss and other comprehensive income within finance costs/finance income. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate prevalent, at the date of initial recognition (in case they are measured at historical cost) or at the date when the fair value is determined (in case they are measured at fair. value) – with the resulting foreign exchange difference, on subsequent re-statement/settlement, recognised in the profit and loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity.

The equity items denominated in foreign currencies are translated at historical exchange rate.

(e) Property, plant and equipment ('PPE')

The cost of an item of property, plant and equipment is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably.

PPE is initially recognised at cost. The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes and after deducting trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location of its intended use. Further, it includes assets installed on the premises of customers where the associated risks, rewards and control remain with the Company.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Property, plant and equipment ('PPE') (Continued)

Subsequent to initial recognition, PPE is stated at cost less accumulated depreciation and any impairment losses. When significant parts of PPE are required to be replaced at regular intervals, the Company recognises such parts as a separate component of each asset. When an item of PPE is replaced, its carrying amount is de-recognised from the statement of financial position and the cost of the new item of PPE is recognised.

The expenditure incurred after an item of PPE is ready to use, such as repairs and maintenance, are charged to the profit and loss in the period in which such costs are incurred. However, in situations where the expenditure can be measured reliably and it is probable that future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

Depreciation on PPE is computed using the straight-line method over the PPE's estimated useful lives.

Freehold land is not depreciated as it has an unlimited useful life. The Company has established the estimated range of useful lives for different categories of PPE as follows:

Categories	**Period (Years)**
Buildings and leasehold improvements	20
Plant and Machinery	3-25
Computer equipment	3
Furniture & fixture and Office Equipment	1-5
Motor vehicles	5

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at least, at each financial year end so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives, residual values and/or depreciation method are accounted for prospectively, with depreciation calculated over the PPE's remaining revised useful life. The cost and the accumulated depreciation for PPE sold, scrapped, retired, or otherwise disposed of are de-recognised from the statement of financial position and the resulting gains/(losses) are included in the profit and loss within other income/other expenses, respectively.

PPE in the course of construction less any accumulated impairment is carried at cost and presented separately as CWIP (including capital advances) in the statement of financial position until ready for use at which point it is transferred to PPE and subsequently depreciated. Such cost comprises the purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any other directly attributable costs.

(f) Intangible assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be measured reliably.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Intangible assets (Continued)

Goodwill represents the cost of the acquired businesses in excess of the fair value of identifiable net assets acquired. Goodwill is not amortised; however, it is tested for impairment and carried at cost less accumulated impairment losses, if any. The gains/(losses) on the disposal of a cash-generating unit (group of CGUs) includes the carrying amount of goodwill relating to the group of CGUs sold. In case goodwill has been allocated to group of CGUs, allocation of goodwill is determined based on the relative value of the operations sold in order to compute the gain/(losses).

Intangible assets that are acquired in a business combination are initially recognised at fair value at the acquisition date. Other intangible assets are recognised at cost which includes its purchase price and cash price equivalent of deferred payments beyond normal credit terms, if any. Intangible assets with definite useful life are carried at cost less accumulated amortisation and any impairment losses. Amortisation is computed using the straight-line method over the expected useful life.

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in profit and loss as incurred.

The Company has established the estimated useful lives of different categories of intangible assets as follows:

Software

Software is amortised over the period of the licence, generally not exceeding three (3) years.

Licences (including spectrum)

Acquired licenses and spectrum are amortised commencing from the date when the related network is available for intended use in the relevant jurisdiction over the relevant license period. The useful life generally ranges from ten to twenty years.

In addition, the Company incurs a fee on licenses/spectrum that is calculated based on the revenue amount of the period. These fees are recognised as an expense in the statement of profit or loss and other comprehensive income when incurred.

Internally-generated intangible assets – research and development expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised, if and only if, all of the following conditions have been met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- The intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Intangible assets (Continued)

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, if any.

Other acquired intangible assets
Other acquired intangible assets include customer relationships - over the estimated life of such relationships which ranges from one (1) year to five (5) years.

The useful lives and amortisation method are reviewed, and adjusted appropriately, at least at each financial year end so as to ensure that the method and period of amortisation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives and/or amortisation method is accounted prospectively, and accordingly, the amortisation is calculated over the remaining revised useful life.

Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(g) Accounting for leases

At inception of a contract, the Company assesses a contract as, or containing, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether the contract involves the use of an identified asset, the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the Company has the right to direct the use of the asset.

Company as a lessee
The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee in the statement of financial position. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), variable lease payments that are based on index, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(g) Accounting for leases (Continued)

Company as a lessee (Continued)

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments including changes in index or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option or when the lease contract is modified, and the lease modification is not accounted for as a separate lease. The corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the related right-of-use asset has been reduced to zero.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

Subsequent to initial recognition, right-of-use asset are stated at cost less accumulated depreciation and any impairment losses and adjusted for certain re-measurements of the lease liability. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter. The estimated useful lives of right-of-use assets are determined on the same basis as those of the underlying asset.

In the statement of financial position, the right-of-use assets and lease liabilities are presented separately.

When a contract includes lease and non-lease components, the Company allocates the consideration in the contract on the basis of the relative stand-alone prices of each lease component and the aggregate stand-alone price of the non-lease components.

Company as a lessor

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

The Company enters into 'Indefeasible right to use' ('IRU') arrangements wherein the right to use the assets is given over the substantial part of the asset life. However, as the title to the assets and the significant risks associated with the operation and maintenance of these assets remains with the Company, such arrangements are recognised as operating lease. The contracted price is recognised as revenue during the tenure of the agreement. Unearned IRU revenue received in advance is presented as deferred revenue within liabilities in the statement of financial position.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(g) Accounting for leases (Continued)

Short-term leases

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis.Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated variable costs necessary to make the sale. The costs comprise its purchase price and any directly attributable cost of bringing it to its present location and condition.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, wallet balances, bank balances, cheque in hand and any deposits with original maturities of three months or less (that are readily convertible to known amounts of cash and cash equivalents and subject to an insignificant risk of changes in value). However, for the purpose of the statement of cash flows, in addition to the above items, any bank overdrafts that are integral part of the Company's cash management is also included as a component of cash and cash equivalents. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

(j) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the relevant obligation, using a pre-tax rate that reflects current market assessments of the time value of money (if the impact of discounting is significant) and the risks specific to the obligation. The increase in the provision due to un-winding of the discounting due to the passage of time is recognised within finance costs.

Provision for legal, tax and regulatory matters

The Company is involved in various legal, tax and regulatory matters, the outcome of which may not be favourable to the Company. Management, in consultation with legal, tax and other advisers where required, assesses the likelihood that a pending claim will succeed against the Company. The Company recognises a provision in cases where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations arising from such claims.

(k) Employee benefits

The Company's employee benefits mainly include wages, salaries, bonuses, defined contribution to plans, defined benefit plans, other long-term benefits including compensated absences. The employee benefits are recognised in the year in which the associated services are rendered by the Company employees. Short-term employee benefits are recognised in statement of profit or loss and other comprehensive income at undiscounted amounts during the period in which the related services are rendered. Details of long-term employee benefits are provided below:

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(k) Employee benefits (Continued)

Defined contribution plans

The contributions to defined contribution plans are recognised in profit or loss as and when the services are rendered by employees. The Company has no further obligations under these plans beyond its periodic contributions.

Defined benefit plans

The Company has defined benefit plans and 'Severance Pay' wherein, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each quarter end. The obligation towards the said benefits is recognised in the balance sheet under provisions, at the present value of the defined benefit obligations. The present value of the said obligation is determined by discounting the estimated future cash outflows, using appropriate discount rate.

Defined benefit costs are split into the following categories:

- service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements.
- interest expense; and
- re-measurements.

The Company recognises service costs within profit or loss as employee benefit expenses. Past service, cost is recognised in profit or loss when the plan amendment or curtailment occurs. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Interest cost is calculated by applying a discount rate to the defined benefit liability and is recognised within finance costs. Re-measurements comprising actuarial gains and losses are recognised immediately as a charge or credit to other comprehensive income in the period in which they occur. Re-measurements recognised in other comprehensive income are not reclassified.

Other long-term employee benefits

The employees of the Company are entitled to compensated absences as well as other long-term benefits. Compensated absences benefit comprises encashment and the availing of leave balances that were earned by the employees over the period of past employment.

The Company provides for the liability (presented under provisions) towards the said benefits on the basis of actuarial valuation carried out quarterly as at the reporting date, by an independent qualified actuary using the projected-unit-credit method. The related re-measurements are recognised in the statement of profit and loss in the period in which they arise.

Provident fund

The Company contributes to the Staff Provident Fund. Under this scheme, the employee contributes 5% of their gross salary while the employer contributes 5% of each employee's gross salary. There is an option for employees to contribute over and above the mandatory 5%. The total remittance to the fund per month in respect of each employee is 10%. The contribution is charged to the statement of profit or loss and other comprehensive income in the year in which it is incurred.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(k) Employee benefits (Continued)

National Social Security Fund

The Company contributes to the National Social Security Fund a National savings scheme mandated by Government. Under this scheme, the employee contributes 5% of their gross salary while the employer contributes 10% of each employee's gross salary to NSSF. The contribution is charged to the statement of profit or loss and other comprehensive income in the year in which it is incurred.

(l) Income tax

The income tax expense comprises current and deferred income tax. Income tax is recognised in the profit and loss, except to the extent that it relates to items recognised outside profit and loss, in other comprehensive income or directly in equity, in which case the related income tax is also recognised accordingly within other comprehensive income or directly in equity.

Current tax

Current tax is calculated on the basis of the tax rates, laws and regulations, which have been enacted or substantively enacted as at the reporting date in accordance with the Ugandan Income Tax Act. The payment made in excess/ (shortfall) of income tax obligation for the respective periods are recognised in the statement of financial position under income tax assets/income tax liabilities, respectively.

Any interest relating to accrued liabilities for potential tax assessments are not included in the income tax charge or (credit), but are recognised within finance costs.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. These provisions are measured at the best estimate of the amount expected to become payable or based on the expected value approach, as applicable and are presented within current tax liabilities. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, deferred tax is not recognised, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Further, deferred tax liabilities are not recognised, if they arise from the initial recognition of goodwill.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences, tax losses and tax credits can be utilised. To assess such probability, the Company considers profit generation capability of the taxable entity based on historical trends as well as forecast profitability for the foreseeable future. When it is probable that there will be future taxable profits, an evaluation is performed to assess the availability of sufficient deductible temporary differences during the foreseeable future.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(l) Income tax (Continued)

Deferred tax (Continued)

Deferred tax assets, recognised and unrecognised, are reviewed at each reporting date and assessed for recoverability based on best estimates of taxable profits for the foreseeable future.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities exist.

(m) Borrowing Cost

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs include costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period they occur.

(n) Financial instruments

Recognition, classification and presentation

Financial instruments are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.
The Company determines the classification of its financial instruments at initial recognition.

The Company classifies its financial assets into the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortized cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cashflows.

The Company has classified all non-derivative financial liabilities as measured at amortized cost.

Financial assets with embedded derivatives are considered in their entirety for determining the contractual terms of the cash flow and accordingly, embedded derivatives are not separated. However, derivatives embedded in non-financial instrument/financial liabilities (measured at amortized cost) host contracts are classified as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts.

Financial assets and liabilities arising from different transactions are off-set against each other and the resultant net amount is presented in the statement of financial position, if and only when, the Company currently has a legally enforceable right to set-off the related recognized amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(n) Financial instruments (Continued)

Measurement - Non-derivative financial instruments

(i) Initial measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Other transaction costs are expensed as incurred in the statement of profit or loss and other comprehensive income.

(ii) Subsequent measurement - financial assets

The subsequent measurement of non-derivative financial assets depends on their classification as follows:

Financial assets measured at amortised cost
Assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest rate ('EIR') method (if the impact of discounting/any transaction costs is significant). Interest income from these financial assets is included in finance income.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

Financial assets at fair value through profit or loss ('FVTPL')
All equity instruments and financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ('FVTOCI') are measured at FVTPL. Interest (basis EIR method) and dividend income from financial assets at FVTPL is recognised in the profit and loss within finance income/finance costs separately from the other gains/losses arising from changes in the fair value.

Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and debt instrument carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, 12 month expected credit loss ('ECL') is used to provide for impairment loss, otherwise lifetime ECL is used.

However, only in case of trade receivables and contract assets, the Company applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(n) Financial instruments (Continued)

(iii) Subsequent measurement - financial liabilities

Financial liabilities are subsequently measured at amortised cost using the EIR method (if the impact of discounting/any transaction costs is significant).

Measurement - derivative financial instruments

Derivative financial instruments, including separated embedded derivatives that are not designated as hedging instruments in a hedging relationship are classified as financial instruments at fair value through profit or loss. Such derivative financial instruments are initially recognised at fair value. They are subsequently measured at their fair value, with changes in fair value being recognised in profit or loss within finance income/finance costs.

(iv) Derecognition

Financial liabilities are derecognised from the statement of financial position when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires, or legally released. The financial assets are derecognised from the statement of financial position when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The difference in the carrying amount and consideration is recognised in the statement of profit or loss and other comprehensive income.

(o) Impairment of non-financial assets

Goodwill

Goodwill is tested for impairment, at least annually or earlier, in case circumstances indicate that the carrying value may exceed the recoverable amount (higher of fair value less costs of sell and the value -in- use).

For the purpose of impairment testing, the goodwill is allocated to a cash-generating-unit ('CGU') or group of CGUs ('CGUs') which are expected to benefit from the acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, but not higher than an operating segment. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Impairment occurs when the carrying value of a CGU/CGUs including the goodwill, exceeds the estimated recoverable amount of the CGU/CGUs. The recoverable amount of a CGU/CGUs is the higher of its fair value less costs to sell and its value in use. Value-in-use is the present value of future cash flows expected to be derived from the CGU/CGUs.

The total impairment loss of a CGU/CGUs is allocated first to reduce the carrying value of goodwill allocated to that CGU/CGUs and then to the other assets of that CGU/CGUs - on pro-rata basis of the carrying value of each asset.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(o) Impairment of non-financial assets (Continued)

Property, plant and equipment, Right-of-use assets, Intangible assets and intangible assets under development

At each reporting period date, the Company reviews the carrying amounts of its PPE, right-of-use assets, CWIP and finite lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Intangible assets under development are tested for impairment, at-least annually or earlier, in case circumstances indicate that it may be impaired.

For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the CGU level to which the said asset belongs. If individual assets or a CGU are considered to be impaired, the impairment recognised in the statement of profit or loss and other comprehensive income is measured by the amount by which the carrying value of the asset/CGU exceeds the estimated recoverable amount and is allocated on pro-rata basis.

Reversal of impairment losses

Impairment loss in respect of goodwill is not reversed. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

(p) Asset Retirement obligation (ARO)

This is a provision for costs expected in the future to dismantle telecommunication towers and retail shops and restore the sites to their condition prior to installation of the Company's equipment. The costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset.

The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the asset retirement liability. The unwinding of the discount is expensed as incurred and recognised in profit or loss as a finance cost. The estimated future costs of ARO are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

(q) Investment property

This is property held to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, or administration purposes. Investment property is measured at cost.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(r) Statement of cash flow

Cash flows are reported using the indirect method as per IAS-7" Statement of cash flows", whereby profit for the period is adjusted for the effect of transactions of a non-cash nature, any deferral or accrual of past or future cash operating receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

(s) Share capital and Share premium

Issued ordinary shares are classified as Equity when the Company has an un-conditional right to avoid delivery of cash or another financial asset, that is, when the dividend and repayment of Capital are at the sole and absolute discretion of the Company and there is no contractual obligation whatsoever to that effect. Any premium received over and above the par value of the shares is classified as 'share premium' in Equity.

(t) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

Deferred tax assets and liabilities, and all assets and liabilities which are not current (as discussed in the below paragraphs) are classified as non-current assets and liabilities.

An asset is classified as current when it is expected to be realised or intended to be sold or consumed in the Company's normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is classified as current when it is expected to be settled in the Company's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

(u) Contingencies

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised and disclosed only where an inflow of economic benefits is probable.

(v) Dividends

Dividend to shareholders is recognised as a liability and deducted from Equity, in the year in which the dividends are approved by the shareholders. However, interim dividends declared by the Board of directors, are recognised as a liability, and deducted from retained earnings, in the year in which the dividends are so declared.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(w) Earnings Per Share

The Company presents the Basic and diluted earnings per share ("EPS") data. Basic EPS is computed by dividing the profit for the period attributable to the owners of the company by the weighted average number of shares outstanding during the period.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding during the period.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

(a) Key sources of estimation uncertainty

Income taxes

The Company is subject to income taxes under the Income Tax Act 1997 (as amended). Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Contingent liabilities and provisions

The Company is involved in various legal, tax and regulatory matters, the outcome of which may not be favourable to the Company. Management in consultation with the legal, tax and other advisers assess the likelihood that a pending claim will succeed. The Company has applied its judgement and has recognized liabilities based on whether additional amounts will be payable and has included contingent liabilities where economic outflows are considered possible but not probable.

Inventory obsolescence

The Company provides for obsolete and slow-moving inventory based on Management's estimates of the usability of inventory.

(b) Critical judgements in applying the Company's accounting policies

The critical judgements, which the management has made in the process of applying the Company's accounting policies and have the most significant impact on the amounts recognised in the Financial Statements, are discussed below:

Separating lease and non-lease components

The consideration paid by the Company in telecommunication towers lease contracts include the use of land and passive infrastructure as well as maintenance, security, provision of energy etc. services. Therefore, in determining the allocation of consideration between lease and non-lease components, for the additional services that are not separately priced, the Company performs detailed analysis of cost split to arrive at relative stand-alone prices of each of the components.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(b) Critical judgements in applying the Company's accounting policies (Continued)

Determining the incremental borrowing rate for lease contracts

The Company has recognised lease liabilities at present value using the incremental borrowing rate (IBR) based on considerations specific to the lease agreement. Since determination of incremental borrowings is not directly available for the given markets in which Company operates, the Company has used judgement in determining the IBR by taking into consideration risk free borrowing rate.

Determining the lease term

Under IFRS 16 if it is reasonably certain that a lease will be extended, the Company is required to estimate the expected lease period in excess of the current contractual terms. The Company has various lease agreements with a right to extend /renew wherein it considers the nature of the contractual terms and economic factors to determine lease term.

The Company has used judgement in determining the lease period considering such factors and the lease liability has been calculated using the remaining contractual lease period for all of such lease contracts.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has liabilities in the form of borrowings, trade and other payables as well as receivables in the form of loans, cash, deposits, trade and other receivables. These arise as a part of the business activities and operations of the Company. The business activities of the Company expose it to a variety of financial risks, namely market risks (that is, foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

Further, the Company uses certain derivative financial instruments to mitigate some of these risk exposures. The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of directors and the Audit and Risk Committee. The Company's senior management is primarily responsible for matters, including framing of policies and execution procedures as well as laying down the risk framework mechanisms for the treasury function that will help the company to achieve its strategic financial goals, balancing opportunity, prudence and initiative with risk control measures. This provides assurance to the Company that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and Company's risk appetite. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk – currency rate risk, interest rate risk and other price risks, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Company uses foreign exchange forward contracts to manage its exposures to foreign exchange fluctuations.

(i) Foreign exchange risk

The Company operates locally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from adverse changes in the local / operating currency rates to other foreign currencies for which commercial transactions occur in the course of operation and from recognised assets and liabilities.

The Company's foreign exchange risk management includes foreign exchange forward contracts, regular monitoring of the movement of exchange rates and continuous negotiations with all local suppliers to have contracts in local currency.

	2024 Ushs millions	2023 Ushs millions
Assets		
Cash and cash equivalents	3,728	3,962
Trade receivables	73,995	91,687
Other receivables	1,885	3,669
Total assets	**79,608**	**99,318**
Liabilities		
Trade payables	70,684	112,173
Lease liabilities	723,563	548,385
Other financial liabilities	142,414	153,414
Total liabilities	**936,661**	**813,972**
Net USD exposure	**(857,053)**	**(714,654)**

At 31 December 2024, if the Uganda Shilling had weakened/strengthened by 5% to Ushs/USD 3,858 and 3,491 respectively against the US Dollar with all other variables held constant, opposed to exchange rate prevailing as at year end (Ushs/USD 3674), pre-tax profit for the year would have been as follows.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

	Increase/decrease in the value of Ushs vs. USD	Effect on profit before tax Ushs millions	Effect on Profit after tax and equity Ushs millions
Net effect based as at 31	5%	(42,853)	(29,997)
December 2024	-5%	42,853	29,997
	Increase/decrease in the value of Ushs vs. USD	**Effect on profit before tax Ushs millions**	**Effect on Profit after tax and equity Ushs millions**
Net effect based as at	5%	(35,733)	(25,013)
31 December 2023	-5%	35,733	25,013

(ii) Cash flow and interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's interest-bearing debt obligations with floating interest rates. Further, the Company engages in financing activities which are dependent on market rates and any changes in the interest rates environment may impact future rates of borrowing. The Company monitors the interest rate movement and manages the interest rate risk based on its risk management policies. The Company also maintains a portfolio mix of floating and fixed rate debt.

At 31 December 2024, if the Interest rate would decrease/increase by 1% of total borrowing with all other variables held constant, pre-tax profit for the year would have been increased/decreased by Ushs 6,535 million (2023: Ushs 6,932 million) mainly as a result of interest rate change.

(iii) Price risk

The Company does not hold any financial instruments subject to price risk.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily from trade receivables but also from banks balances and other financial receivables.

Trade Receivables

Trade receivables are typically non-interest bearing unsecured and derived from sales made to a large number of independent customers. As the customer base is widely distributed both economically and geographically, there is no concentration of credit risk.

As independent credit ratings of customers is not available. The Company reviews the creditworthiness of its customers based on their financial position, past experience, ageing and other factors.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (Continued)

Credit risk related to trade receivables is managed/mitigated by the Company in accordance with the policies and procedures established by the Company, by setting appropriate payment terms and credit period, and by setting and monitoring internal limits on exposure to individual customers. The credit period provided by the Company to its customers is generally 30 days.

The Company uses an age-based provision policy to measure the expected credit loss of trade receivables, which comprise a very large numbers of small balances. Based on the industry practices and the business environment in which the Company operates, management considers trade receivables are credit impaired if the payments are more than 270 days past due in case of interconnect customers and 90 days past due in other cases.

The Company offers standard credit terms of 30 days for its customers. All receivables less than 30 days are therefore neither past due nor impaired whilst receivables between 31 to 90 days are deemed past due but not impaired.

The amount that best represents the Company's maximum exposure to credit risk at 31 December is made up as follows:

	2024	2023
	Ushs millions	Ushs millions
Bank balances	6,190	14,288
Balance held in wallets	3,253	20,028
Trade receivables	21,135	15,991
Leaseline receivables	6,144	8,349
Roaming receivables	5,637	4,090
Amounts due from related parties	60,341	86,991
Other financial assets	10,883	24,636
	113,583	**174,373**

The ageing of the trade and other receivables is shown below:

	Not Past Due	Past Due					
	Less than 30 days	30 to 60 days	60 to 90 days	Above 90 days	Total	Impairment	Net
	Ushs millions	Ushs millions	Ushs millions	Ushs millions	Ushs millions	Ushs millions	Ushs millions
31 December 2024	14,341	4,124	2,724	82,951	104,140	18,022	86,118
31 December 2023	29,776	4,879	14,708	90,695	140,057	16,940	123,117

Collateral

There are collateral/security deposits held whose fair value is the cash amount paid which is equivalent to Ushs 4,245 million (2023: Ushs 4,404 million) and whose credit quality of assets is not past due. All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (Continued)

Other financial instruments and cash deposits

The treasury, in accordance with the Board approved policy, maintains its cash and cash equivalents and deposits and enters into derivative financial instruments – with banks, financial and other institutions, having good reputation and past track record, and high/sovereign credit rating. Similarly, counterparties of the Company's other receivables carry either negligible or very minimal credit risk. Further, the Company reviews the creditworthiness of the counterparties (on the basis of its ratings, credit spreads and financial strength) on an ongoing basis, and if required, takes necessary mitigation measures.

(c) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future obligations as and when due, without incurring unacceptable losses. The Company's prudent liquidity risk management objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing, including term loans and overdraft from both domestic and international banks at an optimised cost. For details on borrowings refer to Note 22.

The table below analyses the Company's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

The amounts disclosed in the breakdown below are the contractual undiscounted cash flows. Except for lease liabilities and borrowings balances due within 12 months equal their carrying amount, as the impact of discounting is not significant.

	<1 year Ushs millions	1-2 years Ushs millions	>2 years Ushs millions	Total Ushs millions
At 31 December 2024				
Financial assets				
Trade receivables	75,235	-	-	75,235
Other receivables	10,883	-	-	10,883
Cash and cash equivalents	9,443	-	-	9,443
Total financial assets	**95,561**	**-**	**-**	**95,561**
Financial liabilities				
Trade payables	181,067	-	-	181,067
Borrowings	438,570	159,125	137,767	735,462
Lease liabilities	244,360	208,385	1,376,844	1,829,589
Other financial liabilities	47,005	4,429	137,353	188,787
Total financial liabilities	**911,002**	**371,939**	**1,651,964**	**2,934,905**
Net liquidity gap	**(815,441)**	**(371,939)**	**(1,651,964)**	**(2,839,344)**

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (Continued)	<1 year Ushs millions	1-2 years Ushs millions	>2 years Ushs millions	Total Ushs millions
At 31 December 2023				
Financial assets				
Trade receivables	98,481	-	-	98,481
Other receivables	24,636	-	-	24,636
Cash and cash equivalents	34,345	-	-	34,345
Total financial assets	**157,462**	**-**	**-**	**157,462**
Financial liabilities				
Trade payables	194,379	-	-	194,379
Borrowings	451,224	75,226	298,175	824,625
Lease liabilities	220,328	157,521	602,941	980,790
Other financial liabilities	45,370	4,463	140,740	190,573
Total financial liabilities	**911,301**	**237,210**	**1,041,856**	**2,190,367**
Net liquidity gap	**(753,839)**	**(237,210)**	**(1,041,856)**	**(2,032,905)**

During the year ended 31 December 2024, the Company earned a net profit of Ushs 316,740 million (2023: Ushs 296,950 million). As at that date, the Company was in a net current liability position of Ushs 654,010 million (2023: Ushs 679,590 million) as indicated above. The company's business runs on a majority cash model (pre-paid revenue) hence has the capability to generate sufficient operating cashflows to meet all its obligations as they fall due. The net operating cash inflow for the year ended 31 December 2024 was Ushs 879,955 million (2023: Ushs 733,506 million) i.e. higher than the net current liability position indicated above. The operating cashflows combined with sufficient headroom available through external sources of financing (overdraft facilities) as at 31 December 2024 provide sufficient liquidity to the Company to meet all obligations as they fall due.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maximise returns for Shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new capital or sell assets or change who holds the risks and benefits of the assets say through leasing or consignment stock arrangements to reduce debt. The Company monitors capital, and its objective is improving on the leverage ratio over time. The Company monitors capital using a leverage ratio, which is net debt divided by Earnings before Interest Depreciation and Tax (EBITDA). Net debt is calculated as borrowings and leases liabilities less cash and cash equivalents.

The leverage ratios at 31 December 2024 and 31 December 2023 were as follows:

	2024 Ushs millions	2023 Ushs millions
Total borrowings	653,490	693,176
Total lease obligation	1,188,931	785,219
Less: Cash and cash equivalents	(9,443)	(34,345)
Net Debt	**1,832,978**	**1,444,050**
EBITDA	992,430	918,391
Leverage ratio (x)	1.8	1.6

6. REVENUE

Service revenues	1,974,807	1,769,392
Sale of products	4,008	7,915
	1,978,815	**1,777,307**

6. REVENUE (CONTINUED)

(a) SERVICE REVENUE

	2024	2023
	Ushs millions	Ushs millions
Airtime revenue	878,562	899,360
Value added services and data revenue	961,019	775,681
Interconnect revenue	116,957	80,646
Roaming revenue	18,269	13,705
	1,974,807	**1,769,392**

Primary commissions (Trade Discount) is discount provided to distributors on the sales price of E-top-ups. The discount is calculated as a percentage of the sales price and is contractually defined per contracts in place between the Company and the Distributors. The Company recognises revenue net of this commission expenses in line with IFRS 15.

Performance Obligations that are unsatisfied (or partially unsatisfied) amounting to Ushs 38,998 million as at 31 December 2024 (Ushs 40,153 million as at 31 December 2023), of which Ushs 29,464 million will be satisfied over a period of one year and the remaining Ushs 9,534 million over 7 years 3 months (revenue of Ushs 1,545 million to be recognised on annual basis). Revenue recognised that was included in the deferred revenue balance at the beginning of the year is Ushs 29,085 million (2023: Ushs 35,125 million). Total unbilled as at 31 December 2024 is Ushs 10,880 million (2023: Ushs 24,617 million).

(b) OTHER INCOME

	2024	2023
	Ushs millions	Ushs millions
Miscellaneous income	7,683	6,653
	7,683	**6,653**

7 (a) NETWORK OPERATING COSTS

Site running expenses	245,020	241,751
Network support and maintenance	76,103	62,865
Internet access and bandwidth	12,957	9,859
	334,080	**314,475**

7 (b) EMPLOYEE BENEFIT EXPENSES

Salaries	72,417	69,039
Defined contribution plan	6,552	6,097
Defined benefit plan	584	163
Staff welfare expenses	9,127	8,013
Others	298	256
	88,978	**83,568**

7 (c) SALES AND MARKETING

Sales and distribution expense	205,681	171,548
Marketing expenses	21,534	27,229
	227,215	**198,777**

7 (d) OTHER OPERATING EXPENSES

	2024 Ushs millions	2023 Ushs millions
Cost of goods sold	5,335	9,421
Office repair and maintenance	8,075	4,290
Legal and professional fees	62,020	55,845
Rates and taxes	12,308	5,186
Content cost	75,911	47,936
IT expenses	7,563	9,127
Travel and conveyance	10,335	10,715
Customer care expenses	1,839	7,486
Charitable donation	18	-
Auditor's remuneration	817	767
Others	7,994	8,401
	192,215	**159,174**

Auditor's remuneration for the year ended 31 December 2024 includes Ushs 39 million (2023: Ushs 55 million) for non-audit services paid to Deloitte & Touche in respect of the review of the Condensed Interim Financial Statements for the entity.

8. DEPRECIATION & AMORTISATION

	2024 Ushs millions	2023 Ushs millions
Depreciation on property, plant and equipment (Note 11)	176,258	154,469
Depreciation of right of use assets (Note 12)	153,647	140,143
Amortization of intangible assets (Note 14)	33,405	32,125
	363,310	**326,737**

9. FINANCE INCOME / COSTS

(a) Finance income

Interest income on deposits	256	509
Interest income on others	370	512
Net unrealised exchange gain	14,343	9,255
	14,969	**10,276**

(b) Finance costs

Interest on borrowings	93,433	80,684
Interest on lease liabilities	72,211	54,215
Interest on deferred spectrum	10,929	9,458
Net realised exchange loss	14,181	27,589
Other finance charges	1,599	3,099
	192,353	**175,045**

10. TAXATION

(a) The Tax expense for the year is attributed to the following

	2024	2023
Income tax expense	**Ushs millions**	**Ushs millions**
Current tax expense	94,972	121,890
Deferred tax expense	38,293	7,542
Current tax expense – Rental Income	515	503
Tax effect of prior year adjustments		
- Current tax expense	7,357	-
- Deferred tax expense	(6,141)	-
	134,996	**129,935**

(b) The reconciliation between the amounts computed by applying the statutory income tax rate to the profit before tax and income tax expense is summarized below.

Profit before tax	**451,736**	**426,885**
Enacted tax rates in Uganda	30%	30%
Tax expense	135,521	128,066
Effect of:		
Tax effect of prior year adjustments	(1,215)	1,188
Expense not deductible	690	681
	134,996	**129,935**

(c) Income tax asset (net)

Income tax recoverable of Ushs 13,478 million (2023: Ushs 5,406 million).

Opening balance	5,406	(9,910)
Tax paid	110,916	137,709
Income tax expense	(102,844)	(122,393)
	13,478	**5,406**

(d) Deferred income tax

The Company has a net deferred income tax liability of Ushs 132,340 million (2023: deferred tax liability Ushs 100,188 million) arising from accelerated tax depreciation and other temporary differences.

	At 01-Jan-24 Ushs million	Movement for the year Ushs million	At 31-Dec-24 Ushs million
Accelerated tax depreciation	119,638	5,815	125,453
Unrealised exchange gain/(loss)	(623)	74	(549)
Other temporary differences	(18,827)	26,262	7,435
Net deferred tax liability	**100,188**	**32,152**	**132,340**

	At 01-Jan-23 Ushs million	Movement for the year Ushs million	At 31-Dec-23 Ushs million
Accelerated tax depreciation	112,651	6,987	119,638
Unrealised exchange gain/(loss)	2,336	(2,959)	(623)
Other temporary differences	(22,341)	3,514	(18,827)
Net deferred tax liability	**92,646**	**7,542**	**100,188**

10. TAXATION (CONTINUED)

(e) Income tax paid

	2024 Ushs millions	2023 Ushs millions
Income taxation paid		
Current tax – Rental income	(513)	(440)
Withholding tax paid	(3,868)	(94)
Advance tax paid	(106,493)	(121,189)
Final tax paid	(42)	(15,986)
Income tax paid	**(110,916)**	**(137,709)**

11. PROPERTY, PLANT AND EQUIPMENT

Particulars	Plant and Machinery Ushs millions	Buildings and leasehold improvements Ushs millions	Office equipment and furniture Ushs millions	Computer Ushs millions	Vehicle Ushs millions	Total Ushs millions	Capital work in progress Ushs millions	Grand total Ushs millions
COST								
At 1 January 2024	1,797,257	27,748	59,482	201,929	3,359	2,089,775	41,448	2,131,223
Additions	-	-	-	-	-	-	244,756	244,756
Disposal	(337)	-	-	-	-	(337)	-	(337)
Reclassifications	(824)	-	-	824	-	-	-	-
Transfer from CWIP	228,693	-	13,324	14,952	90	257,059	(257,059)	-
At 31 December 2024	2,024,789	27,748	72,806	217,705	3,449	2,346,497	29,145	2,375,642
ACCUMULATED DEPRECIATION								
At 1 January 2024	1,073,542	21,142	44,494	183,448	2,278	1,324,904	-	1,324,904
Charge for the period	150,854	1,075	11,392	12,568	369	176,258	-	176,258
Disposal	(120)	-	-	-	-	(120)	-	(120)
Reclassifications	(212)	-	-	212	-	-	-	-
At 31 December 2024	1,224,064	22,217	55,886	196,228	2,647	1,501,042	-	1,501,042
NET CARRYING AMOUNT								
At 31 December 2024	800,725	5,531	16,920	21,477	802	845,455	29,145	874,600
COST								
At 1 January 2023	1,579,834	27,539	46,487	188,913	2,920	1,845,693	40,930	1,886,623
Additions	-	-	-	-	-	-	245,661	245,661
Disposal	(1,061)	-	-	-	-	(1,061)	-	(1,061)
Transfer from CWIP	218,484	209	12,995	13,016	439	245,143	(245,143)	-
At 31 December 2023	1,797,257	27,748	59,482	201,929	3,359	2,089,775	41,448	2,131,223
ACCUMULATED DEPRECIATION								
At 1 January 2023	941,281	20,066	35,461	172,012	1,883	1,170,703	-	1,170,703
Charge for the period	132,529	1,076	9,033	11,436	395	154,469	-	154,469
Disposal	(268)	-	-	-	-	(268)	-	(268)
At 31 December 2023	1,073,542	21,142	44,494	183,448	2,278	1,324,904	-	1,324,904
NET CARRYING AMOUNT								
At 31 December 2023	723,715	6,606	14,988	18,481	1,081	764,871	41,448	806,319

12. RIGHT OF USE ASSETS

Particulars	Plant and machinery Ushs millions	Others Ushs millions	Grand total Ushs millions
At 1 January 2024	**669,501**	**3,368**	**672,869**
Additions	562,838	145	562,982
Charge for the period	(152,264)	(1,383)	(153,647)
Reclassification/ adjustment	(59)	59	-
At 31 December 2024	**1,080,016**	**2,189**	**1,082,205**
At 1 January 2023	**597,926**	**3,350**	**601,276**
Additions	210,196	1,540	211,736
Charge for the period	(138,621)	(1,522)	(140,143)
At 31 December 2023	**669,501**	**3,368**	**672,869**

Leases of plant & machinery: The Company leases passive infrastructure for providing telecommunications services under composite contracts which include lease of passive infrastructure and land on which the passive infrastructure is built as well as maintenance, security, provision of energy and other services. These leases typically run for a period of 3-15 years. Lease contracts include an option to renew the lease after the end of the initial contract term based on renegotiation of lease rentals. A portion of certain lease payments change on account of changes in macro economic indexes. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Other leases: The Company's other leases comprise of land, shops, showrooms, warehouse and vehicles.

13. INVESTMENT PROPERTY

COST	2024 Ushs million	2023 Ushs million
At 1 January	1,116	1,116
At 31 December	**1,116**	**1,116**
ACCUMULATED DEPRECIATION		
At 1 January	1,116	1,116
At 31 December	**1,116**	**1,116**
NET CARRYING AMOUNT	-	-

The investment property located on Plot 40, Wampewo Avenue, Kampala has been rented out to multiple tenants since 2017. The Company applies the cost model for its investment property and therefore the investment property is not fair valued by an independent valuer.

Included in the Profit and Loss are the following incomes in relation to investment property;

Rental Income	1,717	1,734

14. INTANGIBLE ASSETS

Particulars	Licence Ushs millions	Goodwill Ushs millions	Customer base Ushs millions	Dealer network Ushs millions	Grand total Ushs millions
COST					
At 1 January 2024	**417,786**	**112,908**	**3,633**	**1,592**	**535,919**
At 31 December 2024	**417,786**	**112,908**	**3,633**	**1,592**	**535,919**
ACCUMULATED DEPRECIATION					
At 1 January 2024	**109,402**	**-**	**3,633**	**1,592**	**114,627**
Charge for the period	33,405	-	-	-	33,405
At 31 December 2024	**142,807**	**-**	**3,633**	**1,592**	**148,032**
NET CARRYING AMOUNT					
At 31 December 2024	**274,979**	**112,908**	**-**	**-**	**387,887**
COST					
At 1 January 2023	**373,563**	**112,908**	**3,633**	**1,592**	**491,696**
Additions	44,223	-	-	-	44,223
At 31 December 2023	**417,786**	**112,908**	**3,633**	**1,592**	**535,919**
ACCUMULATED DEPRECIATION					
At 1 January 2023	**77,277**	**-**	**3,633**	**1,592**	**82,502**
Charge for the period	32,125	-	-	-	32,125
At 31 December 2023	**109,402**	**-**	**3,633**	**1,592**	**114,627**
NET CARRYING AMOUNT					
At 31 December 2023	**308,384**	**112,908**	**-**	**-**	**421,292**

The intangible addition of Ushs 44,223 million in 2023 related to purchase of additional spectrum.

15. OTHER NON-FINANCIAL ASSETS

	2024 Ushs millions	2023 Ushs millions
Non-current		
Prepaid expenses	12,224	13,788
Cost to obtain customers	40,603	45,359
Restricted assets	7,424	7,424
	60,251	**66,571**
Current		
Prepaid expenses	12,541	3,049
VAT recoverable	4,592	3,303
Advance to suppliers	8,203	8,482
Cost to obtain customers	61,003	48,239
Others	2,182	4,121
	88,521	**67,194**

15. OTHER NON-FINANCIAL ASSETS (Continued)

	2024	2023
	Ushs millions	Ushs millions
Cost to obtain customers – Non current	40,603	45,359
Cost to obtain customers – current	61,003	48,239
	101,606	**93,598**
Movement in cost to obtain customers		
Opening balance	93,598	66,577
Addition	65,947	69,200
Utilisation	(57,939)	(42,179)
Closing balance	**101,606**	**93,598**

16. INVENTORIES

Telephones and accessories	1,486	2,744
Sim cards and scratch cards	2,499	1,737
Less: provision for inventories	(958)	(1,036)
	3,027	**3,445**
The movement in the stock provision was as follows:		
Opening balance	1,036	7,047
Additions	(78)	1,069
Reversals	-	(7,080)
Closing balance	**958**	**1,036**

17. TRADE AND OTHER RECEIVABLES

Trade receivables	21,135	15,991
Leaseline receivables	6,144	8,349
Roaming receivables	5,637	4,090
Trade receivable from related parties (Note 20)	60,341	86,991
	93,257	**115,421**
Provision for impairment	(18,022)	(16,940)
	75,235	**98,481**

Trade receivables represent amounts due from channel partners, corporate customers, and post-paid customers.

Roaming receivable represents the amounts outstanding with operators whose customers use the network of the Company while travelling to Uganda and balances are being settled on monthly basis through clearing house.

Movement in the provision for impairment of trade receivables and other receivables is as follows:

Opening balance	16,940	16,868
Movement in expected credit losses	1,305	1,242
Write offs	(223)	(1,170)
Closing balance	**18,022**	**16,940**

18. CASH AND CASH EQUIVALENTS

	2024 Ushs millions	2023 Ushs millions
Bank balance	6,190	14,288
Balance held in wallets	3,253	20,057
	9,443	**34,345**

Cash and cash equivalent for the purpose of cash flows:

	2024 Ushs millions	2023 Ushs millions
Cash and bank balances	9,443	34,345
Less overdrafts (note 22)	(361,189)	(331,264)
TOTAL	**(351,746)**	**(296,919)**

19. FINANCIAL ASSETS - OTHERS

	2024	2023
Current		
Unbilled revenue	10,880	24,617
Others	3	19
	10,883	**24,636**

20. RELATED PARTY TRANSACTIONS AND BALANCES

Airtel Uganda PLC is part of the Bharti Airtel Group of Companies. The Group's direct shareholders owning 89% are Bharti Airtel Uganda Holdings B.V., a Group incorporated and domiciled in the Netherlands. Ultimate controlling entity is Bharti Enterprises (Holding) Private Limited. It is held by private trusts of Bharti family, with Mr. Sunil Mittal's family trust effectively controlling the Group.

a) Purchase of good and services

Name of related party	Relationship to Company	2024 Ushs millions	2023 Ushs millions
Airtel (Seychelles) Limited	Fellow subsidiary	42	12
Airtel Africa Services UK Limited	Fellow subsidiary	55,807	49,444
Airtel Africa Telesonic Limited - Dubai Branch	Fellow subsidiary	2,843	2,025
Airtel Congo S. A.	Fellow subsidiary	3	1
Airtel Congo RDC S.A.	Fellow subsidiary	448	125
Airtel Gabon S. A.	Fellow subsidiary	2	1
Airtel Madagascar S. A.	Fellow subsidiary	2	1
Airtel Malawi Plc	Fellow subsidiary	22	10
Airtel Mobile Commerce Uganda Limited	Fellow subsidiary	256,518	206,208
Airtel Networks Kenya Limited	Fellow subsidiary	7,828	1,768
Airtel Networks Limited (Nigeria)	Fellow subsidiary	74	-
Airtel Networks Zambia Plc	Fellow subsidiary	53	15
Airtel Rwanda Limited	Fellow subsidiary	1,202	410
Airtel Tanzania Plc	Fellow subsidiary	340	209
Airtel Tchad S.A.	Fellow subsidiary	6	2

20. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

a) Purchase of good and services (Continued)

Name of related party	Relationship to Company	2024 Ushs millions	2023 Ushs millions
Bharti Airtel (UK) Limited	Fellow subsidiary	7,694	-
Bharti Airtel International (Netherlands) B.V.	Intermediate Parent	1,581	7
Bharti Airtel Limited	Intermediate Parent	5,201	13,132
Bharti Airtel Services B.V.	Fellow subsidiary	42	69
Bharti Hexacom Limited	Fellow subsidiary	2	4
Celtel Niger S.A.	Fellow subsidiary	2	4
Centum Learning Limited	Fellow subsidiary	214	832
Emtel Limited	Fellow subsidiary	2	1
Network I2I Limited	Intermediate Parent	846	1,036
Nxtra Data Limited	Fellow subsidiary	1,740	102
Singapore Telecommunications Limited	Other related party	1	-
		342,516	**275,418**

b) Sales of goods and services

Name of related party	Relationship to Company	2024 Ushs millions	2023 Ushs millions
Airtel (Seychelles) Limited	Fellow subsidiary	4	9
Airtel Congo S.A.	Fellow subsidiary	1	6
Airtel Congo RDC S.A.	Fellow subsidiary	13,559	3,820
Airtel Gabon S.A.	Fellow subsidiary	2	1
Airtel Madagascar S.A.	Fellow subsidiary	1	21
Airtel Malawi Plc	Fellow subsidiary	40	103
Airtel Mobile Commerce Uganda Limited	Fellow subsidiary	98,507	29,230
Airtel Networks Kenya Limited	Fellow subsidiary	7,908	1,649
Airtel Networks Limited (Nigeria)	Fellow subsidiary	1,821	657
Airtel Networks Zambia Plc	Fellow subsidiary	54	11
Airtel Niger Limited	Fellow subsidiary	1	-
Airtel Rwanda Limited	Fellow subsidiary	1,806	431
Airtel Tanzania Plc	Fellow subsidiary	661	210
Airtel Tchad S.A.	Fellow subsidiary	3	6
Bharti Airtel (UK) Limited	Fellow subsidiary	20,205	11,939
Bharti Airtel International (Netherlands) B.V.	Intermediate Parent	1	5
Bharti Airtel Limited	Intermediate Parent	10,884	31,581
Bharti Airtel Uganda Holdings B.V.	Holding Company	-	6,520
Bharti Hexacom Limited	Fellow subsidiary	1	1
Singapore Telecommunications Limited	Other related party	67	16
		155,525	**86,216**

20. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

c) Amounts due from related parties Name of related party	Relationship to Company	2024 Ushs millions	2023 Ushs millions
Airtel Congo S.A.	Fellow subsidiary	107	114
Airtel Congo RDC S.A.	Fellow subsidiary	18,058	14,978
Airtel Gabon S.A.	Fellow subsidiary	1	1
Airtel Malawi Plc	Fellow subsidiary	646	657
Airtel Networks Kenya Limited	Fellow subsidiary	103	1,287
Airtel Networks Limited (Nigeria)	Fellow subsidiary	1,934	1,722
Airtel Rwanda Limited	Fellow subsidiary	25,464	25,425
Airtel Tanzania Plc	Fellow subsidiary	1,633	1,181
Airtel Tchad S.A.	Fellow subsidiary	5	7
Bharti Airtel (UK) Limited	Fellow subsidiary	8,024	29,917
Bharti Airtel International (Netherlands) B.V.	Intermediate Parent	3,710	1,519
Bharti Airtel Limited	Intermediate Parent	610	3,618
Bharti Airtel Uganda Holdings B.V.	Holding Company	-	6,520
Bharti Hexacom Limited	Fellow subsidiary	0	-
Celtel Niger S.A.	Fellow subsidiary	1	-
Nxtra Data Limited	Fellow subsidiary	1	-
Singapore Telecommunication Limited	Other related party	44	45
Total due from related parties		**60,341**	**86,991**

d) Amounts due to related parties Name of related party			
Airtel (Seychelles) Limited	Fellow subsidiary	5	3
Airtel Africa Services UK Limited	Fellow subsidiary	19,545	12,475
Airtel Africa Telesonic Limited - Dubai Branch	Fellow subsidiary	2,250	3,559
Airtel Madagascar S.A.	Fellow subsidiary	1	1
Airtel Mobile Commerce Uganda Limited	Fellow subsidiary	34,800	8,676
Airtel Networks Zambia Plc	Fellow subsidiary	42	29
Bharti Airtel Services B.V.	Fellow subsidiary	75	78
Bharti Hexacom Limited	Fellow subsidiary	-	1
Bharti International (Singapore) Pte Ltd	Fellow subsidiary	1	-
Bharti Airtel Uganda Holdings B.V.	Holding Company	89	-
Emtel Limited	Fellow subsidiary	1	-
Centum Learning Limited	Fellow subsidiary	-	103
Network I2I Limited	Intermediate Parent	294	2,205
Nxtra Data Limited	Fellow subsidiary	-	84
		57,103	**27,214**
Borrowing from related party			
Airtel Mobile Commerce Uganda Limited (Refer to note 22)	Fellow subsidiary	-	40,000
		-	**40,000**
Total due to related parties		**57,103**	**67,214**

20. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

e) Key management compensation

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise. Remuneration to key management personnel were as follows.

	2024 Ushs millions	2023 Ushs millions
Short term employee benefits	12,864	13,078
Long term employee benefits	368	692
Total	**13,232**	**13,770**

f) Directors' compensation

Directors' compensation	603	224
	603	**224**

21. SHARE CAPITAL

Total number of authorised shares is 40,000,000,000.
Details are shown below:

	2024 Ushs millions	2023 Ushs millions
Authorised share capital:		
40,000,000,000 ordinary shares of Ushs 1	40,000	40,000
	40,000	**40,000**
Ordinary share capital issued and fully paid:		
40,000,000,000 ordinary shares of Ushs 1	40,000	40,000

2023 Changes in share capital

In contemplation of the IPO and Listing, the Company conducted a reorganisation of its share capital in order to create a sufficient number of shares to support its IPO and Listing objectives. The reorganisation was recommended by the Board of the Company and approved by the Shareholders of the Company on 22 May 2023. Both the Board and Shareholders resolutions were duly stamped and filed with the Uganda Registration Services Bureau in accordance with the Companies Act.

The steps involved in the 22 May 2023 reorganisation of the Company are summarised below:

Conversion and Subdivision of the Preference Shares into Ordinary Shares.

The Shareholders of the Company resolved that all its 11,167,913 preference shares with a par value of Ushs 1,000 each are converted and reclassified into ordinary shares with a par value of Ushs 1,000 each, and subsequently, the reclassified shares to be subdivided into 11,167,913,000 ordinary shares with a par value of Ushs 1 each by applying a ratio of 1000:1.

21. SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

Subdivision of the Ordinary Shares

The Shareholders resolved that the:

i. 14,400,000 ordinary shares with a par value of Ushs 100 are subdivided into 1,440,000,000 shares of Ushs 1 each by applying a ratio of 100:1; and
ii. the 3,232,087 ordinary shares with a par value of Ushs 1,000 per share are converted into 3,232,087,000 shares of Ushs 1 each by applying a ratio of 1000:1

Shareholders	No. of shares before the subdivision	No. of shares after the subdivision	Par value of each share after the subdivision
Bharti Airtel Uganda Holdings BV	14,080,000	1,408,000,000	1
Bharti Airtel Africa	10	1,000	1
Unallotted Ordinary Shares (including previous preference shares)	14,719,990	14,431,999,000	1
Total	**28,800,000**	**15,840,000,000**	

2023 Increase of Share Capital

The Shareholders of the Company increased the share capital of the Company from Ushs 15,840,000,000 divided into 15,840,000,000 ordinary shares with a par value of Ushs 1 each to Ushs 40,000,000,000 divided into 40,000,000,000 shares with a par value of Ushs 1 by the creation of 24,160,000,000 ordinary shares of with a par value Ushs 1 each. The share capital structure of the Company following this increment was as follows:

Shareholders	No. of ordinary shares
Bharti Airtel Africa B.V.	1,408,000,000
Bharti Airtel Africa B.V.	1,000
Unallotted Ordinary Shares (including previous preference shares)	38,591,999,000
Total	**40,000,000,000**

Issuance of bonus shares

Following the share capital increase, the Company had a total of 38,591,999,000 unallotted ordinary shares comprising 24,160,000,000 newly created shares and 14,431,999,000 existing unissued shares.

On 22 May 2023, the Shareholders of the Company further resolved that the 38,591,999,000 unallotted shares of the Company be allotted to the existing members of the Company in proportion to their shareholding in the Company as fully paid-up bonus shares. The Shareholders approved the funding of the bonus shares to be procured by the capitalisation of the share premium account valued at Ushs 16,128,000,000 and part of the Company's retained earnings comprising Ushs 22,463,999,000 as at 31 March 2023.

21. SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

Following the issuance and allotment of the bonus shares, the shareholding of the Company is as follows:

Shareholders	No. of ordinary shares
Bharti Airtel Uganda Holdings B.V.	39,999,972,000
Bharti Airtel Africa B.V.	28,000
Total	**40,000,000,000**

No share capital of the Company is under option or agreed conditionally to be put under option. It is the opinion of the Directors that for the next twelve (12) months, the issued share capital of the Company is adequate for the purposes of the business of the Company.

All corporate authorizations and relevant company filings to support the various changes in the Company's share structure, including the shareholders resolution dated 22 May 2023 and the return of allotment also dated 22 May 2023 may be viewed electronically through the Online Business Registration System (https://obrs.ursb.go.ug/search) operated by the Uganda Registration Services Bureau upon payment of the requisite search fee. The registration of the resolution with the Uganda Registration Services Bureau was completed on 23 June 2023.

The shareholding as at 31 December 2024 was as follows:

Name of shareholders	No. of shares	% of shareholding
Bharti Airtel Uganda Holdings B.V.	35,644,069,165	89.1102%
Bharti Airtel Africa B.V.	28,000	0.0001%
National Social Security Fund	4,218,800,000	10.5470%
Other Shareholders	137,102,835	0.3428%
Total	**40,000,000,000**	

22. BORROWINGS

	Note	2024 Ushs millions	2023 Ushs millions
Non-current			
Term Loans - unsecured			
▪ Stanbic Bank	22(a)	260,000	260,000
▪ DFCU Bank	22(b)	22,922	42,712
▪ Absa Bank Group	22(c)	10,662	21,324
▪ Debt origination fees		(1,283)	(2,124)
Less: current maturity of long-term debt		(33,584)	(30,483)
		258,717	**291,429**
Current			
Bank overdraft	22(d)	361,189	331,264
Term Loans			
▪ Airtel Mobile Commerce Uganda Limited	22(e)	-	40,000
Current maturity of long-term debt		33,584	30,483
		394,773	**401,747**
Total borrowings:		**653,490**	**693,176**

22. BORROWINGS (CONTINUED)

The movement in borrowings was as follows:

	2024	2023
	Ushs millions	Ushs millions
At 1 January	**693,176**	**628,835**
Proceeds from term loan	35,000	300,000
Movement in Bank overdraft	29,925	106,709
Repayment of term loan	(105,451)	(334,486)
Debt origination cost	840	(785)
Unrealised foreign exchange gain	-	(7,097)
	653,490	**693,176**

Bank Name	Currency	Interest Rates	Drawdown date	Maturity
Stanbic Bank	Ushs	12.20%	14-Dec-23	14-Jun-27
Dfcu Bank	Ushs	12.20%	11-Dec-20	11-Dec-25
Absa Bank	Ushs	9.76%	24-Dec-21	24-Dec-25
Airtel Mobile Commerce Uganda Limited	Ushs	9.76%	01-Sep-23 & 06-Oct-23	31-Aug-24

a) Stanbic Bank Uganda Limited loan facility

The Company obtained a loan facility of Ushs 260,000 million on 14 December 2023 for working capital purposes. The Interest rate on the loan facility is margin rate of 2.4% plus 180-days Treasury bill rate. This loan facility will run for 4 years and mature on 14 June 2027 with quarterly repayments of interest. The earlier loan of Ushs 150,000 million was fully paid off in 2023.

b) DFCU Bank Uganda loan facility

The Company obtained a loan facility of Ushs 75,000 million on 11 December 2020 for the purpose of working capital and payment of License renewal fees. The Interest rate on the loan facility is margin rate of 4.70% plus 182-day treasury bill rate on the day of drawdown of 9.8%. This loan facility will run for 5 years inclusive of 12 months' grace period with a maturity date of 11th December 2025.

c) ABSA Bank Group term loan facility

The Company obtained loan facilities of Ushs 31,986 million and USD 40 million during the months of December 2021 for the purpose of operational working capital and tax payments. The Interest rate on the loan is margin rate of 3.30% plus 180 day Treasury bill rate for Ushs loan & 3.62% margin rate plus 3 months SOFR for USD loan. The USD 40 million facility was fully paid as at 22nd December, 2023. The Ushs facility will run for 4 years and mature on 25th December 2025 with quarterly repayments.

22. BORROWINGS (CONTINUED)

d) Bank overdraft

The Company utilized the bank overdraft facility from Citi Bank, Standard Chartered Bank, Stanbic bank, Absa bank, UBA bank and Ecobank respectively to meet working capital requirements. The overdraft limit is USD 28.4 million from Citi Bank, USD 8 million from Standard Chartered Bank, Ushs 73.15 billion from Stanbic bank, Ushs 104.5 billion from Absa bank, Ushs 37 billion from UBA bank and Ushs 30 billion from Ecobank. The Overdraft facilities in Citi bank and Standard chartered bank are fungible based on the payment requirements.

e) Airtel Mobile Commerce Uganda Limited

The Company had signed an agreement with its related party on 30 Jun 2023 for a facility of Ushs 75,000 million to be drawn in instalments. The Company withdrew Ushs 20,000 million on 1st September 2023, Ushs 20,000 million on 6th October 2023, Ushs 15,000 million on 2nd January 2024, Ushs 10,000 million on 19th January 2024 and Ushs 10,000 million on 26th March 2024, respectively totalling to Ushs 75,000 million with a tenor of one year. The Interest rate on the loan facility is 90-Day Treasury bill rate Plus 2.5% per annum. This facility was fully paid off in 2024.

23. LEASE LIABILITIES

	2024 Ushs millions	2023 Ushs millions
Current	125,274	175,317
Non-current	1,063,657	609,902
	1,188,931	**785,219**

During the year, the financing cost relating to lease liabilities was Ushs 72,211 million (2023: 54,215 million).

The movement of lease liabilities was as follows:

At 1 January	**785,219**	**690,844**
Additions	562,982	211,736
Interest	72,211	54,215
Repayment	(216,372)	(173,663)
Unrealised foreign exchange (gain)/loss	(15,109)	2,087
At 31 December	**1,188,931**	**785,219**

The future minimum lease payments of the above lease liabilities are as follows:

Less than one year	244,360	220,328
one year or later	208,385	157,521
Later than two years a but not later than five years	519,229	347,397
Later than five years but not later than nine years	508,051	246,899
Later than nine years	349,564	8,645
Total undiscounted lease liabilities	**1,829,589**	**980,790**

24. FINANCIAL LIABILITIES – OTHERS

	Note	2024 Ushs millions	2023 Ushs millions
Non-current			
Deferred spectrum liability		139,851	142,921
Dues to employees		44	207
Security deposits		1,887	2,075
		141,782	**145,203**
Current			
Deferred spectrum liability		2,563	10,493
Dues to employees	35	2,175	1,106
Equipment supply payables		37,251	28,356
Security deposits		2,358	2,330
others		2,658	3,085
		47,005	**45,370**

The movement in deferred spectrum liability was as follows:

	2024	2023
Opening	**153,414**	**112,798**
Additions	-	44,223
Interest	10,929	9,458
Repayment	(17,644)	(16,053)
Foreign exchange (gain)/loss	(4,285)	2,988
Closing balance	**142,414**	**153,414**

25. DEFERRED REVENUE

	2024	2023
Non-current		
Deferred revenue	**9,534**	**11,068**
Current		
Deferred revenue	**29,464**	**29,085**

Deferred income relates to payments received in advance for airtime services offered to prepaid customers which have not yet been consumed. Performance obligations that are unsatisfied (or partially unsatisfied) amounting to Ushs 38,998 million as at 31 December 2024 (2023: Ushs 40,153 million), of which Ushs 29,464 million will be satisfied over a period of one year and the remaining Ushs 9,534 million over 7 years and 3 months (revenue of Ushs 1,545 million to be recognised on annual basis). Revenue recognised that was included in the deferred revenue balance at the beginning of the year is Ushs 29,085 million (2023: Ushs 35,125 million).

26. PROVISIONS

	Note	2024 Ushs millions	2023 Ushs millions
Non-current			
Leave encashment		2,077	2,649
Severance pay		299	268
Asset retirement obligation		15	14
		2,391	**2,931**
Current			
Leave encashment		972	965
Severance pay		59	49
Provision for sub-judice matters		6,639	6,195
Dues to employees	35	7,022	6,485
		14,692	**13,694**

(a) Leave Encashment

	2024	2023
Opening balance	**3,614**	**3,290**
Charge for the year	694	563
Payments for the year	(1,259)	(239)
Closing balance	**3,049**	**3,614**

The Company has a policy for employee benefits, specifically applicable to leave encashment and severance pay in line with IAS 19. The valuation is performed on a quarterly basis by a third party, and all assumptions considered for evaluation are revised on an annual basis.

(b) Severance pay

	2024 Ushs millions	2023 Ushs millions
Opening balance	**317**	**255**
Charge for the year	145	136
Other adjustments	(58)	(83)
Remeasurements due to changes in assumptions (other comprehensive income)	(46)	9
Closing balance	**358**	**317**

There's change in assumptions of discount rate to 16.00% against 15.25% which resulted in a gain of Ushs 104 million recorded as other comprehensive income during the year. (2023: Ushs 74 million).

Due to its defined benefit plans, the Company is exposed to the following risks:

Salary risk - The present value of the defined benefit plans liability is calculated by reference to the future salaries of the plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

26. PROVISIONS (CONTINUED)

The demographic assumptions used to determine defined benefit obligations are as follows:

	31-Dec-24	31-Dec-23
Discount rate	16.00% per annum	15.25% per annum
Rate of return on plan assets	Not applicable	Not applicable
Rate of salary increase	7.0% per annum	7.5% per annum
Rate of attrition	10.00%	10.00%
Retirement age	60 years	60 years

The Company regularly assesses these assumptions with the projected long-term plans and prevalent industry standards.

The impact of sensitivity due to changes in the significant actuarial assumptions on the defined benefit obligations at 100 basis points is given in the table below:

		31-Dec-24		31-Dec-23	
		Leave encashment	**Severance benefits**	Leave encashment	Severance benefits
		Ushs millions	**Ushs millions**	Ushs millions	Ushs millions
Discount rate	1.00%	3,475	374	3,515	303
	-1.00%	3,282	343	3,729	332
Salary Increase Rate	1.00%	3,289	343	3,719	332
	-1.00%	3,467	373	3,523	303
Withdrawal Rate	1.00%	3,345	377	3,647	301
	-1.00%	3,405	341	3,589	335

The above sensitivity analysis is determined based on a method that extrapolates the impact on the net defined benefit obligations, because of reasonable possible changes in the significant actuarial assumptions. Further, the above sensitivity analysis is based on a reasonably possible change in a particular underlying actuarial assumption, while assuming all other assumptions to be constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The table below summarises the maturity profile and duration of the defined benefits plan liability:

	31-Dec-24		31-Dec-23	
	Leave encashment	**Severance benefits**	Leave encashment	Severance benefits
	Ushs millions	**Ushs millions**	Ushs millions	Ushs millions
Within one year	972	59	965	49
Within one-three years	1,455	142	1,596	120
Within three-five years	1,132	177	1,154	154
Above five years	1,725	533	1,831	498
Total	**5,285**	**911**	**5,546**	**821**
Weighted average duration in years	5	5	6	6

26. PROVISIONS (CONTINUED)

(c) Provision for subjudice matters

The movement for provision for subjudice matters is as given below;

	31-Dec-24 Ushs millions	31-Dec-23 Ushs millions
Opening balance	**6,195**	**5,273**
Additions/ (adjustment) during the year	1,318	993
Utilisations during the year	(874)	(71)
Closing balance	**6,639**	**6,195**

27. TRADE PAYABLES

	2024 Ushs millions	2023 Ushs millions
Trade payables	123,964	167,165
Amounts due to related parties (refer to note 20)	57,103	27,214
	181,067	**194,379**

28. DERIVATIVE FINANCIAL INSTRUMENTS

The details of derivative financial instruments are as follows:

	2024 Ushs million	2023 Ushs million
Foreign currency forward contracts (liabilities)	3,549	508

Derivative financial instruments include currency forward contracts denominated in US dollars with expiry periods ranging between 1 months to 6 months.

29. OTHER NON-FINANCIAL LIABILITIES

Current		
Taxes payable	57,618	51,819
Others	1,155	1,178
	58,773	**52,997**

30. FAIR VALUE OF FINANCIAL ASSETS AND LIABILTIES

Set out below is a comparison by class of the carrying amount and fair value of the financial instruments that are recognised in the financial statements. The carrying amount of the financial assets and financial liabilities approximate their fair values because of their short-term nature as shown below.

		Carrying Amount		Fair Value	
Particulars		**2024**	**2023**	**2024**	**2023**
		Ushs millions	**Ushs millions**	**Ushs millions**	**Ushs millions**
Financial assets					
Amortised cost					
Cash and cash equivalents		9,443	34,345	9,443	34,345
Trade receivables		75,235	98,481	75,235	98,481
Other financial assets		10,883	24,636	10,883	24,636
		95,561	**157,462**	**95,561**	**157,462**
Financial liabilities					
FVTPL					
Derivatives	Level1	3,549	508	3,549	508
Amortised cost					
Borrowings		653,490	693,176	653,490	693,176
Trade payables		181,067	194,379	181,067	194,379
Lease Liabilities		1,188,931	785,219	1,188,931	785,219
Other financial liabilities		188,787	190,573	188,787	190,573
		2,215,824	**1,863,855**	**2,215,824**	**1,863,855**

31. COMMITMENTS AND CONTINGENCIES

a) Legal proceedings

As at 31 December 2024, there were legal proceedings valued at Ushs 976 million (2023: Ushs 1,081 million) outstanding against the Company.

b) Tax proceedings

As at 31 December 2024, there were tax proceedings valued at Ushs 1,489 million (2023: Ushs 1,489 million) outstanding against the Company

c) Capital commitments

Capital commitments of Ushs 110,697 million (2023: Ushs 76,862 million) represent the unexecuted capital contracts as at 31 December 2024. These are contracts between Airtel Uganda Limited and its vendors for the provision of Capex material.

	2024	2023
	Ushs million	**Ushs million**
Within one year	110,697	76,862

32. DIVIDENDS

The profit for the year amounted to Ushs 316,740 million (2023: Ushs 296,950 million). During the year ended 31 December 2024 the directors recommended interim dividends on 10th Jun 2024 amounting to Ushs 46,000 million, on 21st August 2024 amounting to Ushs 86,000 million and on 9th December 2024 amounting to Ushs 83,000 million totalling to Ushs 215,000 million (2023: Ushs 194,800 million).

Further, the Directors recommends a final dividend of Ushs 100,000 million at a rate of Ushs. 2.5 per share making a total dividend for the year of Ushs 315,000 million (2023: 280,800 million) at a rate of Ushs 7.88 per share for the year ended 31 December 2024 (2023: Ushs 7.02 per share).

	2024 Ushs millions	2023 Ushs millions
At 1 January	15	-
Final dividend for previous year	(86,000)	(99,264)
Interim dividend	(215,000)	(194,800)
Dividend Paid	301,009	294,079
At 31 December	**6**	**15**

Subject to the approval of the shareholders at the AGM, the final dividend will be paid on or before 28 April 2025 to the shareholders on the register at the close of business on 31 March 2025. This final dividend is not included as a liability in the Financial Statements.

33. EARNINGS PER SHARE - BASIC AND DILUTED

Basic earnings per share is calculated on the profit after tax attributable to ordinary equity holders divided by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated on the profit after tax attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding after adjustment of dilutive potential ordinary shares.

The basic and diluted earnings per share are the same as there are no dilutive factors.

	2024	2023
Net profit attributable to ordinary equity holders of the Company (Ushs 'Mn) (a)	316,740	296,950
Number of ordinary shares outstanding at the beginning of the year ('000) (b)	40,000,000	14,080
Impact of share split ('000) (Refer note 21) (c.)	-	1,393,921
Issuance of unallotted shares ('000) (Refer note 21) (d)	-	38,591,999
Total issued shares – post split ('000) (e=b+c+d)	40,000,000	40,000,000
Basic and diluted earnings per share (a)/(e)	**7.9**	**7.4**

34. OTHER RESERVES

	2024 Ushs millions	2023 Ushs millions
At 1 January	79	85
Charge for the year	32	(6)
At 31 December	**111**	**79**

35. COMPARATIVE FIGURES

The statement of financial position for the comparative period of 2023 has been represented as shown below; in order to provide better clarity of the company's financial position and to conform with current year classification which has been aligned to group classification.

From	To	Amount (Ushs 'millions')
Financial liabilities other	Current liabilities-Provisions	6,485

36. SUBSEQUENT EVENTS

There were no material subsequent events for the year ended 31 December 2024. The Directors are not aware of any other matter or circumstances since the financial year end and the date of this report, not dealt with in the Financial Statements, which significantly affects the financial position of the Company and the results of its operations.