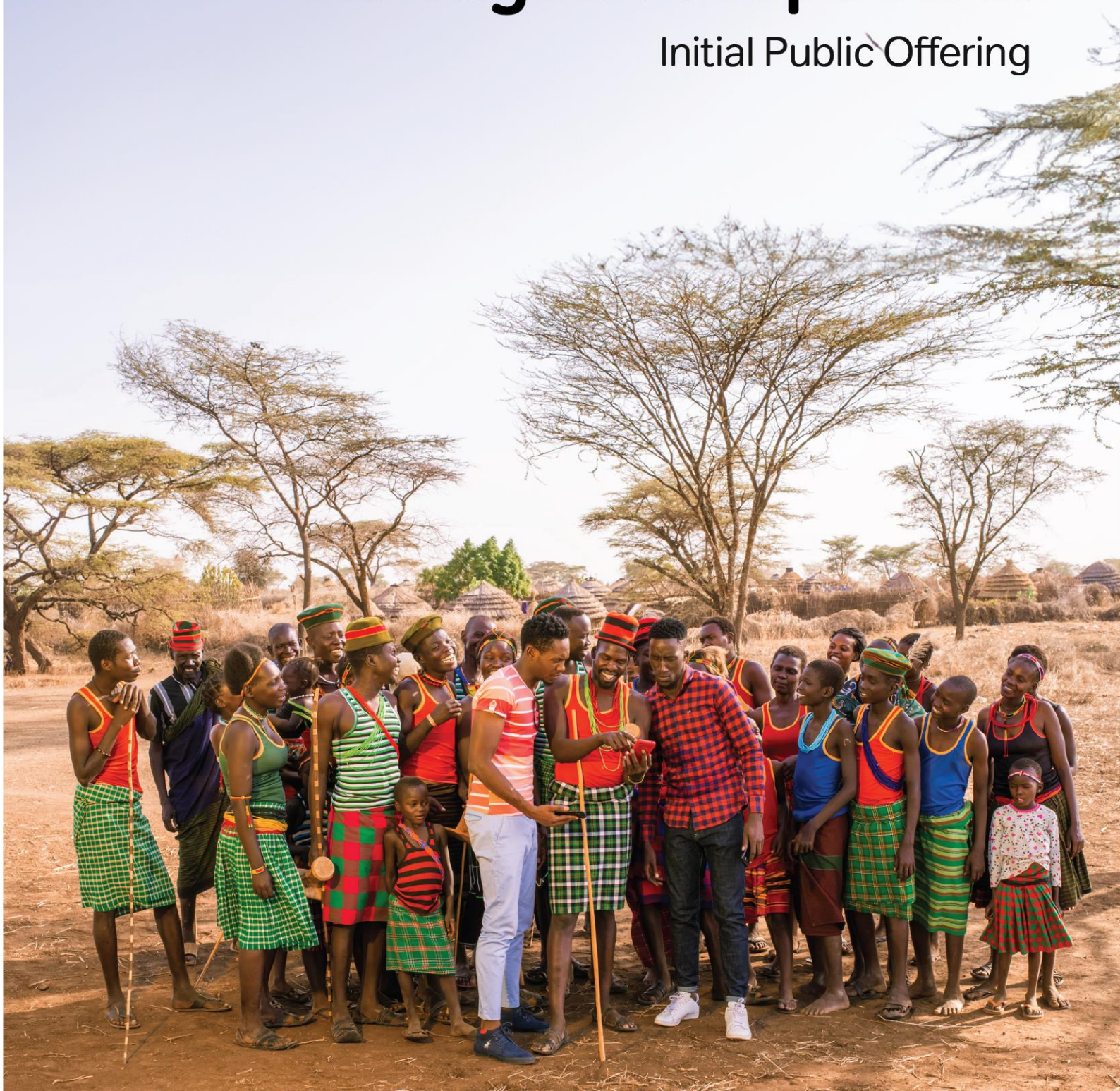




Airtel Uganda

Abridged Prospectus:

Initial Public Offering



AIRTEL UGANDA LIMITED

*Incorporated in Uganda on 17 July 1992 and re-registered as a Public Limited Company on 23 June 2023
with Registration No. 80010000251875*

Abridged Prospectus in relation to an offer for sale of 8,000,000,000 ordinary shares with a par value of
UGX 1 each at an offer price of UGX 100 per share

and

Listing of the entire issued share capital of Airtel Uganda Limited on the Main Investment Market
Segment of the Uganda Securities Exchange

Date of Issue of Abridged Prospectus

29 August 2023



Introduction

Caution

This document contains important information which you are required to review carefully.

This is an abridged version ("**Abridged Prospectus**") of the Prospectus ("**Full Prospectus**") issued by Airtel Uganda Limited ("**Airtel Uganda**" or "**the Company**") and has been prepared in respect of:

- a) an offer for sale by Bharti Airtel Uganda Holdings B.V. ("**Bharti Airtel Uganda**" or the "**Selling Shareholder**") of 8,000,000,000 ordinary shares, with a par value of UGX 1 each, in the share capital of Airtel Uganda at an offer price of UGX 100 per offer share,

(the "**Offer**", with the shares available for the Offer being the "**Offer Shares**" and the Offer price being the "**Offer Price**"; and
- b) the subsequent listing of the Company's issued share capital (the "**Shares**") on the Main Investment Market Segment of the Uganda Securities Exchange (the "**USE**") (the "**Listing**", with the Offer and the Listing being the "**Transaction**").

The Full Prospectus is available on Airtel Uganda's website and from the Lead Sponsoring Broker and the Receiving Banks. This Abridged Prospectus is not a substitute for the Full Prospectus, and potential investors are strongly encouraged to read the Full Prospectus in its entirety. This Abridged Prospectus does not contain all the information generally required of a prospectus and is a shortened version. In the case of any inconsistencies, the terms and conditions of the Full Prospectus shall apply.

Permission has been granted by the CMA to offer to the public the Offer Shares. As a matter of policy, the CMA does not assume responsibility for the correctness of any of the statements made, opinions expressed, or reports contained in this Abridged Prospectus. The approval of this Abridged Prospectus by the CMA is not to be taken as an indication of the merits of the Company or its shares nor does it imply any opinion of CMA on the advisability of an investment in the shares.

The Registrar of Companies has not checked and will not check the accuracy of any statements made and accepts no responsibility for the Abridged Prospectus or for the financial soundness of the Company or the value of the securities concerned.

If you wish to apply for Offer Shares in terms of the Offer, then you must follow the procedures for application and payment set out in **Section 16 (Terms and Conditions of the Offer)** of the Full Prospectus. Prospective investors should carefully consider the matters set forth under **Section 8 (Risk Factors)** of the Full Prospectus.

The Lead Transaction Adviser, the Lead Sponsoring Broker, the Legal Adviser, the Reporting Accountants and the Share Registrar, whose details are set out in **Section 1 (Advisers to the Offer)** of this Abridged Prospectus, have consented in writing to act in the capacities stated and to their names being included in this Abridged Prospectus and have not withdrawn their respective consents prior to the publication of this Abridged Prospectus.

Date of Issue: 29 August 2023

Introduction

This Abridged Prospectus has been prepared in respect of:

- a) an Offer for sale by Bharti Airtel Uganda Holdings B.V. of 8,000,000,000 ordinary shares with a par value of UGX 1 each in the share capital of Airtel Uganda at an Offer Price of UGX 100 per Offer Share; and
- b) the Listing of the Company on the USE.

Application period opens ("Opening Date")	30 August 2023
Application period closes ("Closing Date")	13 October 2023
Listing on the Uganda Securities Exchange ("Listing Date")	31 October 2023

The Allocation Policy of the Offer provides that Ugandan Retail and Professional Investors shall be given priority, in the event of Oversubscription.

Application has been made to the Uganda Securities Exchange ("USE") for the Listing of 40,000,000,000 Shares on the Main Investment Market Segment of the USE. Admission to the Official List of the USE is expected to become effective on the Listing Date. Application funds paid in respect of any application for Offer Shares will be returned if the Listing does not become effective.

The USE assumes no responsibility for the correctness of any of the statements made, opinions expressed, or reports contained in this Abridged Prospectus.

The Offer Shares will carry the right to vote and to participate in all dividends to be declared and paid on the issued ordinary share capital of the Company. The Offer Shares rank equally with other Shares, are freely transferable, and are not subject to any restrictions on marketability or pre-emptive rights.

Date of Issue of this Abridged Prospectus: 29 August 2023

A. Responsibility Statements

The Company accepts responsibility for the information contained in this Abridged Prospectus. To the best of the knowledge of the Company (having taken reasonable care to ensure that such is the case), the information contained in this Abridged Prospectus is in accordance with the facts as at the date of this Abridged Prospectus and does not omit anything likely to affect the importance of such information.

The Lead Transaction Adviser and Lead Sponsoring Broker acknowledge that based on the available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Offer. The Lead Transaction Adviser and Lead Sponsoring Broker satisfied themselves that any profit and cash flow projections, for which the Directors are responsible, prepared for inclusion in this Abridged Prospectus have been stated by the Directors after due and careful inquiry and have been reviewed by the Reporting Accountants.

B. Selling Restrictions

A description of the applicable selling restrictions and certain other restrictions to which the Offer and the Offer Shares are subject is set out in full in **Section 16 (Terms and Conditions of the Offer)** of the Full Prospectus. Potential investors should not assume that the information in this Abridged Prospectus is accurate as at any date other than the date of this Abridged Prospectus. No person is or has been authorised to give any information or make any representation in connection with the Offer and the Listing, other than as contained in this Abridged Prospectus. Delivery of this Abridged Prospectus at any time after its issue date will not under any circumstances create any implication that there has been no change or that the information set out in this Abridged Prospectus is correct at any time after its date of issue.

The distribution of this Abridged Prospectus and any accompanying documents, or the making of the Offer in jurisdictions other than Uganda, may be restricted by the laws of such jurisdictions. It is the responsibility of persons into whose possession this Abridged Prospectus comes, to inform themselves about, and observe, such restrictions.

This Abridged Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. This Abridged Prospectus, in respect of the Offer, has not been and will not be registered with any regulatory authority outside Uganda.

Neither this Abridged Prospectus nor any accompanying documents may be regarded as an offer to sell, or the solicitation of an offer to subscribe for or buy securities in the United States of America, the United Kingdom, Canada, Australia, Japan or any other jurisdiction in which it is illegal to make such an offer or solicitation at all or without satisfying the registration requirements of such restricted jurisdiction ("**Restricted Jurisdiction**").

The securities on offer will not be listed on any securities exchange other than the Uganda Securities Exchange and will only be marketed in other EAC Countries subject to the applicable laws of each specific EAC Country.

For the avoidance of doubt, the Offer Shares have not been registered under the applicable laws of and may not be offered, sold, pledged or otherwise transferred to any national, resident or citizen of the United Kingdom, Canada, any member state of the European Economic Area, Australia, South Africa, Japan or other Restricted Jurisdiction. Neither this document, nor any copy of it, may be sent to or taken into the United States, United Kingdom, Canada, Australia, Japan or other Restricted Jurisdiction save as permitted under the laws of these jurisdictions.

C. Forward-Looking Statements

This Abridged Prospectus contains forward-looking statements relating to the Company's business. These forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "is expected to", "will", "will continue", "should", "would be", "seeks" or "anticipates" or similar expressions or the negative, or other variations or comparable terminology, or by discussions of strategy, plans or intentions.

These statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance, or achievements of the Company to be materially different from the future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of these factors are discussed in more detail herein under **Section 6 (Risk Factors)**.

D. Directors Responsibility Statement

The Directors of the Company, whose names are given in **Section 2 (Corporate Information)** of this Abridged Prospectus, collectively accept full responsibility for the accuracy of the information given in this Abridged Prospectus and certify, to the best of their knowledge and belief, that there are no other facts, the omission of which would make any statement in this Abridged Prospectus false or misleading and that they have made reasonable enquiries to verify such facts, and further, that this Abridged Prospectus contains all information required by law.

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1 Advisers to the Offer

Lead Transaction Adviser and Lead Receiving Bank		Absa Bank Uganda Limited Plot 2/4 Hannington Road, Kampala, Uganda
Lead Sponsoring Broker		Crested Capital First Floor, Impala House, 13/15 Kimathi Avenue, P.O. Box 31736, Kampala, Uganda
Legal Adviser		Katende, Ssempebwa & Company Advocates Radiant House, Plot 20, Kampala Road, P.O. Box 2344 Kampala, Uganda
Reporting Accountant		Ernst & Young Plot 18, Clement Hill Road, Kampala, Uganda
Share Registrar		Custody and Registrars Services Uganda Limited Fourth Floor, Suite 403, DTB Centre, Kampala Road P.O. Box 74895 Kampala, Uganda
Communications and Media Consultant	HUDSON SANDLER	Hudson Sandler LLP 25 Charterhouse Square, Barbican, London, United Kingdom



2 Corporate Information

Registered Business Address	Airtel Towers, 16A Clement Hill Road, Kampala, Uganda
Directors	Hannington Karuhanga
	Manoj Murali
	Rama Krishna Lella
	Alok Bafna
	Apoorva Mehrotra
Company Secretary	Dennis A. Kakonge
Auditors for the past five financial statements	Deloitte & Touche 3 rd Floor, Rwenzori House, 1 Lumumba Avenue, Kampala, Uganda

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3 Definitions

“Abridged Prospectus”	means this document which is a summarised version of the Full Prospectus;
“Absa Bank Group”	means Absa Bank Uganda Limited and Absa Bank Mauritius Limited;
“Airtel Africa”	means Airtel Africa plc, a company registered under the company laws of the United Kingdom with registration number 11462215 and listed on the London Stock Exchange. It is the ultimate beneficial owner of Airtel Uganda, indirectly owning 100% through its ownership of Bharti Airtel Uganda and Bharti Airtel Africa;
“Airtel Uganda” or the “Company”	means Airtel Uganda Limited, a public limited company originally incorporated in Uganda as a private limited company on 17 July 1992 with registration number 80010000251875 and re-registered as a public company on 23 June 2023 with registration number 80010000251875;
“Allocation Policy”	means the basis upon which the Selling Shareholder will allocate Offer Shares to the Applicants, as described in more detail in Section 7.7 (Allocation Policy) of this Abridged Prospectus;
“AMCUL” or “Airtel Mobile Commerce”	means Airtel Mobile Commerce Uganda Limited;
“Applicant”	means a legal entity or natural person who applies for Offer Shares in accordance with the process set out in this Abridged Prospectus, and includes a Qualifying Applicant;
“Application”	means an application for Offer Shares submitted through the m-IPO Platform, the USE Easy-Portal or the Application Form;
“Application Form”	means an application form in respect of Offer Shares submitted to the Authorised Selling Agents by physical or electronic means;
“Authorised Selling Agent(s)”	means USE Authorised Trading Participants listed in the Appendix of this Abridged Prospectus;
“Bank of Uganda” or “BOU”	means the central bank of Uganda, established by the Constitution of the Republic of Uganda 1995 (as amended) and the Bank of Uganda Act, Cap. 51;
“Bharti Airtel Africa B.V.” or “Bharti Airtel Africa”	means Bharti Airtel Africa B.V., a company registered under the company laws of the Netherlands with registration number 08076497, which acts as an investment holding company for Airtel Africa and holds a direct minority stake of 0.00007% in Airtel Uganda;
“Bharti Airtel Uganda Holdings B.V.” or “Bharti Airtel Uganda”	means Bharti Airtel Uganda Holdings B.V., a company registered under the company laws of the Netherlands with registration number 08078530, which acts as an investment holding company for Airtel Africa and is the direct majority shareholder with 99.99993% in Airtel Uganda;
“Board” or “Board of Directors”	means the current directors of Airtel Uganda, whose names are set out in Section 2 (Corporate Information) of this Abridged Prospectus;
“Closing Date”	means 13 October 2023, being the last day for acceptance of Applications for Offer Shares, or such other date as may be amended by the Selling Shareholder subject to approval by the CMA and USE;
“CMA”	means the Capital Markets Authority of Uganda, a statutory body established under the CMA Act and responsible for the development and regulation of all aspects of the capital markets in Uganda;

“CMA Act”	means the Capital Markets Authority Act (Cap. 84), as amended by the Capital Markets Authority (Amendment) Act, 2011 and the Capital Markets Authority (Amendment) Act, 2016;
“Companies Act”	means the Companies Act, 2012 as amended by the Companies (Amendment) Act, 2022;
“Directors”	means the individuals comprising the Board whose names are set out in Section 2 (Corporate Information) of this Abridged Prospectus, and each a “Director”;
“East African”	means a natural person who is a citizen of an East African Community Partner State, or a corporate entity incorporated under the laws of, and domiciled in, any East African Community Partner State;
“East African Community” or “EAC”	means the regional intergovernmental organisation whose current member states are the Republic of Burundi, the Democratic Republic of Congo, the Republic of Kenya, the Republic of Rwanda, the Republic of South Sudan, the United Republic of Tanzania and the Republic of Uganda, set up by the Treaty for the Establishment of the East African Community dated 30 November 1999 (as subsequently amended), with its headquarters in Arusha, Tanzania;
“EBITDA”	means Airtel Uganda’s earnings before interest, tax, depreciation and amortisation for the applicable period as indicated in this Abridged Prospectus;
“Eligible Airtel Uganda Customer”	means an Airtel Uganda Customer who is a natural person whose NIN and registration details have been verified against the NIRA database and in respect of whom a copy of the national identity card issued by NIRA is maintained in the Airtel Uganda customer database;
“Employee”	means an Applicant who is a full-time employee of Airtel Uganda at the time of listing, and the term “Employees” shall be construed, accordingly;
“Existing Shareholders”	means Bharti Airtel Uganda and Bharti Airtel Africa;
“Foreign Investors”	means Retail Investors and Professional Investors who are not Ugandan or citizens of the other East African Community Partner States;
“Full Prospectus”	means the full Prospectus dated 29 August 2023 in relation to the Offer;
“GDP”	means Gross Domestic Product;
“GOU”	means the Government of Uganda;
“Incentive Shares”	means incentive shares as determined pursuant to the terms and conditions in Section 7.10 (Incentive Shares) of this Abridged Prospectus;
“IFRS”	International Financial Reporting Standards;
“IPO” or “Initial Public Offering”	means the process of offering shares of a corporation to the public for the first time;
“Lead Sponsoring Broker”	means Crested Stocks and Securities Limited (Trading as Crested Capital) a private company limited by shares and incorporated in Uganda with registration number 80010002697226 and licenced by the CMA to carry on the business of a stockbroker and dealer and a Trading Participant on the Uganda Securities Exchange;
“Lead Transaction Adviser”	means Absa Bank Uganda Limited, a private company limited by shares and incorporated in Uganda with registration number 4227 and approved by the CMA to carry out the business of a transaction adviser. Absa Bank Uganda Limited is a subsidiary of Absa Group Limited;

“Listing”	means the listing of the Shares on the USE, following the Offer, on or about 31 October 2023 and “Listing Date” shall be construed, accordingly;
“Lock-in Agreement”	means the lock-in agreement made among Airtel Uganda, Bharti Airtel Uganda, Bharti Airtel Africa, the Directors (to the extent that any Director holds Shares in the Company as of the Listing Date) and Absa Bank Uganda Limited (in its capacity as Lead Transaction Adviser) requiring (i) Bharti Airtel Uganda, Bharti Airtel Africa and the Directors not to dispose of any of the Shares they respectively hold in the Company for a period of 12 months commencing on the Listing Date, and (ii) restricting the Company from creation, issue or offer for subscription of new Shares for a period of 12 months commencing on the Listing Date as further described in the Full Prospectus;
“m-IPO Platform”	means the channel through which Eligible Airtel Uganda Customers can open a SCD Account and apply for Offer Shares using the USSD Code *185*85# as described in Section 7 (Key Terms and Conditions of the Offer) of this Abridged Prospectus;
“MIMS”	means the Main Investment Market Segment of the USE;
“National Broadband Policy”	means the official GOU policy dated 17 September 2018, developed by the Ministry of ICT, regarding the development and deployment of broadband infrastructure in Uganda to enable countrywide connectivity and related matters;
“NIN”	means a national identification number issued by NIRA;
“NIRA”	means the National Identification and Registration Authority, being the statutory authority established under the Registration of Persons Act, 2015 which is responsible for registration of persons in Uganda and maintaining a national identification register;
“NPS Act”	means the National Payment Systems Act, 2020;
“NTO Licence”	means the National Telecommunications Operator Licence issued to Airtel Uganda by the UCC for Airtel Uganda to establish, install, operate, lease and sell telecommunications systems and to provide telecommunications services as a designated national telecommunication operator in Uganda for the period 1 July 2020 to 30 June 2040;
“Offer”	means the offer by the Selling Shareholder of the Offer Shares at the Offer Price;
“Offer Period”	means the period commencing on the Opening Date and ending on the Closing Date, as may be amended or extended pursuant to Section 7.1 (Offer Timetable) of this Abridged Prospectus;
“Offer Price”	means UGX 100 per Offer Share;
“Offer Shares”	means the 8,000,000,000 Shares in Airtel Uganda owned by the Selling Shareholder, and which are the subject of the Offer;
“Official List”	means the register of listed securities maintained by the USE;
“Opening Date”	means 30 August 2023, being the first day for acceptance of Applications for Offer Shares;
“Oversubscription”	means an occurrence where the aggregate number of Applications for Offer Shares is greater than the Sale Shares determined by the Selling Shareholder to be available to be sold and delivered to Applicants at the Offer Price;

“Professional Investor”	means a Qualifying Applicant whose ordinary business or regular activity or investment objective involves the buying and selling of securities as principal or a fiduciary agent, and includes an underwriter, a bank, an insurance company, a fund manager, a broker, broker's representative, a dealer, dealer's representative and an investment adviser or investment adviser's representative acting as principal;
“Qualifying Applicant”	means a person who completes and submits an Application in accordance with the terms of this Prospectus and provided such person is: (a) a natural person who is 18 years or older with capacity to contract (applying on his/her own behalf or on behalf of a minor); who is not located in the United States and who is not located in nor a national, resident or citizen of another Restricted Jurisdiction, or (b) is a corporation, partnership or other unincorporated association which is incorporated, set up, established or resident in any jurisdiction (except a Restricted Jurisdiction), provided that such person (by applying for the Offer Shares) is not in contravention of any law applicable to him/her/it;
“Receiving Banks”	means the banks listed in the Appendix of this Abridged Prospectus;
“Reporting Accountants”	means EY Certified Public Accountants, an accounting partnership registered in Uganda with registration number 84172 and licenced to practice accounting by the Institute of Certified Public Accountants of Uganda;
“Restricted Jurisdiction”	means the United States of America, the United Kingdom, Canada, Australia, Japan or any country or jurisdiction in which it is illegal to make the Offer or solicitation for the Offer Shares without satisfying the registration or other legal requirements of such country or jurisdiction;
“Retail Investor”	means a Qualifying Applicant who is not a Professional Investor;
“Sale Shares”	means the number of Offer Shares which the Selling Shareholder determines ought to be allocated to a successful Applicant at the Offer Price, pursuant to the terms and conditions in Section 7.8 (Sale Shares) of this Abridged Prospectus, and which allocation may or may not result in a cash refund pursuant to Section 7.6 (Payment Terms and Refunds) of this Abridged Prospectus;
“SCD”	means the Securities Central Depository operated by the USE in accordance with the SCD Act and the Securities Central Depositories Regulations, 2009;
“SCD Account”	means a securities account in the SCD held by an investor through an SCD Agent for the purposes of recording, holding and dealing in approved securities;
“SCD Act”	means Securities Central Depositories Act, 2009;
“SCD Agent”	means a person appointed under section 11 of the SCD Act to be an agent of a securities central depository;
“Selling Shareholder”	means Bharti Airtel Uganda;
“Shares”	means the ordinary shares comprising the entire issued share capital of the Company with a par value of UGX 1 each;
“UCC”	means the Uganda Communications Commission, a statutory body established under the Communications Act and responsible for the regulation of the communications sector in Uganda;
“Ugandan”	means a natural person who is a citizen of the Republic of Uganda or a corporate entity incorporated under the laws of, and domiciled in, Uganda;
“UGX” or “Ushs”	means Uganda Shilling, the official currency of the Republic of Uganda;

“USE”	means Uganda Securities Exchange Limited, a public company limited by shares with registration number 80020000249235 and approved by the CMA to conduct the business of a securities exchange;
“USE Easy Portal”	means the online portal administered by USE that allows Applicants to apply for Offer Shares, open SCD Accounts and view those SCD Accounts;
“USE Listing Rules”	means the Uganda Securities Exchange Listing Rules, 2021, which set out the rules for admission to the Official List of the USE and the continuing obligations for listed entities; and
“USSD”	means Unstructured Supplementary Service Data, a communications protocol used by mobile telephones to communicate with the mobile network operator.



4 Letter from the Chairperson

Dear Stakeholders,

I am pleased to write to you as we embark on an exciting new chapter in the history of Airtel Uganda. As we prepare for our Initial Public Offering, I would like to take this opportunity to reflect on the journey of Airtel Uganda and the impact it has had on the Ugandan telecommunications industry.

Hannington Karuhanga,
Airtel Uganda Board
Chairperson



Airtel Uganda has a rich history in Uganda, dating back to 1995 through its predecessors, Celtel and Zain. Since Airtel's introduction to the Ugandan telecommunications market in 2010, we have worked tirelessly to provide affordable and accessible mobile communication services to the people of Uganda, investing heavily in our infrastructure, technology, and talent to ensure that our customers have access to the latest and most innovative products and services.

Today, Airtel Uganda is one of the leading mobile telecommunications providers in the country, with over 13.8 million active subscribers (as at 31 December 2022) and a market share of approximately 47%. We have built a strong brand, based on our reputation for reliability, affordability, customer-centricity, and we continue to be a force for good in the communities we serve.

Our success has been driven by our commitment to innovation and our focus on delivering exceptional customer experiences. We were the first mobile network operator in Uganda to introduce 100% 4G LTE technology across all our sites and we have continued to invest in our network to ensure that our customers have access to the fastest and most reliable internet speeds.

Throughout our preparation for our IPO, compliance with the law and all regulatory requirements has been front and centre. We are excited about the opportunities that lie ahead for Airtel Uganda. We believe that our strong brand, extensive network infrastructure, commitment to innovation and customer-centricity will enable us to continue to grow our market share and deliver value to our shareholders.

We remain deeply committed to Uganda and we believe that we have a responsibility to use our resources and expertise to make a positive impact in the lives of Ugandans, and we will continue to invest in initiatives that promote sustainable development, education, and entrepreneurship.

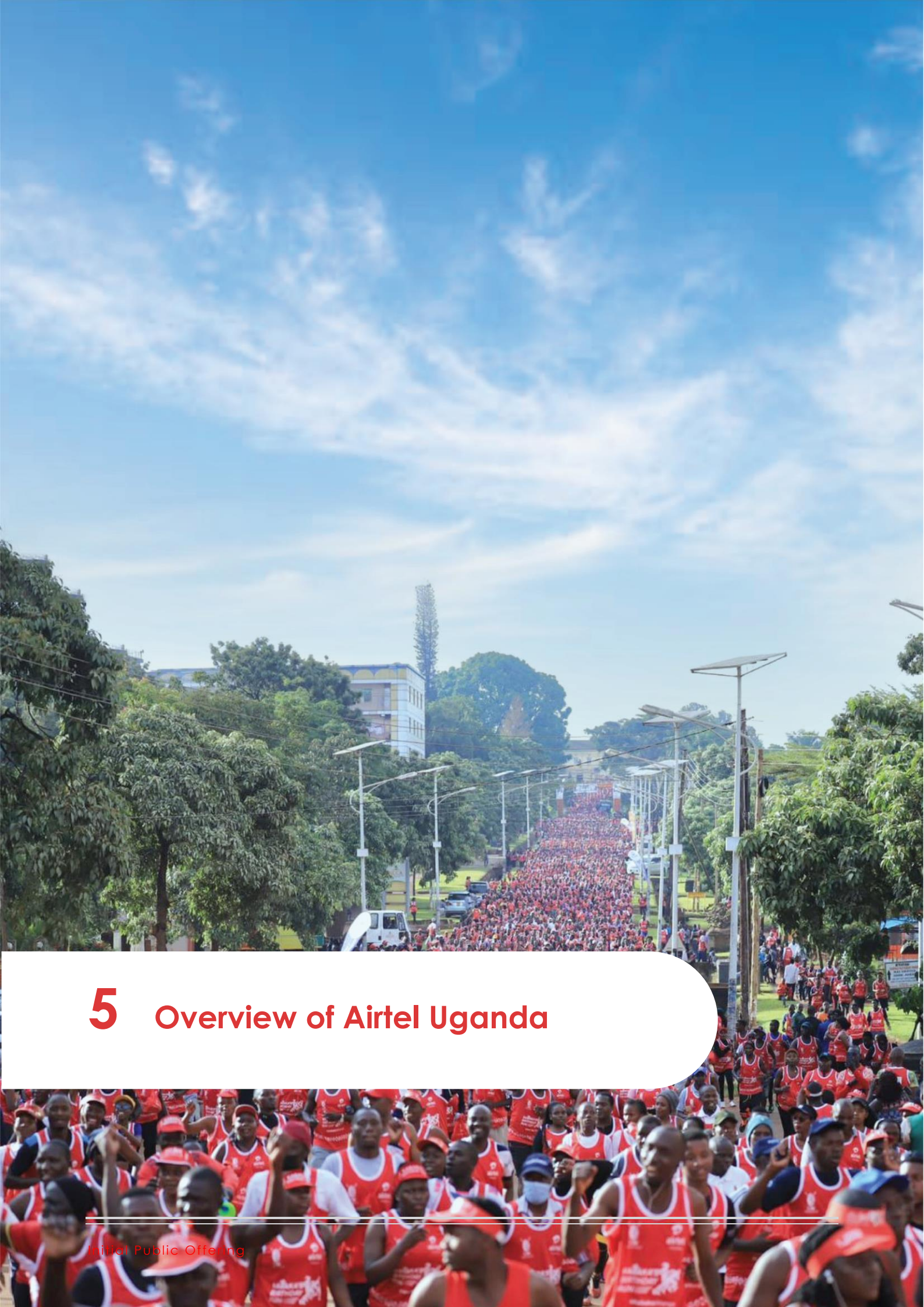
In closing, I would like to thank our customers, employees, and partners for their unwavering support and dedication over the past decade. It is because of your hard work and commitment that Airtel Uganda has been able to achieve the success that it has, and we look forward to continuing to work together as we embark on this new chapter in our journey.

Sincerely,

A handwritten signature in black ink, appearing to be 'H. Karuhanga', written over a horizontal line.

Hannington Karuhanga

Chairperson of the Board, Airtel Uganda



5 Overview of Airtel Uganda



5.1 Background and Nature of the Business

Airtel Uganda was duly incorporated in Uganda on 17 July 1992, under registration number 80010000251875 as a private limited liability company under the Companies Act and is domiciled in Uganda.

The Company's registered office and headquarters are currently situated at Plot 16A Clement Hill Road-Nakasero and the Company's registered Postal address is P.O. Box 6771, Kampala Uganda.

By a special resolution dated 22 May 2023 the shareholders of the Company authorised the re-registration of the Company as a public company. On 23 June 2023, the Company was re-registered as a Public Company Limited by shares and retained its registration number 80010000251875.

The Company's principal objectives, as stipulated in its amended memorandum of association under clause 3, are the operation of a cellular telephone network in Uganda and the provision of telecommunication services pursuant to the National Telecommunication Operator ("NTO") Licence granted by the UCC. The mobile telecommunication services provided by the Company include GSM mobile cellular telephone services including voice telephony, messaging, data communications (including internet), international and national long-distance telecommunications services and "value-added services". The Company has offered mobile telecommunications services since 1995 and is currently the second largest mobile operator in Uganda by number of active subscribers.

The Company is a subsidiary of Airtel Africa, with Airtel Africa's ultimate parent company being Bharti Airtel. Airtel Africa operates across fourteen (14) countries in Africa and is the second largest telecommunications operator on the continent. Bharti Airtel operates across seventeen (17) countries across Africa and Asia and is the second largest telecommunications operator globally.

5.2 Brand Values

The Company aims to bring internationally recognised technology to spur connectivity access in the Ugandan market. The Company's core values are:

- **ALIVE** – Act with passion, energy and a can-do attitude. Innovation and an entrepreneurial spirit drive the Company.
- **INCLUSIVE** – Champion diversity. The Company anticipates, adapts and delivers solutions that enrich the lives of the communities it serves.
- **RESPECTFUL** – The Company shares the joy and pain of its customers. It aims to act with humility and is always open and honest.

5.3 Board of Directors of the Company

The Company currently has a Board constituting five (5) directors, comprising executive, non-executive and independent non-executive directors with diverse skills and expertise. Mr. Hannington Karuhanga has been the Chairperson of the Board since 30 June 2016.

The Company has well-documented roles and responsibilities for directors, and a clear division of key responsibilities between the Board Chairperson and CEO to help maintain a strong governance framework and ensure effectiveness of the Board. The Board has the primary responsibility of fostering the long-term business of the Company consistent with its fiduciary responsibility to the Company.

The following table lists the names, positions, and ages of the Directors.

Table 1: Details of Airtel Uganda Directors

Name	Age	Nationality	Address	Designation	Date of appointment	Other Positions
Hannington Karuhanga	65	Ugandan	Plot 8 Nyondo Close, Bugolobi, P.O. Box 6217 Kampala	Chairperson – Non-Executive Director	30 June 2016	Managing Director; Grainpulse Limited Director; Capital Radio Limited; Liquid Telecom; Lion Assurance; Letshego Holdings (Uganda) Limited; Letshego Holdings Limited; Sanlam Life Uganda; Uganda Limited; Uganda Railways Corporation
	Detailed Profile		Hannington has a career spanning over 25 years in commodities trading, of which more than 15 years has been at executive level where he was a Group Managing Director for Sucafina S.A Group of Companies. He holds an MBA from University of Wales, Cardiff Business School and a Bachelor of Arts from Makerere University in Uganda.			
Manoj Murali	52	Indian	Airtel Towers, Clement Hill, Plot 16A P.O. Box 6771 Kampala	Managing Director	1 November 2020	Managing Director; Airtel Uganda Limited
	Detailed Profile		Manoj is the Managing Director of the Company and has over 22 years of experience in the Telecom's industry across various roles. He joined Bharti Airtel in 2001 and has held various roles such as Hub Chief Executive Officer at Airtel Tamil Nadu. He holds a Bachelor of Engineering in Instrumentation & Electronics from the University of Poona in Pune, and MBA from Symbiosis International University.			
Alok Bafna	49	Indian	DIC 20, Baitek Building, 2 nd Floor and 107 Dubai Internet City, Dubai, UAE	Non-Executive Director	1 April 2017	Airtel Africa CFO: Mobile Services; Director: Airtel Kenya; Airtel Rwanda; Airtel Seychelles; Airtel Malawi
	Detailed Profile		Alok is a seasoned senior finance and Telecom leader, having held various roles within Bharti Airtel across the last 25 years. He was previously Controller Market Operations at Bharti Airtel Limited. He is currently the Group Business Controller at Airtel Africa and has recently been appointed CFO of Mobile Services at Airtel Africa from 1 April 2023. He is a member of the Institute of Chartered Accountant of India since 1997.			
Rama Krishna Lella	58	Indian	DIC 20, Baitek Building, 2 nd Floor and 107 Dubai Internet City, Dubai, UAE	Non-Executive Director	6 February 2019	Chief Supply Chain Officer; Airtel Africa Director: Airtel Nigeria; Airtel Seychelles

	Detailed Profile		Ramakrishna has been Chief Supply Chain Officer, Airtel Africa since September 2016. He has over 35 years of experience in the telecommunications industry, more than half of which has been spent at Airtel. Ramakrishna held various leadership roles in shaping the supply chain function in the telecommunications sector, covering manufacturing (Alcatel and Indian Telephone Industries), R&D (CDOT) and Service Provider (Airtel and Reliance Jio). Ramakrishna has served as a lead member of the team involved in setting up mobile networks (including 2G/3G/LTE coverage), NLD/ILD network, enterprise network, DTH network and implementation of ERP systems as part of transformational projects and achieved business goals across India and Africa. He was formerly the Director SCM for Airtel Nigeria between 2012 and 2014. He holds a master's degree in Industrial Management – Materials Management from the Indian Institute of Technology, Kharagpur.			
Apoorva Mehrotra	53	Indian	DIC 20, Baitek Building, 2 nd Floor and 107 Dubai Internet City, Dubai, UAE	Non-Executive Director	14 October 2022	Regional Director – East Africa Director: Airtel Zambia; Airtel Kenya; Airtel Tanzania; Airtel Malawi; Airtel Rwanda
	Detailed Profile		Apoorva is currently Managing Director at Airtel Networks Zambia, and Regional Director for East Africa at Airtel Africa. He has over 25 years of experience across Fintech, Telecom and various other industries. He was previously Executive Vice President & Business Head at Vodafone in New Delhi, and currently holds a Masters Degree in Management Studies from University of Mumbai in India.			

5.4 NTO Licence

Prior to 2020, the Company had a PSP licence first issued on 17 October 2008 for a period of five (5) years, which was extended for an additional five (5) years until 17 October 2018, with a further extension for one and a half (1.5) years until 30 June 2020. The Company previously also had a PIP licence which was issued for a period of fifteen (15) years from 17 October 2008. The PIP licence ceased when the Company was designated as an NTO in October 2018.

On 1 July 2020, the Company was granted, on non-exclusive basis, an NTO Licence which permits the Company to establish, install, operate, maintain, lease and sell telecommunications systems and to provide all types telecommunication services in Uganda. The NTO Licence is valid for twenty (20) years and may be renewed once for a period of ten (10) years subject to compliance with the terms and conditions of the Licence, the directives issued by UCC and any other applicable laws and regulations. The application for renewal of the NTO Licence will be due on 1 January 2040.

5.5 Airtel Mobile Commerce

On 18 June 2021, Airtel Uganda executed an Asset Transfer Agreement with Airtel Mobile Commerce Uganda Limited ("**AMCUL**" or "**Airtel Mobile Commerce**") to separate the mobile commerce business ("**Airtel Money Services**") from the core telecommunication business of Airtel Uganda.

The Airtel Money Services business is not included in the Airtel Uganda Initial Public Offer.

The transfer of the Airtel Money Services business to AMCUL was done in order to comply with a legal requirement under the National Payment Systems Act, 2020 ("**National Payment Systems Act**") to segregate mobile commerce business from the core telecommunications business.

Airtel Mobile Commerce is a private limited liability company registered under the laws of Uganda. Its registration number is 80010003488648. Airtel Mobile Commerce is duly licenced under the National Payment Systems Act to provide mobile commerce services in Uganda.

AMCUL complies with Section 48 (1) of the National Payment Systems Act which requires a payment service provider other than an entity solely established to issue electronic money to establish a subsidiary legal entity or an entity for that purpose.

5.6 Background and Objectives of the Offer

The Offer seeks to enhance the Company's profile across the continent and establish a source of future capital to support its extensive growth strategy. By living our value of customer-centricity, the Offer gives preference to Ugandan investors to own a share in the Company and participate in its future growth.

The Offer and the Listing will also enable the Company to satisfy the provisions of the NTO Licence and contribute to the expansion of the Ugandan capital markets. Under Article 16 of the NTO Licence, the Company is obliged to comply with the sector policy, regulations and guidelines requiring the listing of its shares on the USE.

5.7 Share Capital Structure and History

The Company's share capital as at the date of this Prospectus is set out below:

Table 2: Shareholding Immediately before the Offer

Shareholder	No. of ordinary shares	Ownership
Bharti Airtel Uganda	39,999,972,000	99.99%
Bharti Airtel Africa	28,000	0.01%
Total	40,000,000,000	100%

History

The Company was duly incorporated in Uganda on 17 July 1992, with a share capital of UGX 5,000,000 divided into 50,000 shares with a par value of UGX 100 each. Since incorporation, the share capital of the Company has undergone various changes and below is a summary setting out the most material changes subsequent to 2008.

2008 - 2018

Creation of Redeemable Preference Shares

On 30 September 2008, the Company's shareholders passed a resolution authorising the issue and allotment of 11,167,913 redeemable preference shares to Celtel Uganda Holdings B.V. ("Celtel Uganda"), the majority shareholder in the Company at the time. The preference shares were issued in order to convert an existing shareholder loan of UGX 178,686,608,000 from Celtel Uganda into equity to reduce the burden of interest expense and manage compliance with the thin capitalisation requirements under the law. Among the key rights attached to the shares were that they would be issued at a premium of UGX 15,000 per share and would be redeemed at UGX 16,000 per share. Further, none of the preference shares redeemed would be capable of re-issue except by way of ordinary shares.

2008 Increase of Share Capital

By the same resolution that created the redeemable preference shares on 30 September 2008, the shareholders of the Company also increased the authorised share capital of the Company by UGX 14,400,000,000 divided into 14,400,000 shares with a par value of UGX 1,000.

Following the increase in share capital and the issuance and allotment of the redeemable preference shares, the share capital of the Company was as represented below:

Share type	No. of allotted shares	No. of unallotted shares	Par value of each share
Ordinary shares	14,080,010	319,990	100
Ordinary shares	-	3,232,087	1,000
Preference shares	11,167,913	-	1,000
Total	25,247,923	3,552,077	

On 13 December 2017, the directors of the Company resolved that the said 11,167,913 redeemable preference shares of UGX 1,000 each totaling UGX 11,167,913,000, be redeemed at UGX 16,000 each out of the profits for the financial year ended 31 December 2017. The shareholders duly surrendered the redeemed preference shares, and the process of redemption was concluded on 28 March 2018.

Following the redemption of the redeemable preference shares, the share capital of the Company was as follows:

Share type	No. of allotted shares	No. of unallotted shares	Par value of each share	Total No. of shares
Ordinary shares	14,080,010	319,990	100	14,400,000
Ordinary shares	-	3,232,087	1,000	3,232,087
Preference shares	-	11,167,913	1,000	11,167,913
Total	14,080,010	14,719,990		28,800,000

2019 – 2022

Between 2019 and 22 May 2023, there was no significant reorganisation of the share capital of the Company.

22 May 2023

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 UGX 1,000 each are converted and reclassified into ordinary shares with a par value of UGX 1,000 each, and subsequently, the reclassified shares to be subdivided into 11,167,913,000 ordinary shares with a par value of UGX 1 each by applying a ratio of 1000:1.

Subdivision of the Ordinary Shares

The Shareholders resolved that the:

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

After the conversion and subdivision of the share capital of the Company above, the share capital of the Company was UGX 15,840,000,000 divided into 15,840,000,000 ordinary shares with a uniform par value of UGX 1 each. This is illustrated below:

Shareholder	No. of shares before the subdivision	No. of shares after the subdivision	Par value of each share after the subdivision
Bharti Airtel Uganda	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 UGX 15,840,000,000 divided into 15,840,000,000 ordinary shares with a par value of UGX 1 each to UGX 40,000,000,000 divided into 40,000,000,000 shares with a par value of UGX 1 by the creation of 24,160,000,000 ordinary shares of with a par value UGX 1 each. The share capital structure of the Company following this increment was as follows:

Shareholder	No. of ordinary shares
Bharti Airtel Uganda	1,408,000,000
Bharti Airtel Africa	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 UGX 16,128,000,000 and part of the Company's retained earnings comprising UGX 22,463,999,000 as at 31 March 2023.

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

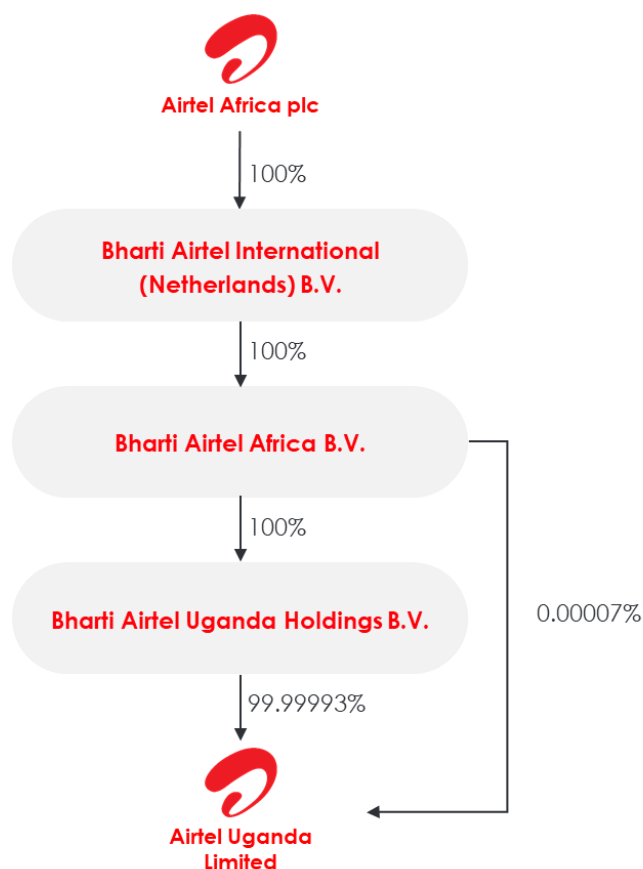
Shareholder	No. of ordinary shares
Bharti Airtel Uganda	39,999,972,000
Bharti Airtel Africa	28,000
Unallotted Ordinary Shares (including previous preference shares)	-
Total	40,000,000,000

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 authorisations 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.

5.8 Shareholding Structure

The organogram below shows the ownership structure of the Company prior to Listing, which includes Airtel Africa plc (100%). Airtel Africa plc is a public company listed in 2019 on the London Stock Exchange and Nigerian Stock Exchange.



In the instance where all the Offer Shares are allocated to new shareholders, the shareholding structure will be as follows:

Table 3: Shareholding after the Offer

Shareholder	No. of ordinary shares	Ownership
Bharti Airtel Uganda	31,999,972,000	79.99%
Bharti Airtel Africa	28,000	0.01%
Other shareholders	8,000,000,000	20.00%
Total	40,000,000,000	100%

5.9 Financial Summary

This section should be read together with the Reporting Accountants Report in Section 13 of the Full Prospectus. The table below sets out the summarised statements of comprehensive income of Airtel Uganda for the five (5) years ended 31 December 2022.

Table 4: Summary of statement of comprehensive income**Year-end 31 December**

UGX (bn)	2018	2019	2020	2021	2022
Revenue	1,002	1,087	1,294	1,505	1,594
Other income	3	2	2	4	6
Total income	1,005	1,089	1,296	1,509	1,600
EBITDA	558	548	686	884	888
Operating profit	389	357	470	635	616
Profit before tax	332	306	398	565	474
Profit after tax	268	216	277	393	326
Earnings per share (UGX)	191	153	197	279	231

Table 5: Summary of balance sheet**Year-end 31 December**

UGX (bn)	2018	2019	2020	2021	2022
Current assets	113	142	149	123	195
Non-current assets	1,970	1,153	1,532	1,532	1,776
Total assets	2,083	1,295	1,681	1,655	1,971
Current liabilities	1,496	301	761	682	761
Non-current liabilities	486	860	766	816	1,086
Equity	101	134	154	157	124
Total equity and liabilities	2,083	1,295	1,681	1,655	1,971

Table 6: Summary of cash flow statement**Year-end 31 December**

UGX (bn)	2018	2019	2020	2021	2022
Net cash generated from operating activities	367	480	561	792	703
Net cash used in investing activities	(722)	755	(394)	(124)	(240)
Net cash generated from / (used in) financing activities	230	(1 126)	(267)	(708)	(559)
Net (decrease) / increase in cash and cash equivalents	(125)	109	(100)	(40)	(96)
Cash and cash equivalents at the end of the period	(62)	46	(53)	(93)	(189)

5.10 Dividend History and Policy

In previous financial years, the Company has declared dividends as follows:

Table 7: Dividend history

Year	Dividend per share (UGX)	Total dividend (UGX (mn))	Pay-out ratio to net profit after tax for the year
2022	25,475	358,688	110%
2021	27,668	389,569	99%
2020	18,252	256,986	93%
2019	12,996	182,979	85%
2018	9,440	132,918	49%

Based on the projected financial information contained in Section 13 (Reporting Accountants Report) of the Full Prospectus, the Company expects to pay a total dividend of approximately UGX 500 billion for the financial year ending 31 December 2023, comprised of quarterly payments. The dividend paid in respect of the first quarter amounts to UGX 38,080 million UGX and 80,719 million in respect of the second quarter.

The Company expects to declare a dividend in respect of the third quarter in November 2023. On that basis, investors that are allocated and allotted shares on 30 October 2023 will be entitled to receive that dividend.

The Company recognises the importance of dividend payments to shareholders and of maintaining a reasonably conservative policy in respect of liquidity and leverage.

The dividend policy is governed by Management and the Board, and the Company resolves to declare both interim and final dividends. The dividend policy was approved by the Board on 10 July 2023. The Company will target a dividend pay-out ratio of 95% of retained earnings or net profit after tax, whichever is higher, on the basis of audited financial statements for the full financial year.

The dividend pay-out ratio in any given year will be subject to Board discretion as it takes into consideration a variety of factors before declaring or recommending a dividend to shareholders. These factors include, but are not limited to, financial parameters and internal factors (such as financial performance, the impact of return on

equity and the alternative use of cash) and external factors (such as macroeconomic conditions, statutory requirements and agreements with lending institutions). The Company may revise its dividend policy from time to time. Post-Offer, new shareholders, if eligible as of the dividend entitlement date(s) will be entitled to receive undistributed interim and/or final dividends for financial year ending 31 December 2023 in accordance with the Company's dividend policy.

In accordance with the USE Listing Rules, dividends that are approved shall be paid within twenty-one (21) days after the books closing date. Dividends paid are subject to withholding tax, which is borne by the shareholder. Dividend payments to resident individual shareholders will attract withholding tax of 10% of the gross amount, while dividend payments to non-resident shareholders will ordinarily attract withholding tax of 15% of the gross amount. For non-resident shareholders, double taxation relief may apply where Uganda has a double taxation avoidance agreement with the country of residence of a particular non-resident shareholder, in which case the non-resident shareholder may be entitled to a preferential withholding tax rate lower than 15%. Applicants are advised to seek appropriate professional tax advice in this regard.

The Company's articles of association and dividend policy provide that all dividends which remain unclaimed for a period of three (3) years, may, if the directors so resolve, be invested or otherwise made use of by the directors for the benefit of the Company. Any dividend invested or otherwise utilized shall be refunded by the Company to meet any dividend claim by a shareholder or legal representative entitled to receive the dividend, as and when a claim for the dividend is submitted to the Company. No dividend or other monies payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

5.11 Profit Forecast

The forecasts below are based on the Company management's prudent assumptions and have been prepared on the basis of the accounting policies in accordance with IFRS as used in previous years and set out in the Reporting Accountants Report in Section 13 of the Full Prospectus. The forecast financial information is underpinned by the following key assumptions:

- Revenue has been forecast to grow by 16.6% year on year in 2023, driven largely by the voice and data segments. This growth is anchored mainly on increased usage across these segments and reinforced by continuous customer base growth through quality acquisitions. Voice revenue has been projected to grow by 7.0% year on year, supported by customer base growth of 17.1%. Data revenue has been projected to grow by 33.6% year on year with contribution to overall revenue increasing to 39%.
- Operating expenses continue to be impacted by rising fuel prices, which is likely to further increase in 2023 as well. The total operating expenses (including regulatory charges) have been forecast to increase by 13.5% mainly due to the planned volume of distribution and networks expansion in 2023. However, overall percentage of operating expenses to revenues is expected to drop from 44.7% in 2022 to 43.5% in 2023, largely due to a lean and fixed operations model.
- The Company plans to increase capacity as well as coverage by adding more sites with a specific focus on data network, which is expected to cost approximately UGX 202 billion. The estimated total capital expenditure for the year ending 2023 is UGX 244 billion, with majority of it being attributable to the addition of sites.

Table 8: Summary of forecast

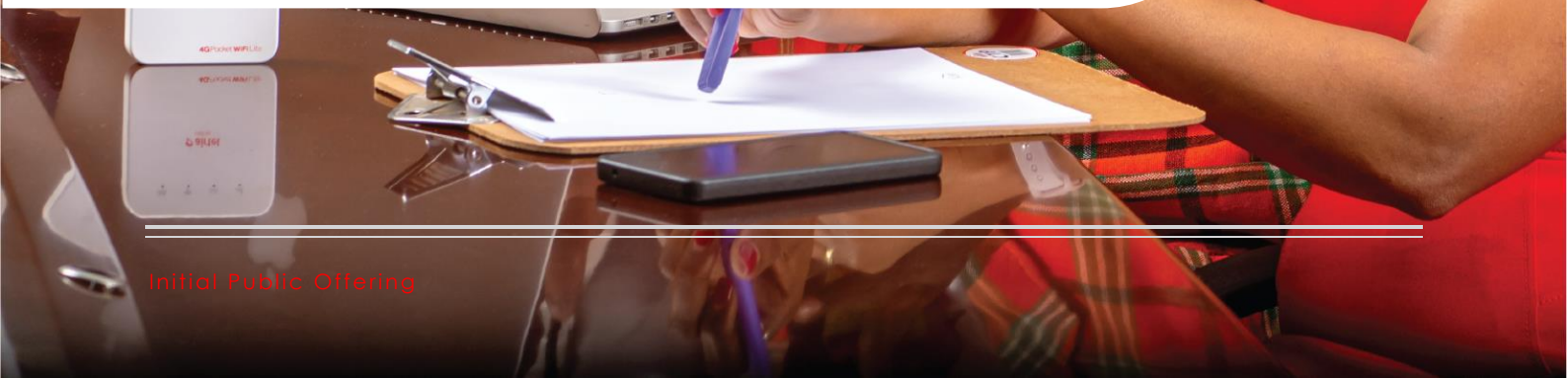
Twelve months ending 31 December 2023	UGX (bn)
Revenues	1,859
EBITDA	1,056
Profit before tax	653
Profit after tax	457
Earnings per Share (UGX)	22

The forecast in Table 8 above is based on, and subject to the assumptions listed in the Full Prospectus.



6

Risk factors



Initial Public Offering

6.1 Airtel Uganda Specific Risks

6.1.1 Competition from other traditional and non-traditional operators in the telecommunications sector:

Airtel Uganda is one of the leading providers of wireless network operator services, holding a substantial subscriber market share across mobile voice and data service types. The Company, however, faces competition from traditional and non-traditional operators in the sector, particularly with respect to pricing, across its segments and this may adversely affect the Company's revenue and margins.

Customers are primarily attracted to the Company based on price, services provided, advertising and brand perception, service quality and reliability, and coverage area. Given the intense price competition for mobile services and the high degree of commoditisation of these services, it is becoming more crucial for operators to differentiate their offerings from one another. Any failure to compete effectively, including in terms of pricing of services, acquisition of new customers and retention of existing customers, could have a material adverse effect on the Company's business.

Continued entry into the market by non-traditional players, provides distinct and multi-dimensioned competition. The Ugandan telecommunications environment is rapidly changing, given the significant increase in the number of non-conventional and over-the-top players providing internet-based alternatives to traditional telephony services, such as social networking sites like Facebook and Facebook Messenger, WhatsApp, Telegram, Snapchat, Viber and TikTok, and modern enterprise communications applications such as Zoom, Microsoft Teams, BlueJeans and Google Meet.

Traditional telecommunications revenue streams such as pre-paid mobile voice services and text messages (SMS) continue to be threatened by these non-traditional players.

For the Company to compete effectively, it needs to operate in an agile manner to meet the demands of its customers in an evolving telecommunications sector.

6.1.2 Decline of growth in revenue from voice services:

For the year ended 31 December 2022, revenue from voice services comprised of approximately 58% of the Company's revenues, and voice revenue is forecasted to continue dominating the Company's total revenue in the medium-term as mobile voice penetration increases in Uganda's youth, semi-urban and rural markets.

However, demand for traditional voice services is in decline across the global telecommunications industry. Although there is still expected growth in voice services in Uganda driven by increased penetration, voice services will decline over the long-term.

While there is a global decline in the revenue from voice services for fixed and mobile phones, there is a parallel rise in the revenue from data and digital services. The Company expects that the rising smartphone and tablet penetration and usage, video usage and other multimedia services, as well as improvements in mobile network capability, will continue to drive demand for data services and will offset any decline in revenue from voice services.

6.1.3 Any decline in demand for revenue from data or digital services may harm the Airtel Uganda's business:

The Company has identified data revenue as one of the key drivers for future profit growth and is therefore investing in and upgrading its consumer offerings and infrastructure in response. For the year ended 31 December 2022, revenue from mobile data services made up approximately 35% of the Company's total revenue, which is expected to grow by 20% in the medium term. However, there can be no assurance that demand for data will continue to grow at its current rate or if growth will be experienced at all.

Further, any increase in the revenue generated from data and digital services may not be sufficient to offset the substantial capital expenditure required to upgrade the Company's networks to handle increased data traffic, which could result in lower margins for the Company.

6.1.4 Airtel Uganda must continue to provide products or services that are in demand to its customers and are technologically current and otherwise useful:

The commercial success of the Company depends on its ability to provide services to its customers at a competitive cost. The services offered by the Company are technology-intensive and the development or acceptance of new technologies may render such services non-competitive, replace such services or reduce prices for such services. The Company's business may be impacted if it is unable to foresee customer preferences, industry or technological changes, or if it is unable to timely and cost-effectively modify its service offerings in response to such changes.

To maintain the quality of the Company's networks and its competitive position as one of the top telecommunications operators in the market, the Company's network equipment may need to be upgraded or replaced as new technologies are developed.

In order to integrate the new technology with its current technology, the Company will need to make significant capital investments and have access to supporting or enabling technologies.

6.1.5 Substantial capital investment in Airtel Uganda's telecommunications business requires financing and is subject to foreign exchange risk:

The telecommunications industry in which the Company operates is capital-intensive. It requires substantial expenditures relating to the development and acquisition of new network facilities and the expansion, upgrade or improvement of existing networks, facilities, information technology and intangible assets. Further, currency fluctuations or the scarcity of foreign currency may result in the Company being unable to make anticipated capital expenditures in the future.

The ability of the Company to secure external financing and the cost of such financing are both influenced by a number of variables, including the Company's future financial condition and operating results, the general state of the capital markets both domestically and abroad, interest rates, the availability of credit from banks and other lenders, the lender community's confidence in the Company, the applicability of tax laws, and the political and economic climate in Uganda. Adverse changes in these factors, such as the increase in interest rates as reflected in the increase in the Company's borrowing rate, could individually or in aggregate affect its ability to secure external financing or affect the cost of such financing.

6.1.6 Fluctuations in interest and exchange rates and other external factors could increase Airtel Uganda's finance costs:

The Company's finance costs are impacted by a variety of external factors, such as interest rates, currency exchange rates, monetary policy, and occasionally adopted fiscal policies by the GOU. A decrease in Uganda's credit rating or a decrease in the parent company's credit rating (i.e., Airtel Africa) could potentially result in an increase in the Company's finance costs.

Of the Company's five (5) existing debt facilities as of the date of this Prospectus, one (1) facility is denominated in USD with four (4) denominated in UGX. There can be no guarantee that negative financial, economic, political, or other events in Uganda or elsewhere will not have an impact on interest and exchange rates.

Currency fluctuations or a lack of foreign currency could harm the Ugandan economy as a whole, which would have a negative impact on the Company's ability to pay its obligations that are denominated in foreign currencies.

The Company is also exposed to foreign exchange risks. The Company prepares its financial statements in UGX and derives revenue and incurs costs predominantly in UGX, while some costs are incurred in USD. The Company

also has long term contracts with major suppliers with significant portions of the costs denominated in or linked to the USD. Therefore, the Company's associated costs are sensitive to fluctuations in the UGX to USD exchange rate.

6.1.7 Airtel Uganda is dependent on third parties for the supply of certain of Airtel Uganda's services:

For the management, upkeep, and operation of its telecom network, the Company is reliant on third parties, including equipment manufacturers or technology providers such as ZTE Corporation, Huawei International and The Bandwidth and Cloud Services Group Limited, as well as suppliers of network co-location facilities that are integrated into its network and the management and upkeep of its information technology platform such as ATC Uganda Limited.

The Company does not have direct control, operational, financial or otherwise, over its critical equipment suppliers and managed services providers, and has limited influence in respect to the way these suppliers conduct their businesses. Any adverse event or significant disruption in the operations of these vendors or the contractual relationship between the Company and the suppliers could have a material adverse effect on the Company's business.

6.1.8 Airtel Uganda is reliant on good working relationships with its third-party agents and it operates a large distribution and channel partner network:

The Company has over 8,000 exclusive distribution channels through third-party vendors, which include mini-shops and kiosks, the Company utilises these channels to sell its services.

To ensure that the Company's policies in respect of know-your-customer ("KYC") procedures and other safeguards designed to prevent the occurrence of fraud and money laundering are implemented, and the Company's brand is represented consistently across its network, the formation and maintenance of good working relationships with retailers, agents and distributors is important. Retailers, agents, and distributors who fail to implement the Company's operational standards expose the Company to the risk of fraud and money laundering, the possibility of fines or other penalties being imposed, and potential reputational harm.

Although the Company endeavours to maintain good working relationships with its retailers, agents and distributors, there can be no assurance that its current or future partners will choose to conduct business with the Company on an ongoing basis.

6.1.9 An interruption of Airtel Uganda's business operations could be brought on by failure in its information and technology systems:

Even though the Company's critical systems are built with high availability to prevent any downtime, any malfunction or failure in these systems could interfere with regular business operations and cause a significant decline in operational and management efficiency. For example, a failure in one or both of these systems could potentially result in the Company's network being unavailable or unusable to customers. An inability to provide services to customers for an extended period of time could have a negative impact on its operations as well as its standing as a dependable and effective provider of telecommunications services.

6.1.10 Failure or interruption in the operations of Airtel Uganda's networks, gateways to its networks or the networks of other operators:

In order to provide its services, the Company depends significantly on the uninterrupted operation of its telecommunications networks.

Telecommunications networks are subject to multiple risks such as: risk of technical failures, ageing infrastructure, human error, willful acts of destruction or natural disasters, equipment delays and failures, shortages of spare

parts, energy or fuel shortages, software errors, damage to networks, insufficient disaster recovery or contingency plans and staff shortages amongst service providers, among others.

Due to occasional network capacity constraints, customers of the Company have experienced blocked or dropped calls or slow data speeds. Despite the Company's planned infrastructure investments, the Company may not be able to adequately maintain or upgrade these pertinent networks at their current levels. This could result in significant customer dissatisfaction and, as a result, have a significant impact on the Company's brand and business.

The Company depends on interconnection with other telecommunications operators' networks in order to transport calls made by its customers to those of fixed-line operators and other mobile operators, both domestically and internationally. While the Company has interconnection and roaming agreements in place with many other telecommunications operators, the Company has no direct control over the quality of these networks, the interconnections or the international roaming services they provide.

6.1.11 Limited supply of radio spectrum on which the sustainability of the Company's operations is wholly dependent:

Sustainability of the operations and quality of services to the customers of the Company is wholly dependent on the quality and quantity of radio spectrum allocated to it by the UCC. Radio spectrum is a scarce finite resource that is planned for and allocated at the discretion of the regulator and for a defined period. Currently, the Company's spectrum allocation covers the 800 (10Mhz), 900 (10Mhz), 1,800 (20Mhz), 2,100 (20Mhz), 2,600 (20Mhz), 3,500 (100 Mhz) and 71-76/ 81-86 GHz (E-Band)(1,000Mhz) frequency bands. Airtel Uganda's current assignment is represented in Section 9.7 of the Full Prospectus (Spectrum Authorisations), having recently been assigned in July and August 2023.

Allocation of spectrum resources is at the discretion of the regulator and if the regulator considers that the Company already has sufficient resources to fulfil its Licence obligations or service targets, the regulator may not allocate more. Additionally, if the regulator considers that the Company is not optimally using already allocated radio spectrum, that spectrum can be withdrawn and refarmed. There is no guarantee that the Company will be able to fully leverage and monetise some of its spectrum in order to realise the anticipated financial gains and advantages of its spectrum allocation.

The NTO Licence imposes a mandatory network coverage obligation on the Company to cover at least 90% of the geographical boundaries of Uganda within a period of five (5) years from the effective date of the NTO Licence (16 December 2020). To meet and comply with this obligation, significant capital investment will be required whose return may not be optimal unless the Company obtains spectrum in the lower frequency bands such as 700Mhz and 800Mhz or additional spectrum in the 900Mhz Band. The capital expenditure of the Company may rise above levels that are commercially feasible in order to increase network capacity in advance of rising customer demand and technological advancements.

6.1.12 Significant disruptions to Airtel Uganda's ability to operate its business may be brought on by a computer system failure, security breach or cyber-attack:

The Company is exposed to the risk that outside parties or malicious insiders may compromise the availability or confidentiality of customers' or the Company's data, as well as the integrity of the information technology systems of the Company. This could lead to a disruption of key operations, make it challenging to recover crucial services, damage assets, and result in financial loss for customers.

Cyber-attacks, in which a person or group tries to take advantage of weaknesses in information technology systems for monetary gain or to disrupt services, present additional material risks to the Company. If the Company or the vendors of the Company suffer a cyber-attack, the Company's systems may subsequently be subject to down-time in an effort to prevent a security breach. The 'down-time' may result in reputational damage or customer confusion and could have an adverse effect on the Company's business, operations or damage its reputation.

The Company continues to invest in its information security systems and controls in an effort to combat threats from fraud and cybercrime.

6.1.13 Airtel Uganda's telecommunications licence, frequency allocations and permits held are subject to finite terms, ongoing review and periodic renewal:

The Company has offered mobile telecommunications services since 1995, however the terms of the Company's NTO Licence and radio spectrum authorisations are subject to limited, defined terms, ongoing review and periodic renewal and, in some cases, are subject to modification by the UCC in accordance with the Communications Act.

The principal authorisation provided to the Company is the NTO Licence, which has stringent terms and sets out various obligations that the Company is required to comply with for the duration of the Licence. The NTO Licence is subject to annual compliance review by the UCC, and the Company must obtain an annual compliance certificate. The compliance certificate may be issued with a remediation plan for any incidents of non-compliance and this plan may have to be executed by the Company at a substantial cost.

The terms of the NTO Licence provide for renewal at the end of its term. However, there is no guarantee that the Company's NTO Licence will be renewed at the end of its term or that a new Licence will be issued to the Company on equivalent or satisfactory terms, or at all. Nonetheless, the Company has a twenty (20) year NTO Licence running from July 2020 to June 2040, with an option to renew the said Licence for a further ten (10) years.

The Company paid c. approximately USD 74.6 million for the NTO Licence in 2020. The Company anticipates that it may need to keep paying significant spectrum fees and incurring significant costs, such as those associated with network growth and operation, in order to fulfil these specified obligations. The Company's operations could suffer significantly if the NTO Licence obligations are not met under commercially reasonable conditions or if financing is not secured at all or on favourable terms.

The UCC has powers to modify the terms of the NTO license; however, the exercise of this power is not infinite. The UCC may exercise the power to achieve the objectives of the Uganda Communications Act and Regulations or otherwise in the public interest. In all cases, the UCC is required consider the reasonable interest and contractual rights of Airtel Uganda and the principles of fair competition and equality of treatment. Further, in the event of termination of the NTO Licence by the UCC, there is no guarantee that the compensation given to Airtel Uganda would be adequate considering Airtel Uganda's investment over the term of the NTO Licence.

6.1.14 Retention of key personnel

The Company relies on skilled and experienced personnel to provide its services and maintain its operations. Losing key personnel to competitors or other industries can result in a loss of talent and expertise, which can be difficult to replace. This can lead to a decline in service quality, which can negatively affect customer satisfaction and revenue.

This could in turn disrupt the Company's operations, especially if those personnel are responsible for critical functions or projects, if the recruitment process is prolonged or costly and if training is required to replace the key skills or knowledge lost.

To mitigate the risk of losing key personnel, the Company implements various strategies, including competitive compensation and benefits packages, opportunities for career growth and development, and a positive work culture.

6.2 The Telecommunications Sector contains Idiosyncratic Risk

6.2.1 Exposure to SIM-box fraud

Similar to other local telecommunications providers, the Company experiences revenue losses as a result of SIM-box fraud, traffic bypass, and other fraudulent and illegal services. International voice calls are

intercepted by SIM-boxes, transferred online to a cellular device, and then injected back into the cellular network.

The calls are consequently localised at the destination network, and neither the operators of the intermediate nor destination networks are compensated for the call routing or termination. The Company's revenue and operations are negatively impacted by traffic bypass and SIM-box fraud and requires investment in countermeasures to combat the illegal practice.

6.2.2 Telecommunications licences are non-exclusive

The Company operates via its NTO Licence from the UCC. This is its primary operating licence, but it is not exclusive and the UCC can, and has, granted these licences to new competitors which wish to enter the market. This, combined with few other barriers to entry, creates a risk of increasing competition in the market. New competitors would compete with the Company, and other existing networks, for the same subscriber base. The two primary risks of new competition are that the Company loses subscribers to a new competitor, or the new competitor tries to entice customers with lower pricing, which would increase price sensitivity across the whole market. Both of these risks would negatively impact the Company's profit margins and operations.

6.2.3 Airtel Uganda is exposed to changes in relevant and applicable Ugandan laws, regulations or policies:

The Company is exposed to changes in the laws of Uganda. Any amendment to the current applicable laws or enactment of new legislation, rules, regulations, policies or guidelines, and/or judicial orders or arbitration awards could adversely impact the profitability of the Company. The changes in law may be in the form of direct changes to the laws that apply to the telecommunications sector or changes to other laws and/or sectors which may indirectly impact the Company. Among those changes, is the Regulation of Interception of Communications Regulations, 2023 which requires that the details of Airtel Uganda's customers including identification and address details are verified by 12 November 2023, failing which Airtel Uganda is required to suspend services to the non-verified customers or face exposure to hefty penalties of up to UGX 5,000,000 per non-verified SIM card.

The GOU has the ability to shape policies that affect the Company. Changes in policy may lead to the sector in Uganda becoming less attractive to investment as a result of a negative impact on the potential return profile.

The UCC's mandate includes encouraging competition and the growth of the sector as a whole. Before making changes to the regulatory structure, the UCC does consult with the parties that will be impacted, but it is not required to take into account their input. Changes could therefore have a negative effect on the Company's operations and, consequently, its financial performance.

6.2.4 Airtel Uganda faces current and future antitrust and competition laws:

Due to the Company's sizeable market share in the telecommunications sector, Uganda's competition laws and related regulatory policies may potentially prevent the Company from engaging in certain legal practices. These laws aim to facilitate increased competition in the telecommunications sector.

In support of the UCC's responsibility to encourage, monitor, and enforce fair competition in the communications sector, in 2019, the Minister of ICT released the Uganda Communications (Competition) Regulations, 2019. The improved regulations aim to promote and preserve efficient and fair market behaviour, among other things, as well as to attract investment in the sector and to guarantee that communication services are appropriately available and affordable.

On 26th May 2023, the Parliament of Uganda passed the Competition Bill, 2022 ("Competition Bill") The Competition Bill is not yet law and is awaiting assent from the President who may either assent to the Bill or send it back to Parliament for re-consideration.

The increasing regulation around competition and competitive business practices may result in the Company encountering challenges and delays in obtaining regulatory approvals for some corporate and operational actions because of the Company's sizeable market position in the Ugandan telecommunications sector.

6.2.5 Airtel Uganda is exposed to electricity shortages, grid unreliability and underdeveloped infrastructure:

Due to the Company's reliance on infrastructure (including with respect to technology) for the provisions of its products and services, underdeveloped infrastructure may also make it more difficult for the Company to grow its business in line with its strategic objectives.

Nonetheless there is a noted decline in the reliability of the electricity transmission and distribution grid which has led to frequent power shortages. These continued power outages lead to high energy consumption costs (diesel fuel) and create a situation that could negatively impact the Company's ability to conduct business cost-efficiently.

6.3 General Business Risks

6.3.1 Financial risk:

Financial risk is the possibility that by failing to implement the proper financial controls, mechanisms, policies, and procedures, the Company's profitability, liquidity, and solvency may be at risk of declining below acceptable levels or falling to levels that threaten its viability as a going concern.

6.3.2 Capital adequacy risk:

In order to support its operations and maximise shareholder value, the Company needs to maintain a strong credit rating and healthy capital ratios. The Company's capital ratios are managed by a comprehensive capital management plan. Under this plan, the definition of capital includes both shareholder equity and supplemental capital (which may include borrowings). These are both actively managed and the Company may change the dividend payment to shareholders, return capital to shareholders, or issue new shares in order to maintain an ideal capital structure. However, there is no guarantee that the management plan will be sufficient to reduce or mitigate all the associated risks.

6.3.3 Credit risk:

Credit risk is the risk of financial loss to the Company due to failure by counterparties to honour their financial obligations to the Company. Credit risk could result from business customers and post-paid subscribers of the telecommunications industry and distributors failing to make payments on time.

Although the Company applies credit approvals, limits, and rigorous due diligence and monitoring procedures for post-paid customers to manage credit risk, there is no guarantee that these steps will be sufficient to minimize or mitigate such risks.

6.3.4 Market risk:

Changes in the market prices of the goods, services, credit options, and currencies in which the Company transacts may have an impact on its revenue. Uganda is susceptible to changes in the price of commodities and oil on a global scale, just like many other nations in the region. Due to its operations, the Company is primarily exposed to the financial risks of fluctuating interest rates and foreign exchange rates as a result of the sector's capital and operational expenditures.

6.3.5 Strategic risk:

Airtel Uganda's strategy is underpinned by five key strategic pillars across technology, distribution, data, cost optimisation and people, which aligns with the strategy adopted within the Airtel Africa plc group of companies ("Airtel Africa group"). Part of this strategy is to bring latest internationally recognised technology to Uganda to spur connectivity in the Ugandan market.

In line with its objective of enhancing the Company's productivity, financial performance and ultimately the total shareholder return, the Company intends to adopt an asset-light model by seeking services and capacities with respect to certain network elements from third parties, particularly where the underlying assets can be shared amongst various users resulting in significant savings in both capital and operational expenditure. Airtel Uganda, in future, will seek to acquire or dispose from or to third parties, infrastructure assets (or related services and capacities) such as data centers, fibre networks, towers and other passive infrastructure assets including at arm's length with related parties. The financial impact of such acquisitions or disposals, if any, is uncertain at this stage and may depend on several factors including the specific terms and nature of such transactions. Any such acquisition or disposal of assets by Airtel Uganda, if material, will follow the due process of governance and disclosure as per the Company's constitutional documents and the relevant laws of Uganda.

There can be no assurance that the Company will achieve its strategic growth objective target within the stated timelines because expanding and carrying out its operations as well as achieving its strategic objectives involve risks, costs, and uncertainties.

6.3.6 Operational risk:

Financial loss may result from a number of factors, including the malfunction or inadequacy of the Company's systems, processes, and human resources as well as from outside events. External factors, such as those resulting from legal and regulatory requirements and generally accepted standards of corporate behaviour, may also result in financial loss.

The Company has made sure that it has the necessary governance committees and disclosure policies for a listed company, implemented policies regarding and monitoring related-party transactions, and implemented pertinent accounting policies with respect to acquisitions and fraud detection in order to strengthen its internal controls and prepare for the Listing.

6.3.7 Product liability risk:

The public's perception of potential health risks linked to cellular and other wireless communications technology could have a negative effect on demand for wireless services, which could result in a decline in revenue or growth for the Company. In recent years, the scientific community has extensively studied the potential link between radio frequency emissions and particular harmful health effects as a result of mobile phone use, and numerous health-related legal actions have been brought all over the world against wireless carriers and wireless device manufacturers. No proof of a connection has been found thus far.

Negative public perception of and regulations regarding any perceived health risks of mobile phone use may cause a slowdown in the market acceptance of wireless communications services as well as increased opposition to the expansion and development of wireless network coverage. If a regulatory assessment, a scientific study or court decision resulted in a finding that radio frequency emissions pose health risks to consumers, it could negatively impact the market for wireless services and the Company's wireless carrier customers, which could materially and adversely affect the Company's business.

6.3.8 Compliance risk:

The environment in which the Company operates is highly regulated. It is regulated by several authorities including mainly: the UCC for its telecommunications business; the Personal Data Protection Office under the National Information Technology Authority with respect to data privacy and protection; and the Company will upon Listing, be regulated by the USE for the Offer Shares and, ultimately, the listed Shares.

The introduction of, changes in, or the inconsistent or unpredictable application of laws or regulations from time to time, may materially affect the operations of the Company, and ultimately the earnings of the Company. There is no assurance that the regulatory environment will support any increase in business and financial activity of the Company.

The NTO Licence could be revoked, which would prevent the Company from conducting all or a portion of the business to which the NTO Licence relates. This might result from flagrant violation of the NTO Licence's terms and conditions. The Company works to maintain strict internal checks and controls, including stringent governance controls, to reduce any potential instances of regulatory non-compliance, but there is no guarantee that these measures will be sufficient to reduce or mitigate such risks.

The Company is subject to compliance requirements under foreign laws pertaining to export control, sanctions, anti-trust, fair competition, bribery, corruption, anti-money laundering, and anti-terrorist financing as a result of its interactions and relationships with multinational corporations. Even though the Company has implemented best-in class policies and procedures to assist with compliance in this regard, there can be no assurance that there will be no incidents of non-compliance exposing the Company to the risk of financial sanctions and penalties.

6.3.9 Anti-corruption laws, sanctions and related risk:

The Company has put in place specially created policies and procedures to help with compliance with applicable laws and regulations relating to anti-bribery, anti-corruption, and anti-money laundering. The policies and procedures cover, amongst other matters, facilitation fees, gifts and hospitality, interactions with elected officials, political contributions, lobbying, and charitable donations. A whistle-blowing mechanism, reporting procedures, and provisions on disciplinary actions in the event of a violation are all included in these policies.

The Company's business may be materially harmed if key suppliers are unavailable to provide equipment due to contractual obligations or export control restrictions, and if it is unable to find a replacement for a key supplier quickly and on commercially reasonable terms, if at all. To ensure their ongoing effectiveness, ongoing reviews of its internal compliance policies and procedures is conducted by the Company, however no assurance can be made that the policies and procedures, even if enhanced, will be always followed or will enable effective detection and prevention of all violations of the applicable laws and every instance of fraud, bribery and corruption.

6.4 Risks Related to Uganda

6.4.1 Inflation:

While the primary policy objective of the BOU's monetary policy is to curb inflation, it should be noted that developing markets, such as Uganda, are typically exposed to sustained periods of high inflation. High inflation could have a negative effect on the Ugandan economy by lowering consumer purchasing power (both in terms of how it might affect the Company's customers and how much it would cost the Company to operate).

6.4.2 Foreign exchange:

Fluctuations in exchange rates and ability to access USD may adversely affect the financial and operational performance of the Company.

The Company operates locally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk develops from recognised assets and liabilities as well as from unfavourable changes in the local operating currency rates to other foreign currencies for which commercial transactions take place during operations.

To mitigate the risk brought on by fluctuations in foreign exchange rates, the Company may use derivative contracts.

6.4.3 Changes in the environment (environmental, social, economic and political) may adversely impact the Company:

Changes to the political and economic climate in Uganda and its neighbouring nations may have a negative effect on the Company. These potential changes have an impact on the infrastructure, other assets, and human capital of the Company. The Company's financial results, the traded price of the stock, and the liquidity of the stock are likely to be impacted by a deterioration in the political and economic environment.

According to the terms of the NTO Licence, the Company is obligated to abide by all governmental and regulatory orders, including those that are legally issued by the GOU or the UCC to halt internet services and mobile money services in the interest of the country's broader national security. A similar intervention could harm the Company's short-term financial prospects and cause revenue and reputational damage.

6.4.4 Ugandan tax regime:

Changes to the tax code may have a negative effect on the Company's earnings and earnings profile by altering tax rates, tax categories, and incentives. The Ugandan legal system has the power to alter the country's tax laws. Such modifications might negatively affect the Company's operations, finances, operating results, and prospects.

The Company is additionally subject to recurring tax audits, and potential future audits could result in higher tax assessments. Any such evaluations could be significant, result in a sizeable contingent liability, and, if not successfully defended, could materially harm the Company's operations, finances, results, or future prospects.

6.5 Risk Related to the Offer and the Shares

6.5.1 There has been no prior public market for the Shares of the Company:

Prior to Listing, there has been no public trading market for the Shares. Investors should not view the initial Offer Price as any indication of the price that will prevail in the trading market. Due to the absence of a prior market, the Offer Price may not accurately reflect the price of the Shares following the Offering. If an active trading market is not developed or maintained, the liquidity and price of the Shares could be materially adversely affected.

6.5.2 Shares are subject to price fluctuations:

Investments in shares held in capital markets are always subject to price fluctuations. There can be no guarantee that the price of the Shares will not fluctuate.

A number of factors, including but not limited to those mentioned in this Risk Factors section, variations in operating results, or changes in any revenue or profit estimates of the Company that market participants or financial analysts may issue in the future, could cause the market price of the Shares to be volatile and subject to large fluctuations. Any one or all of these variables could cause significant price changes in Shares, which could reduce shareholders' returns or cause them to completely lose their investment.

The Company has undertaken, pursuant to the Lock-in Agreement, not to create, issue, offer for subscription or otherwise dispose of new shares as further described in Section 7.9 (Lock-in Period) of this Abridged Prospectus.

6.5.3 Shareholders may be subject to exchange rate risk:

The dividends that will be paid in relation to the Shares will be paid in UGX. A foreign exchange risk exists for an investor whose primary currency is not UGX when they make an investment. Any decline in the value of the UGX relative to that foreign currency will lower the investment value of the Shares or any foreign currency dividends.

6.5.4 The Company cannot guarantee making dividend payments in the future:

The amount of any potential future dividends cannot be guaranteed. The Board's discretion and applicable laws will determine the declaration, payment, and amount of any future dividends paid by the Company. These decisions will also be based on factors such as the Company's earnings, financial position, cash needs, solvency, liquidity, debt covenants, and the availability of profits and distributable reserves, among others. If the Company's cash flow underperforms, its capacity to pay a dividend will be reduced. While the Board has adopted a dividend policy that reflects the long-term earnings and cash flow potential of the Company, there can be no assurance that the Company will pay dividends in the future at the projected levels or at all.

6.5.5 Airtel Africa will, after the Listing, retain over 75% of the Shares, giving it a substantial amount of control over the Company:

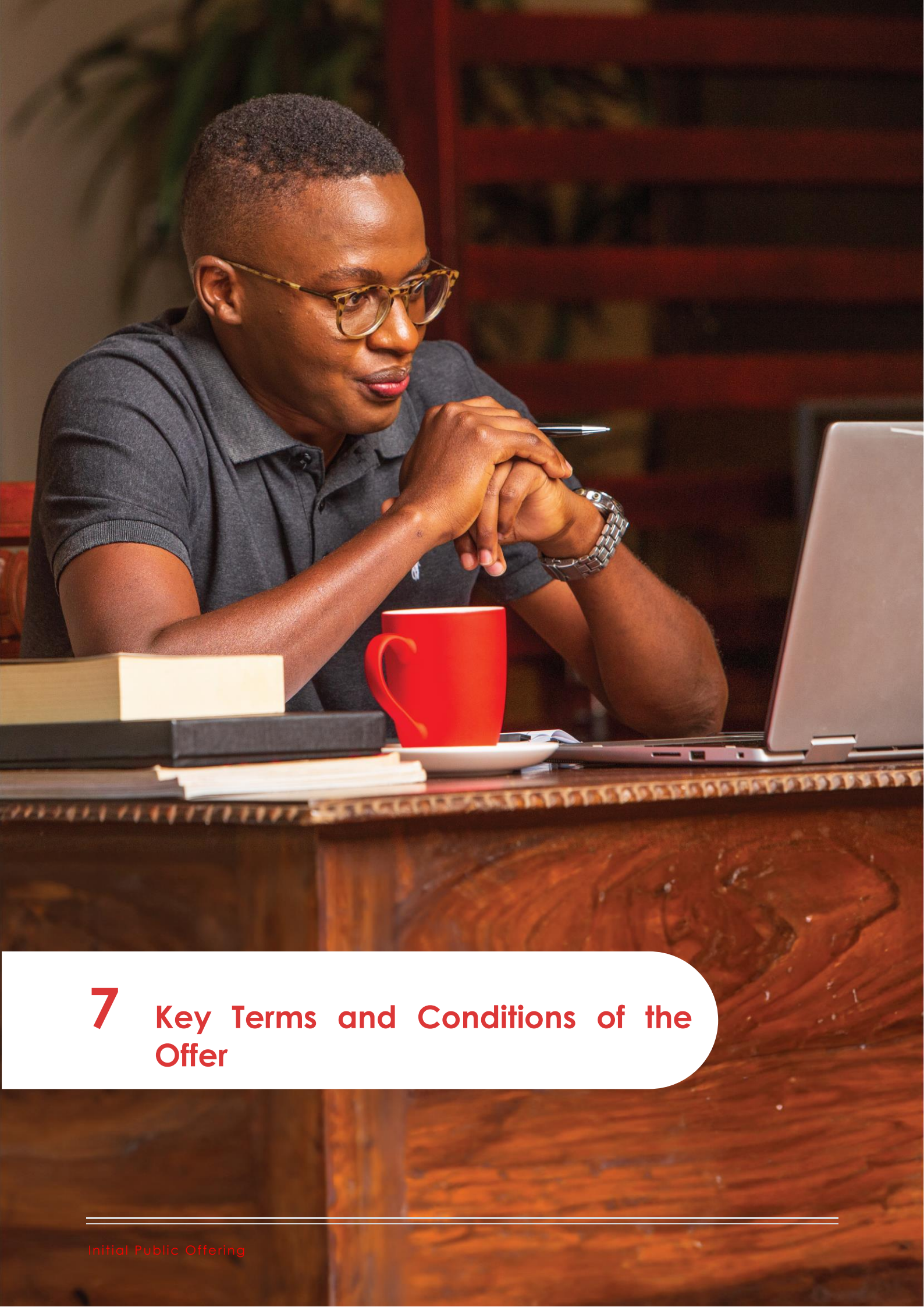
Airtel Africa Plc through its subsidiaries, Bharti Airtel Uganda and Bharti Airtel Africa, is currently the beneficial owner of 100% of the issued shares of the Company. Subsequent to the Offer, if fully subscribed, Airtel Africa Plc will own at most 80% of the Company. Airtel Africa is expected to continue to be able to exercise control or influence over the Company's management and affairs.

Airtel Africa is not required to support the Company financially nor act in the best interests of the Company's minority shareholders or the Company when exercising its majority shareholder rights.

The Company is committed to applying the highest standards of governance. Following the Offer and the Listing, the composition of the Board will be reviewed to ensure compliance with the recommended practices on Board balance, size, structure and sub-committees.

6.5.6 Allocation of the Offer Shares may take longer than expected:

Semi-automated processing of Offer Share applications may take longer than anticipated due to high subscription rates, a lack of order processing capacity, mechanical failure, delays in opening SCD Accounts, and/or human error. Allocation delays can also happen for the aforementioned causes or a general system malfunction. Such delays have occurred in the past and could occur with respect to this Offer. Accordingly, while the allocation period is expected to be fourteen (14) days from the Closing Date, the actual allocation period may be longer.



7 Key Terms and Conditions of the Offer

7.1 Offer Timetable

Table 9: Offer timetable

Activity	Date	Time
Offer opens	30 August 2023	10:00 a.m.
Offer closes	13 October 2023	4:00 p.m.
Announcement of allocation results	30 October 2023	4:00 p.m.
Admission to Listing, bell-ringing, and commencement of trading on the USE	31 October 2023	9:30 a.m.
Dispatch of SCD Account statements and refund of excess Application funds, if required	31 October 2023	4:00 p.m.

All dates provided are subject to change by the Selling Shareholder in consultation with the Lead Transaction Adviser and Lead Sponsoring Broker (subject to obtaining the necessary regulatory approvals). All times provided are East African Standard Time. Any amendment will be published in a national daily newspaper and on the Company's website after receipt of regulatory approval.

7.2 Key Offer Statistics

Table 10: Key statistics of the Offer

	Actual 29 August 2023	Projected 31 December 2023
Offer Price per Offer Share (UGX)	100	100
Par value of each Offer Share (UGX)	1	1
Total number of issued Shares	40,000,000,000	40,000,000,000
Total number of Offer Shares	8,000,000,000	-
Net asset value (UGX)	123,860,000,000	67,125,000,000
Net asset value per Share prior to the Offer (UGX)	3.1	1.7

Note: Actual 23 August 2023 Net asset value as per 31 December 2022 Financial Statements detailed in Section 13 (Reporting Accountants Report) of the Full Prospectus.

In assessing the valuation of the Company for the purposes of the Offering, various methodologies were used. The methodologies are consistent with market practice.

7.3 Where to Obtain the Full Prospectus and Application Form

The Full Prospectus is available by electronic download at the following link: www.airtel.co.ug as well as from the Lead Sponsoring Broker and the Receiving Banks set out in the Appendix of this Abridged Prospectus.

A toll-free helpline number 080 033 4334 from an Airtel Mobile, with unanswered calls to be contacted on 020 093 4934, Email: investor@ug.airtel.com and info@use.or.ug have been established by the Company to support potential investors with the Application process.

The Lead Sponsoring Broker, Crested Capital on Tel. +256 75 823 0900 and Email: info@crestedcapital.com or any of the Authorised Selling Agents set out in the Appendix of this Abridged Prospectus.

7.4 SCD Account requirement

The Company's Shares shall be held in dematerialised form by which, in accordance with the SCD Act, evidence of ownership of shares listed by a company on an authorised stock exchange shall be through a book-entry accounting record that is reflected on an electronic account (the "**SCD Account**") opened and operated by the respective shareholder. No physical or paper certificates shall be issued as evidence of ownership of Shares in the Company.

In order for an Applicant to receive an allocation of Offer Shares, the Applicant must have a SCD Account. Applicants who already have an SCD Account should indicate their SCD Account number when prompted and proceed with the Application process. If an Applicant does not have a SCD Account, they must complete the SCD Account opening process using one of the below channels:

- a) the m-IPO Platform as detailed in Section 7.4.1 below;
- b) USE Easy Portal <https://scd.use.or.ug> as detailed in Section 7.4.2 below; and
- c) through an Authorised Selling Agents as detailed in Section 7.4.3 below.

7.4.1 How to open SCD Account – m-IPO Platform

Below are the steps to be followed to set up the SCD account:

- a) dial *185*85# on a mobile phone device;
- b) select the option to create an SCD Account and enter a valid NIN;
- c) once the NIN is validated and it is confirmed that no SCD Account exists for this NIN, the Applicant will be requested to select an Authorised Selling Agent listed as a broker/dealer in the Appendix of this Abridged Prospectus;
- d) upon selection of an Authorised Selling Agent, the Applicant will be prompted to review and accept applicable terms and conditions; and
- e) the Applicant will consent to the creation of the SCD Account by submitting their Airtel Mobile Unified Payments Identification Number. Shortly after completion of the above process, a unique Application identification number will be generated, and upon validation, an SCD Account will be created, and associated details communicated to the Applicant via a text message.

7.4.2 How to open SCD Account – USE Easy-Portal

Step 1: Visit the USE Easy Portal at <http://scd.use.or.ug/> and click "Create an account".

Step 2: Enter your details and sign up.

Step 3: A link and instructions to verify your Easy Portal account will be sent to your email.

Step 4: Log in using the email address and password you used to sign up.

Step 5: Enter One-Time pin message is displayed, check your registered email for the pin.

Step 6: On your Dashboard click "Link/Create SCD Account" and click "Open new account".

Step 7: Fill in the details and upload necessary images and your account will be submitted to the broker for approval.

For any enquiries, please do not hesitate to contact the SCD at depository@use.or.ug.

7.4.3 How to open SCD Account – Authorised Selling Agent

An Applicant may open an SCD Account through an Authorised Selling Agent listed as a broker/dealer in the Appendix of this Abridged Prospectus. The Applicant will be required to complete the appropriate SCD Account

opening form and the respective broker's know-your-customer form. The know-your-customer form will enable the broker to open an SCD Account for the Applicant.

Applicants may choose to apply through the available online channels of certain Authorised Selling Agents. Those Authorised Selling Agents will provide soft copies of the SCD application form and the respective Authorised Selling Agents' know-your-customer forms.

7.5 Application Procedure

Only Qualifying Applicants can apply for the purchase of the Offer Shares. A Qualifying Applicant may apply to purchase Offer Shares in the following three ways:

- a) electronically by using the m-IPO Platform. This option is limited to Eligible Airtel Uganda Customers using Airtel Money as the payment channel; or
- b) electronically by accessing USE Easy-Portal at <https://scd.use.or.ug/>. This option is available to Applicants on a self-service or assisted basis. Assisted USE Easy-Portal applications involve provision of guidance by an Authorised Selling Agent to an Applicant in populating and submitting an Application on the USE EasyPortal; or
- c) in the event that an Applicant has no access to the options listed above, an Applicant can apply for the Offer Shares by completing and submitting the physical Application Form to any Authorised Selling Agent by physical or electronic means.

Pursuant to the Uganda Securities Exchange Fees, Charges and Penalties Rules, 2021, an applicant for shares in an initial public offer must pay a processing fee of UGX 5,000. Although this fee should, in the ordinary course, be paid by each respective Applicant, the Company will pay this processing fee on behalf of all Applicants. Details on how to apply using these channels is as set out in this section.

7.5.1 How to apply – m-IPO Platform

The option to apply for Offer Shares using your mobile phone is limited to Eligible Airtel Uganda Customers. The Application process may be completed by dialing *185*85#, which is available for all Airtel subscribers.

The USSD channel is enabled to accommodate opening of SCD Accounts and Application for Offer Shares. Eligible Airtel Uganda Customers without an SCD Account will be required to open an SCD Account prior to applying for Offer Shares.

For Eligible Airtel Uganda Customers that already have an SCD Account, the process below will have to be followed in order to submit an application:

- a) select the "Uganda Securities Exchange" option and enter a valid SCD Account number;
- b) once the SCD Account number is validated, the Applicant will be prompted to enter the number of Offer Shares to be purchased; the amount to be paid therefor and the selection of your preferred Authorised Selling Agent; and
- c) the Applicant will authorise the transaction by submitting their Airtel Mobile Unified Payments Identification Number ("PIN").

Upon completion of the steps detailed above, the Application will be submitted. The Applicant will receive a text message containing the unique Application identification number. All Applications received from a single Applicant will be aggregated and treated as a single application in terms of the Offer.

Payments made via Airtel Money will be subject to the Airtel Money terms and conditions prevailing as of the date of this Prospectus. In addition, a daily transactional limit of UGX 10 million – 20 million will apply, in line with the terms and conditions applicable to Airtel Mobile available at <https://www.airtel.co.ug/termCondition>.

7.5.2 How to apply – USE Easy Portal

An Applicant can apply for the Offer Shares by completing and submitting an Application on the USE Easy-Portal. The process below will have to be followed to submit an Application:

- a) access USE Easy-Portal web-page <https://scd.use.or.ug/>;
- b) enter valid USE Easy-Portal log-in credentials. In the event that the Applicant does not have an existing USE Easy-Portal account, click the link to "Create an account" and follow the prompts;
- c) once successfully logged into a USE Easy Portal account, click the Offer Application and populate the required fields, which include the designated Authorised Selling Agent, number of Offer Shares to be purchased, payment reference number and preferred refund channel; and
- d) click the "Submit" button at the bottom of the web-page.

Upon completion of the steps detailed above, the Application will be submitted to the Authorised Selling Agent for verification. The Applicant will receive a text message containing the unique Application identification number. All Applications received from a single Applicant will be aggregated and treated as a single application in terms of the Offer.

On request by an Applicant, any of the Authorised Selling Agents listed as a broker/dealer in the Appendix of this Abridged Prospectus, can assist the Applicant to complete and submit Applications on a dedicated broker interface on the USE Easy-Portal.

7.5.3 How to apply – submission of Application Form

Application Forms can be obtained from any Authorised Selling Agent.

Persons wishing to apply for Offer Shares must complete the Application Form and return it to any one of the Authorised Selling Agents listed in the Appendix of this Abridged Prospectus, via the email address indicated against each Authorised Selling Agent or by physical submission to the Authorised Selling Agent, by 4:00 p.m on the Offer Closing Date.

In addition, in order for an Applicant to receive an allocation of Offer Shares, they must have an SCD Account. Applicants who already have an SCD Account should complete the Application Form and include the SCD Account number in the slot boxes provided and proceed with the process. If an Applicant does not have an SCD Account, the Applicant must first open an SCD account using any of the options listed in Sections 7.4.1 to 7.4.3 this Abridged Prospectus.

7.6 Payment Terms, Late Applications and Refunds

7.6.1 Payment Terms

Each Application submitted must be accompanied by payment of an amount equivalent to the aggregate price of the number of sale Shares applied for by the Applicant. Payment may be in the form of:

- a) if applying via an Application Form or the USE Easy Portal, cash deposit into the account of a Receiving Bank or Authorised Selling Agent, as designated;
- b) Airtel Money, if applying through the m-IPO Platform;
- c) electronic funds transfer or real time gross settlement transfer to the bank account of an Authorised Selling Agent, as designated, if using an Application Form and USE Easy Portal;
- d) any other recognised means of payment to the account of the Authorised Selling Agent or the Receiving Bank, as designated, if using an Application Form; and

- e) for Professional Investors, an irrevocable on demand bank guarantee from a commercial bank licenced in Uganda, in the format required by the Selling Shareholder and valid for up to thirty (30) days after the Closing Date.

7.6.2 Late Applications

Applications that are submitted beyond the stipulated submission time will not be accepted. Neither the Selling Shareholder, the Company nor any of their advisers or agents in relation to the Offer shall be under any liability whatsoever should an Application fail to be delivered/received by 4:00 pm on the Closing Date.

Applications which are received after the Offer Closing Date will not be processed or considered. Late Applications will only be received on an exceptional basis where reasonable or justifiable cause is shown and in the Selling Shareholder and Lead Transaction Adviser's sole discretion.

7.6.3 Refund of excess Application funds

If any Application is not accepted or is accepted for fewer Offer Shares than applied for as determined by the Selling Shareholder pursuant to the terms and conditions in Section 7.8 (Sale Shares) of this Abridged Prospectus, the balance of the amount paid on the Application will be refunded without interest with effect from 30 October 2023 (the date of announcement of the Offer allocation results). Refunds will be completed within fourteen (14) calendar days of 30 October 2023 and will be made on the following terms:

- a) in the case of Applications submitted through the m-IPO Platform, to the affected Applicant via the Airtel Money account from which the amount paid for the Offer Shares applied for was drawn;
- b) in the case of Applications submitted through the USE Easy-Portal, to the affected Applicant via the refund channel nominated while populating the Offer Application; and
- c) in the case of Applications made by the Application Form, to the bank account nominated by the Applicant for that purpose in the Application Form.

No refunds will be made to any person not named on an Application even where such person has made payment for the Offer Shares applied for in such Application. Any refunds will be remitted by the Lead Receiving Bank within fourteen (14) calendar days following the date of announcement of the results of the Offer and the basis of allocation. No interest will be payable on amounts paid at the Application stage or on the refunded amounts.

7.7 Allocation Policy

In accordance with the objectives of the National Broadband Policy and the Company, the purpose of the Offer is to broaden Ugandan shareholding in the Company and provide an opportunity to Ugandan investors to own a stake in Airtel Uganda and share in the success of the Company. Aligned with this objective, the Allocation Policy is for all Applications from Ugandan Retail Investors and Professional Investors to be given priority, including in the event of Oversubscription.

The responsibility for allocating the Offer Shares lies with the Selling Shareholder and the Company, taking into consideration the recommendation of the Lead Transaction Adviser. In order to prioritise Applications from Ugandan Retail and Professional Investors, Applications will be considered in the following order:

- a) first, satisfy all duly completed Applications from Ugandan Retail Investors including Employees;
- b) second, satisfy all duly completed Applications from Ugandan Professional Investors;
- c) third, satisfy all duly completed Applications from Qualifying Applicants from EAC Partner States; and
- d) fourth, satisfy all duly completed Applications from Foreign Investors.

In the event of Oversubscription:

- a) Ugandan Retail Investors making Applications for Offer Shares of an aggregate minimum value of UGX 10 million will be allocated the full number of Offer Shares for that minimum value applied for along with that number of Incentive Shares that they are entitled to, subject to the total number of Offer Shares available; and
- b) All Applications for Offer Shares in excess of an aggregate minimum value of UGX 10 million in the case of Retail Investors will be allocated Offer Shares and corresponding Incentive Shares on a *pro rata* basis as determined by the Selling Shareholder and the Company in accordance with the allocation priority stated above and in such a way that persons within the same category of Applicants shall be treated in a fair and equal manner with regard to their Applications.

7.8 Sale Shares

Without in any way limiting the sole and absolute discretion of the Selling Shareholder and Lead Transaction Adviser to accept Applications in full or in part (and to determine the number of Offer Shares to be allocated in respect of an Application), the Selling Shareholder shall in determining allocations of Offer Shares for cash against Applications received consider:

- a) Oversubscription;
- b) the Allocation Policy as discussed in Section 7.7 (Allocation Policy) and other allocation principles discussed elsewhere in this Prospectus; and
- c) allocation of Incentive Shares as determined in Section 7.10 (Incentive Shares).

In the event that the Selling Shareholder and Lead Transaction Adviser accept an Application in full, then the relevant Applicant shall be allotted the full number of Offer Shares applied for in the Application and the full cash payment which accompanied the Application shall be deemed paid and collected in respect of the Offer Shares allocated to such Applicant.

In the event that the Selling Shareholder and Lead Transaction Adviser only partly accepts an Application, then the Applicant shall be entitled to fewer Offer Shares than applied for in the Application, and the Applicant shall be entitled to a refund of the balance of the payment which accompanied the Application in respect of which Offer Shares were not allocated.

7.9 Lock-in Period

Existing Shareholders shall not participate in the Offer.

Pursuant to the Lock-in Agreement, Bharti Airtel Uganda, Bharti Airtel Africa i.e. Existing Shareholders and the Directors (to the extent that any Director holds Shares in the Company as of the Listing Date) (together the "Locked-in Parties") agree to not dispose of or otherwise encumber any of the Shares they respectively hold in the Company for a period of 12 months commencing on the Listing Date. The Lock-in Agreement includes customary exceptions relating to disposal of shares including pursuant to a court order; to an associate of the Existing Shareholder; to alleviate financial hardship; or in the event of death or insolvency of the locked-in party.

In addition, the Company has agreed not to create, issue or offer for subscription new Shares for a period of 12 months commencing on the Listing Date.

7.10 Incentive Shares

As part of the Offer, the Selling Shareholder will allocate and transfer Incentive Shares to all Qualifying Applicants at nil cost in an effort to broaden Ugandan shareholding. The number of Incentive Shares to be transferred to Qualifying Applicants will be determined as follows:

Allocation	Number of Incentive Shares to be allocated
Retail Investors	
Retail investors applying for >2 500 shares, and up to 18.5mn shares	5 Incentive Shares for every 100 Sale Shares allocated
Retail investors applying for >2 500 shares, and up to 18.5mn shares through m-IPO	Additional 1 incentive shares for every 100 Sale Shares allocated, In addition to the 5 Incentive Shares indicated above
Retail investors applying for >18.5mn shares, and up to 37mn shares	10 Incentive Shares for every 100 Sale Shares allocated
Retail Investors applying for >37mn shares	20 Incentive Shares for every 100 Sale Shares allocated
Professional Investors	
Professional Investors who apply for <40mn shares	No Incentive Shares
Professional Investors who apply for >40mn shares, and up to 200mn shares	10 Incentive Shares for every 100 Sale Shares allocated
Professional Investors who apply for >200mn shares, and up to 400mn shares	15 Incentive Shares for every 100 Sale Shares allocated
Professional Investors who apply for >400mn shares, and up to 2 850mn shares	20 Incentive Shares for every 100 Sale Shares allocated
Professional Investors who apply for >2 850mn shares	37.5 Incentive Shares for every 100 Sale Shares allocated

For the avoidance of doubt, allocated Incentive Shares form part of the Offer Shares, and allocated Incentive Shares correspondingly reduces the Offer Shares available for allocation.

7.11 Purchase of Offer Shares by Eligible Employees

All Employees will be entitled to participate in the Initial Public Offering. Prior to the IPO no employees of Airtel Uganda had any beneficial interests in Airtel Uganda's share capital.

All Employees participating in the IPO will pay in full for the number of shares applied for at the point of submission of their application and may receive additional shares in accordance with Section 7.10 (Incentive Shares) of this Abridged Prospectus.

Any taxes arising out of the shares subscribed for under this policy shall be fully borne by the Employees.

7.12 Form of Offer Shares

In compliance with the requirements of the SCD Act, share certificates will not be issued for the Offer Shares. The Offer Shares will, when issued, be held in dematerialised form and registered electronically by the SCD.

Successful Applicants who provide SCD Accounts will have their respective SCD Accounts credited with the number of Offer Shares allocated to them.

7.13 Foreign Investors

Save as described in Important Information – Part B: Selling Restrictions, Foreign Investors, as defined in the Investment Code Act, 2019, may apply for Offer Shares. Any Foreign Investor who wishes to apply for Offer Shares should obtain guidance from any of the Authorised Selling Agents listed in the Appendix of this Abridged Prospectus, before completing and lodging an Application Form. GOU's foreign investment policy does not limit or restrict any foreign investor from applying for the Offer Shares. In addition, as of the date of this Prospectus, there are no foreign exchange restrictions in Uganda and the capital account is fully liberalised.

7.14 Governing Law

This Abridged Prospectus and any contract resulting from the acceptance of an application to purchase Offer Shares shall be governed by and construed in accordance with the laws of Uganda, and it shall be a term of each such contract that the parties thereto and all other interested parties submit to the exclusive jurisdiction of the courts of Uganda.



8 Appendix

8.1 Authorised Selling Agents

Authorised Selling Agents	 Crested Capital First Floor Impala House Plot 13/15 Kimathi Avenue P.O. Box 31736 Kampala Uganda Contact: Mr Robert Baldwin Telephone: +256 393 230 900 Email: info@crestedcapital.com	
	 Chipper Technologies Uganda Limited SMS House, 1st Floor, Plot 6A, 7th Street Industrial Area, Kampala, Uganda Telephone: +256 200 935 935 Email: dan@chippercash.com	
	 Dyer & Blair Uganda Limited Rwenzori House, Ground Floor, Lumumba Avenue, Kampala, Uganda Telephone: +256 414 233 050 Email: uganda@dyerandblair.com	
	 SBG Securities Uganda Limited Crested Towers, 4th Floor, Plot 17, Hannington Road, Kampala, Uganda Telephone: +256 312 224 965 Email: sbgstrading@standardbank.com	
	 UAP Old Mutual Financial Services Uganda Limited UAP Nakawa Business Park, Block A, Kampala, Uganda Telephone: +256 414 332 824 Email: clientrelationsufs@uap-group.com	

8.2 Receiving Banks

Receiving Banks		Absa Bank Uganda Limited Plot 2/4 Hannington Road, Kampala, Uganda Telephone: +256 312 218 348 Email: vincent.otim@absa.africa
		DFCU Bank Uganda DFCU Towers, 26 Kyaddondo Road, Kampala, Uganda Telephone: 0800 222 000 Email: gmundua@dfcugroup.com
		Equity Bank Uganda Plot 34, Church House, Kampala Road, Kampala, Uganda Contact: Mr Kenneth Onyango Telephone: + 256 312 327 000 / +256 773 486 185 Email: info@equitybank.co.ug
		Stanbic Bank Uganda Crested Towers, Plot 17, Hannington Road, Kampala, Uganda Telephone: 0800 250 250 Email: tps@stanbic.com
		Standard Chartered Bank Uganda Standard Chartered Bank House, Plot 5, Speke Road, Kampala, Uganda Telephone: +256 313 294 100 Email: ug.services@sc.com



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