



airtel

A REASON TO IMAGINE

Airtel Uganda 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*

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 Prospectus

29 August 2023



1 Introduction

Caution

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

This Prospectus is 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**").

This Prospectus is issued in compliance with the requirements of the Capital Markets Authority Act, Cap. 84 (as amended), the Capital Markets (Prospectus Requirements) Regulations, SI 84-2 (as amended), the Companies Act, 2012 (as amended) and the Uganda Securities Exchange Listing Rules, 2021.

A copy of this Prospectus has been delivered to the Capital Markets Authority (the "**CMA**") for approval. The securities offered have neither been approved nor disapproved by the CMA.

Prospective investors should carefully consider the matters set forth in this Prospectus under Section 8 (Risk Factors). If you are in any doubt about the contents of this Prospectus, you should consult your investment adviser, stockbroker, lawyer, banker, dealer or any other relevant professional adviser authorised under the Capital Markets Authority Act who specialises in advising on the acquisition of shares and other securities, immediately.

A copy of this Prospectus has been delivered to the Registrar of Companies for registration. The Registrar of Companies has not checked and will not check the accuracy of any statements made and accepts no responsibility for the Prospectus or for the financial soundness of the Company or the value of the securities concerned.

Copies of this Prospectus can be obtained from the registered offices of the Company, the Lead Sponsoring Broker and the Receiving Banks whose addresses are set out in the Corporate Information and Advisers' section, as well as in electronic form from the Company's website (www.airtel.co.ug) from 29 August 2023.

Permission has been granted by the CMA to offer the Offer Shares to the public. 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 Prospectus. The approval of this 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.

If one wishes to apply for Offer Shares in terms of the Offer, then they must follow the procedures for application and payment set out in Section 16 (Terms and Conditions of the Offer) of this Prospectus.

Date of Issue: 29 August 2023

Introduction

This 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 Prospectus.

Admission to the Official List is not to be taken as an indication of the merits or advisability of the investment in the Offer Shares. The Directors of the Company, whose names are given in Section 10 (Governance and Management) of this Prospectus, collectively accept full responsibility for the accuracy of the information contained in this Prospectus and have taken reasonable care to ensure that the facts stated, and the opinions expressed in this Prospectus are, to the best of their knowledge and belief, true and accurate in all material respects, and that there are no other material facts, the omission of which would make any statement, whether of fact or opinion, misleading.

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.

The Lead Transaction Adviser, the Lead Sponsoring Broker, the Legal Adviser, the Reporting Accountants and the Share Registrar have consented in writing to act in the capacities stated in this Prospectus and to their names being included in this Prospectus and have not withdrawn their respective consents prior to the publication of this Prospectus.

Date of Issue: 29 August 2023

Important Information

A. Responsibility Statements

The Company accepts responsibility for the information contained in this 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 Prospectus is in accordance with the facts as at the date of this 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 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 Prospectus have been stated by the Directors after due and careful inquiry and have been reviewed by the Reporting Accountants.

The Directors of the Company, whose names are given in Section 10 (Governance and Management) of this Prospectus, collectively accept responsibility for the accuracy of the information contained in this Prospectus and have taken all reasonable care to ensure that the facts stated, and the opinions expressed in this Prospectus are true and accurate in all material respects, and that there are no other material facts, the omission of which would make any statement, whether fact or opinion, misleading.

B. Selling Restrictions

General 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 this Prospectus. Potential investors should not assume that the information in this Prospectus is accurate as at any date other than the date of this 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 Prospectus. Delivery of this Prospectus at any time after the Prospectus issue date will not under any circumstances create any implication that there has been no change or that the information set out in this Prospectus is correct at any time after its date of issue.

The distribution of this 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 Prospectus comes, to inform themselves about, and observe, such restrictions.

This 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 Prospectus, in respect of the Offer, has not been and will not be registered with any regulatory authority outside Uganda.

Specific Restrictions

Neither this 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**").

Applicants for the Offer Shares ("**Applicants**") who are not resident in Uganda must satisfy themselves as to the full observance of the laws of any applicable jurisdiction concerning their participation in the Offer, including obtaining legal and/or professional advice on any applicable governmental or other consents,

observing any other requisite formalities and paying any applicable taxes due in such jurisdiction. The **"Selling Shareholder"** shall be entitled to treat as invalid any purported applications for Offer Shares which are or would be illegal in terms of the laws of any jurisdiction.

The Company, the Selling Shareholder, the Lead Transaction Adviser, Lead Sponsoring Broker, and the Legal Adviser accept no responsibility for the failure by any Applicant to inform himself, herself or itself about, and to observe, any applicable legal requirements or restrictions in any relevant 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.

In South Africa, the Offer and this Prospectus are directed only at persons who would fall within the categories of persons who are not regarded as members of the public in accordance with the South African Companies Act No 71 of 2008 (as amended) (the **"South African Companies Act"**). These include: (i) persons whose ordinary business, or part of whose ordinary business, is to deal in securities, whether as principals or agents; (ii) the Public Investment Corporation as defined in the Public Investment Corporation Act, No. 23 of 2004 (as amended); (iii) persons regulated by the Reserve Bank of South Africa; (iv) authorised financial services providers as defined in the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (as amended); (v) financial institutions as defined in the Financial Services Board Act, No. 97 of 1990; (vi) a wholly owned subsidiary of the persons contemplated in (iii), (iv) and (v), acting as agent in the capacity of authorised portfolio manager for a pension fund registered in terms of the Pension Funds Act, No. 24 of 1956 or as a manager for a collective investment scheme registered in terms of the Collective Investment Schemes Control Act, No. 45 of 2002; (vii) any combination of the persons contemplated in (i) to (vi); or persons who, were they to subscribe for securities, would subscribe for a minimum amount of ZAR1 000 000 per single addressee acting as principal; and to whom the Offer and this Prospectus are specifically addressed, and only by whom such offer will be capable of acceptance (**"South African Qualifying Investors"**).

Accordingly, neither this Offer and this Prospectus nor other Offer materials constitute or are intended to constitute a **"registered prospectus"**, as contemplated by the South African Companies Act and the Prospectus will not be filed with the South African Companies and Intellectual Property Commission.

South African Qualifying Investors who seek to participate in the Offer must ensure that all necessary approvals are in place in order to participate in the Offer and ultimately receive and hold shares in the Company, including any exchange control approvals. By participating in the Offer, South African Qualifying Investors will be deemed to have warranted that this is the case.

In the United States of America, the Offer consists of an offering of shares outside the United States of America (including its territories and possession, any state of the United States of America and the District of Columbia) (the **"United States"**) pursuant to Regulation S of the US Securities Act 1933, as amended (the **"Securities Act"**). The Offer Shares have not been, and will not be, registered under the Securities Act or with the regulatory authority of any state or jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred in the United States, except on the basis of an applicable exemption from registration, or in a transaction not subject to the registration requirements of the Securities Act. There will be no offering of securities in the United States.

In the United Kingdom, the Offer and this Prospectus are directed only at persons who are "qualified investors" within the meaning of Article 1(4)(a) UK Prospectus Regulation (**"UK Qualified Investors"**). In any member state of the European Economic Area (**"EEA"**), the Prospectus and this Offer are directed only at persons who are "qualified investors" (**"EEA Qualified Investors"**) within the meaning of the Prospectus Regulation (Regulation (EU) 2017/1129 of the European Parliament and Council of 14 June 2017).

This Prospectus must not be acted on or relied upon (i) in the United Kingdom, by persons who are not UK Qualified Investors, and (ii) in any member state of the EEA, by persons who are not EEA Qualified Investors, and (iii) in South Africa, by persons who are not South African Qualifying Investors. Any investment, marketing, or other investment activity to which this Prospectus relates is not available to any retail or

other category of investors other than: (i) in the United Kingdom, the UK Qualified Investors; and (ii) in any member state of the EEA, the EEA Qualified Investors, and (iii) in South Africa, the South African Qualifying Investors.

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 EEA, 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. Presentation of Financial Information

Unless otherwise indicated, the financial information regarding Airtel Uganda set forth in this Prospectus has been derived as follows:

- a) Airtel Uganda's audited statements of comprehensive income, statements of financial position, statements of cash flow and statements of changes in equity for the years ended 31 December 2022, 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018 as adjusted for the carve-out of Airtel Mobile Commerce operations; as well as the reviewed interim financial information for the five-month period between 1 January 2023 and 31 May 2023. Airtel Mobile Commerce operations were part of the Airtel Uganda until 31 May 2021 however for the purpose of preparation of the financial statements and information contained in this prospectus, Airtel Mobile commerce operations have been excluded from all the periods as if these were never part of Airtel Uganda.

The Company's financial statements, which were audited by statutory auditors Deloitte & Touche, were prepared in accordance with the International Financial Reporting Standards ("IFRS") and the Companies Act and are presented in UGX, the reporting currency of Airtel Uganda; and

- b) The financial reports and forecasts set out under Section 13 (Reporting Accountants Report) of this Prospectus which have been prepared by Airtel Uganda and reviewed by Ernst & Young Certified Public Accountants ("EY"), who have acted as the Reporting Accountants in respect of the Offer. The financial reports and forecasts are on the basis of EY's review of Airtel Uganda's historical audited financial statements for the years ended 31 December 2022, 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018, as well as the reviewed interim financial information for the five-month period between 1 January 2023 and 31 May 2023 and the forecast financial information and assumptions thereof to 31 December 2023.

D. Presentation of Numerical Amounts and Figures

Certain amounts that appear in this Prospectus have been subjected to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the precise arithmetic sum of the figures that precede them.

E. Transaction Advisers and Consents

Absa Bank Uganda Limited, ("Absa Uganda") is acting as Lead Transaction Adviser to the Company in respect of the Offer. Absa Uganda is a subsidiary of Absa Group Limited. Absa Uganda has consented to act in the specified capacity and to its name being stated in this Prospectus and confirms that it has not withdrawn its consent to any statement or report prepared by it collectively being included in this Prospectus (in the form and context in which it is included). Neither Absa Uganda nor any of its employees or principals have any material direct or indirect economic or financial interest in the Company.

Crested Capital is acting as Lead Sponsoring Broker to the Company in respect of the Offer and has consented to act in the specified capacity and to its name being stated in this Prospectus and confirms that it has not withdrawn its consent to any statement or report prepared by it collectively being included in this Prospectus (in the form and context in which it is included). Neither Crested Capital nor any of its employees and principals have any material direct or indirect economic or financial interest in the Company.

Katende, Ssempebwa & Company Advocates (“KATS”) is acting as Legal Adviser to the Company in respect of the Offer. KATS have consented to act in the specified capacity and to their name being stated in this Prospectus and confirms that they have not withdrawn their consent to any statement or report prepared by it, collectively, being included in this Prospectus (in the form and context in which it appears). KATS have issued the Legal Opinion set out under Section 14 (Legal Opinion) of this Prospectus. Neither KATS nor any of its partners and employees have any material direct or indirect economic or financial interest in the Company.

EY is acting as the Reporting Accountants to the Company in respect of the Offer. EY have consented to act in the specified capacity and to their name being stated in this Prospectus and confirms that they have not withdrawn their consent to any statement or report prepared by them being included in this Prospectus (in the form and context in which it is included). As indicated above, EY have reviewed the financial statements of the Company, which comprise the statements of financial position, comprehensive income, changes in equity and cash flows for the periods 2018 to 2022 and the forecast guidance for the period ending 31 December 2023. The forecast guidance provides information on the range of management's best estimate of the Company's performance and position indicators for the relevant period. These forecast financial statements have been prepared in accordance with the Company's accounting policies, which are based on IFRS.

F. Industry / Economic Information

The Company and the Lead Transaction Adviser have obtained the industry and economic data, including industry forecasts, used throughout this Prospectus from internal surveys, market research, publicly available information, and industry publications. The Company has also made statements on the basis of information from third-party sources that it and the Lead Transaction Adviser believe are reliable, such as the Ministry of Finance, Planning and Economic Development, the Uganda Bureau of Statistics, the National Planning Authority, the Uganda Communications Commission, Bank of Uganda, the World Bank, the African Development Bank, the Global System for Mobile Communications Association and Fitch Solutions among others. Industry and government publications, including those referenced in this Prospectus, generally state that the information presented in those publications has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed.

Although the Company has no reason to believe that any of this information or these reports are inaccurate in any material respect, the Company has not independently verified the industry or other data provided by third parties or by industry or other publications. The Company and the Transaction Advisers do not make any representation as to the accuracy of such information.

G. Forward-Looking Statements

This 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 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 under Section 8 (Risk Factors). Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated or expected. The Company does not intend, and does not assume any obligation, to update industry information or forward-looking statements set out in this Prospectus.

All subsequent oral or written forward looking statements attributable to the Company or any member thereof or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statements. The Company expressly disclaims any liability in respect of the content of any forward-looking statement and also expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein or to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such forward-looking statement is based, after the date of this prospectus, except as may be required by law.

H. Supplementary Prospectus

If, prior to the Listing, there is a significant change affecting any matter contained in this Prospectus or a significant new matter arises, the disclosure of which would have been required if it had arisen when the Prospectus was prepared or there is a significant mistake or inaccuracy in the Prospectus, a supplement to this Prospectus will be published subject to the prior approval of the CMA and USE, as required.

Statements contained in any such supplement (or contained in any document incorporated by reference) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document that is incorporated by reference in this Prospectus. Any statements so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Key Offer Milestones and Timetable

Table 1: 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.

Note: The Offer timetable and, in particular, the Offer period are subject to amendment if proposed by the Selling Shareholder or the Issuer and consented to by the CMA and the USE. Any such amendment will be announced publicly through a press statement. All times throughout this Prospectus refer to East African Standard time.

Table of Contents

1	Introduction.....	1
2	Advisers to the Offer.....	13
3	Corporate Information.....	15
4	Definitions.....	18
5	Letter from the Chairperson.....	26
6	Directors' Responsibility Statement.....	28
7	Overview of the Offer.....	30
7.1	Nature of the Business.....	31
7.2	Objectives of the Offer.....	31
7.3	Legal Basis of the Offer.....	31
7.4	Share Capital Structure and History.....	32
7.5	Organisational Overview.....	35
7.6	Status of Offer Shares.....	36
7.7	Consolidated Financial Summary.....	36
7.8	Dividend History and Policy.....	37
7.9	Profit Forecast.....	38
7.10	Purchase of Offer Shares by Employees.....	39
7.11	Pro forma Impact of the Offer.....	39
7.12	Detailed Particulars of the Offer.....	40
7.13	Key Offer Statistics.....	43
7.14	Important Dates and Times.....	44
7.15	How to Apply for the Offer Shares and SCD Accounts.....	44
8	Risk factors.....	46
8.1	Airtel Uganda Specific Risks.....	47
8.2	The Telecommunications Sector contains Idiosyncratic Risk.....	53
8.3	General Business Risks.....	55
8.4	Risks Related to Uganda.....	58
8.5	Risk Related to the Offer and the Shares.....	60
9	Overview of Company.....	62
9.1	Background and Nature of Business.....	63
9.2	Products and Services.....	64
9.3	Medium-Term Future Outlook and Business Strategy.....	66
9.4	Brand Values.....	67
9.5	Shared Services and Group Support.....	68
9.6	Detailed Overview of NTO Licence.....	68
9.7	Spectrum Authorisations.....	70
9.8	Key Business Challenges and Mitigation Strategies.....	71
9.9	Corporate Social Responsibility and ESG Initiatives.....	72
9.10	Capital Structure.....	78
9.11	Subsidiaries and Affiliated Companies.....	80
9.12	Capital Expenditure.....	81

9.13	Properties.....	81
9.14	Disclosure of Corporate Reorganisations and Material Disposals of Assets	83
9.15	Related Party Contracts	85
9.16	Material Business Contracts	91
9.17	Litigation	99
10	Governance and Management	101
10.1	Overview of Board of Directors	102
10.2	Corporate Governance Framework	104
10.3	Board of Directors	104
10.4	Directors' Remuneration	106
10.5	Directors' Interests.....	107
10.6	Board Committees	108
10.7	Directors' Dealings.....	109
10.8	Senior Management Team.....	109
10.9	Employees	113
10.10	Relevant Confirmatory Disclosures	113
11	Uganda Economic Overview	114
11.1	General Macroeconomic Profile and Recent Developments	115
11.2	Macroeconomic Policy, Management and Performance.....	117
11.3	GDP Growth	119
11.4	Exchange Rate	121
11.5	Private Sector Credit	122
11.6	Population	122
12	Overview of Telecommunications Sector.....	123
12.1	General Sector Overview	124
12.2	Key Developments and Market Highlights.....	125
12.3	UCC Regulatory Framework and Role of the UCC	125
12.4	Significant Auxiliary Regulation	127
12.5	Fixed Telephony	129
12.6	Network Connected Devices.....	129
12.7	Telecommunications Industry Infrastructure	129
12.8	Key Mobile Telecommunications Operators	129
12.9	The National Broadband Policy	131
13	Reporting Accountant's Report.....	133
13.1	Reporting Accountant's Report on the Financial Information of Airtel Uganda Limited for the Years Ended 31 December 2018, 2019, 2020, 2021 and 2022	136
13.2	Airtel Uganda Limited Statement of Comprehensive Income for the Year Ended 31 December ..	140
13.3	Airtel Uganda Limited Statement of Financial Position as at 31 December	142
13.4	Airtel Uganda Limited Statement of Changes in Equity for the Year Ended 31 December	145
13.5	Airtel Uganda Limited Statement of Cash Flows for the Year Ended 31 December	148
13.6	Summary of Significant Accounting Policies	152
13.7	Critical Accounting Estimates, Assumptions and Judgements.....	165
13.8	Financial Risk Management Objectives and Policies	166
13.9	Revenue	175
13.10	Expenses	177
13.11	Depreciation and Amortisation	179

13.12	Finance Income / Costs.....	179
13.13	Taxation	180
13.14	Property, Plant and Equipment.....	184
13.15	Right-of-Use Assets.....	189
13.16	Intangible Assets	192
13.17	Loan Assets.....	194
13.18	Other Non-financial Assets	194
13.19	Inventories	195
13.20	Trade Receivables.....	195
13.21	Cash and Cash Equivalents	196
13.22	Financial Assets - Others.....	197
13.23	Share Capital and Share Premium	197
13.24	Borrowings	199
13.25	Borrowings (continued)	200
13.26	Derivative Financial Instruments.....	204
13.27	Trade Payables	204
13.28	Financial liabilities - others.....	204
13.29	Other non-financial liabilities	205
13.30	Deferred revenue	205
13.31	Provisions.....	206
13.32	Related Party Transactions and Balances	208
13.33	Fair Value of Financial Assets and Liabilities	214
13.34	Commitments and Contingencies	214
13.35	Dividends.....	215
13.36	Earnings per share	215
13.37	Investment Property	216
13.38	Segment Reporting	217
13.39	Events after Reporting Date	217
13.40	Forecast financial information for the period ending 31 December 2023	218
13.41	Airtel Uganda Limited Interim Condensed Financial Statements for the Five Months Ended 31 May 2023	228
14	Legal Opinion	257
14.1	Background.....	258
14.2	Documents Reviewed.....	259
14.3	Assumptions, Disclaimers and Limitations:.....	261
14.4	Opinion	262
14.5	The Transaction	263
14.6	Share Capital and Shareholding	263
14.7	Licences.....	264
14.8	Ownership of Fixed Assets.....	265
14.9	Material Borrowings	266
14.10	Material Litigation	266
14.11	Material Contracts.....	267
14.12	Shareholders Agreements	268
14.13	Subsidiaries and Affiliates.....	268
14.14	Compliance	269
14.15	Qualifications	269
14.16	Conclusion.....	270

14.17	Effective Date	270
14.18	Reliance.....	270
14.19	Consent	270
14.20	Extracts from the Articles of Association.....	271
15	Other General Information.....	288
15.1	Expenses of the Offer	289
15.2	Consents and Registration of Prospectus.....	290
15.3	Documents Available for Inspection	290
16	Terms and Conditions of the Offer.....	291
16.1	Times and Dates of the Opening and Closing of the Offer	293
16.2	Particulars of the Offer	293
16.3	Minimum Individual and Aggregate Application	294
16.4	Lock-in Period.....	294
16.5	Where to Obtain a Prospectus and Application Form	294
16.6	Application Procedure.....	295
16.7	Allocation Policy	301
16.8	Sale Shares	302
16.9	Incentive Shares.....	302
16.10	Additional Terms and Conditions	303
16.11	Acceptance and Settlement	304
16.12	Form of Offer Shares	304
16.13	Foreign Investors	304
16.14	Representations and Warranties.....	304
16.15	Amendment to Terms and Conditions	305
16.16	Right to Suspend the Offer	305
16.17	Governing Law	306
17	Appendix.....	307
17.1	Application Form	308
17.2	SCD Account Form.....	316
17.3	Authorised Selling Agents	317
17.4	Receiving Banks.....	318
17.5	List of Tables.....	319
17.6	List of Figures.....	320

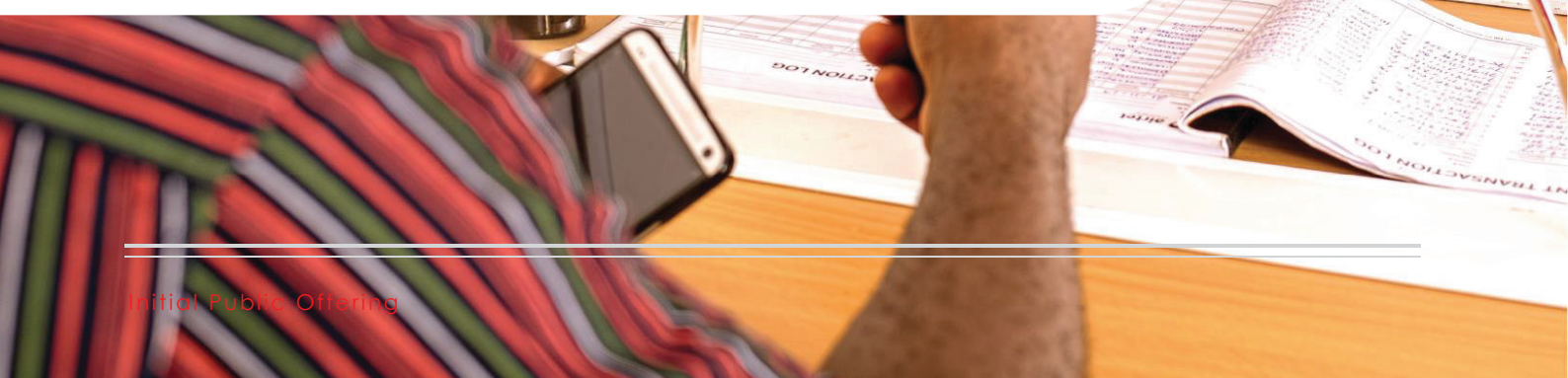


2 Advisers to the Offer








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



3 Corporate Information



Registered Business Address	Airtel Towers, 16A Clement Hill Road, Kampala, Uganda
Directors	Hannington Karuhanga
	Manoj Murali
	Rama Krishna Lella
	Alok Bafna
Company Secretary	Apoorva Mehrotra
	Dennis A. Kakonge

Auditors for the past five financial statements		Deloitte & Touche 3 rd Floor, Rwenzori House, 1 Lumumba Avenue, Kampala, Uganda
Reporting Accountant		Ernst & Young Plot 18, Clement Hill Road, Kampala, Uganda
External Legal Counsel		Birungyi, Barata & Associates Plot 14, Archer Road, Kampala, Uganda
		Katende, Ssempebwa & Company Advocates Radiant House, Plot 20, Kampala Road, P.O. Box 2344, Kampala, Uganda
		K & K Advocates Plot 5A2 Acacia Avenue, Kololo, P. O. Box 6061, Kampala, Uganda
		Lex Uganda Advocates & Solicitors 1 Colville Street, Kampala, Uganda
		Nangwala, Rezida & Company Advocates Suite 3B, 3 rd Floor, Plot 9, Yusuf Lule Road, Kampala, Uganda

		Verma & Partners 3 rd Floor, FIL Courts, 88 Luthuli Avenue, Bugolobi, Kampala, Uganda
Principal Bankers		Absa Bank Uganda Limited Plot 2/4 Hannington Road, Kampala, Uganda
		Citibank Uganda Limited 4 Centre Court, Ternan Avenue, Kampala, Uganda
		DFCU Uganda Plot 26, Kyadondo Road Nakasero, Kampala, Uganda
		Ecobank Uganda Limited Plot 4, Parliament Avenue, Kampala, Uganda
		Equity Bank Uganda Limited Plot 34, Church House, Kampala Road, Kampala, Uganda
		Stanbic Bank Uganda Limited 11 th Floor, Short Tower, 17 Hannington Road, Crested Towers, Kampala, Uganda
		Standard Chartered Bank Uganda Limited 5 Speke Road, Kampala, Uganda
		United Bank for Africa Uganda Plot 2, Jinja Road, Kampala, Uganda



4 Definitions

The following definitions apply to this Prospectus unless the context requires otherwise:

“Absa Bank Group”	means Absa Bank Uganda Limited and Absa Bank Mauritius Limited;
“ACC”	means the Annual Compliance Certificate issued by the UCC, as hereinafter defined, in accordance with the terms of the NTO;
“Affiliate”	means any company in Uganda that is under common control with Airtel Uganda;
“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;
“Airtel Uganda Customer”	means a natural or artificial person with a validly registered and verified Airtel SIM-card;
“Airtel Uganda Offer Share Account”	means one or more temporary accounts set up by the Selling Shareholder with the Lead Receiving Bank where all Application monies collected from Applicants will be deposited until the monies are paid to the Selling Shareholder or refunded to eligible Applicants in accordance with this Prospectus;
“Allocation Policy”	means the basis upon which the Selling Shareholder will allocate Offer Shares to the Applicants, as described in more detail in Section 16.7 (Allocation Policy) of this Prospectus;
“AMCUL” or “Airtel Mobile Commerce”	means Airtel Mobile Commerce Uganda Limited;
“Anti-Money Laundering Act”	means the Anti- Money Laundering Act, 2013 (as amended);
“Applicant”	means a legal entity or natural person who applies for Offer Shares in accordance with the process set out in this 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;
“Assets”	means movable and immovable property, as well as intangible property belonging to Airtel Uganda;
“ATC Uganda”	means ATC Uganda Limited;
“Authorised Selling Agent(s)”	means USE Authorised Trading Participants listed in Section 17.3 (Authorised Selling Agents) of this 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 10 (Governance and Management) of this Prospectus;
“Business Day”	means a day (other than a Saturday, Sunday or public holiday in Uganda) on which banks are open for business in Uganda;
“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;
“CMA Prospectus Regulations”	means the Capital Markets (Prospectus Requirements) Regulations SI 84-2, as amended by the Capital Markets (Prospectus Requirements) (Amendment) Regulations, 2001, the Capital Markets (Prospectus Requirements) (Amendment) (No. 2) Regulations, 2001 and the Capital Markets (Prospectus Requirements) (Amendment) Regulations, 2008;
“Communications Act”	means the Uganda Communications Act, Act 1 of 2013 (as amended);
“Companies Act”	means the Companies Act, 2012 as amended by the Companies (Amendment) Act, 2022;
“Companies Beneficial Ownership Legislation”	means the Companies (Amendment) Act, 2022 and the Companies (Beneficial Ownership) Regulations, 2023;
“Corporate Governance Guidelines” or “CGG”	means the minimum best corporate governance practices for public listed companies issued by the CMA under the Capital Markets Corporate Governance Guidelines, 2003;
“CSR”	means corporate social responsibility;
“Directors”	means the individuals comprising the Board whose names are set out in Section 10 (Governance and Management) of this Prospectus, and each a “Director”;
“DPPA”	means the Data Protection and Privacy Act, 2019;
“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 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;
“ESG”	means environmental, social and corporate governance;
“Executive Director”	means a director who is a direct employee of Airtel Uganda;
“Existing Shareholders”	means Bharti Airtel Uganda and Bharti Airtel Africa;
“Fees and Fines Regulations”	means the Uganda Communications (Fees and Fines) Regulations, 2019 as amended by the Uganda Communications (Fees and Fines) Regulations, 2020;
“Force majeure event”	means an event beyond the control of the Company, which prevents the Company from complying with any of its obligations under this Prospectus, including but not limited to an act of God (such as, but not limited to, fires, explosions, earthquakes, drought, tidal waves and floods), war, hostilities (whether war be declared or not), invasion, acts of foreign enemies, mobilisation, requisition, or embargo, rebellion, revolution, insurrection, or military or usurped power, or civil war; riot, commotion, strikes, go slows, lock outs or disorder, epidemics, pandemics, acts or threats of terrorism;
“Foreign Investors”	means Retail Investors and Professional Investors who are not Ugandan or citizens of the other East African Community Partner States;
“GDP”	means Gross Domestic Product;
“GOU”	means the Government of Uganda;
“ICT”	means Information Communication Technologies;
“IFRS”	International Financial Reporting Standards;
“Incentive Shares”	means incentive shares as determined pursuant to the terms and conditions in Section 16.9 (Incentive Shares) of this Prospectus;
“IPO” or “Initial Public Offering”	means the process of offering shares of a corporation to the public for the first time;
“Issuer”	means Airtel Uganda;
“KCCA”	means Kampala Capital City Authority;
“Lead Receiving Bank”	means Absa Bank Uganda Limited, a private company limited by shares and incorporated in Uganda with registration number 4227 and licenced by the Bank of Uganda to conduct financial institution business in Uganda;
“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;

“Legal Adviser”	means Katende, Ssempebwa & Company Advocates (“KATS”), a law partnership registered in Uganda with registration number 30680 and licenced to practice law by the Uganda Law Council;
“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 Section 16.4;
“LRV”	means leasehold register volume under the leasehold land tenure system in Uganda;
“Material Adverse Event”	means a material adverse change in or effect on the business, operations, financial condition, assets or liabilities of the Company taken as a whole and any material adverse change in the market conditions and investor sentiment or regulatory environment including the occurrence of any event or circumstance that, in the reasonable opinion of the Company, is likely to materially and adversely affect the Company's ability to obtain sufficient subscription for its Initial Public Offering;
“m-IPO Platform”	means the channel through which Eligible Airtel Uganda Customers can open an SCD Account and apply for Offer Shares using the USSD Code *185*85# as described in Section 16 (Terms and Conditions of the Offer) of this Prospectus;
“MIMS”	means the Main Investment Market Segment of the USE;
“Ministry of Finance, Planning and Economic Development” or “Ministry of Finance”	means the Ministry of Finance, Planning and Economic Development, the GOU ministry with the mandate to; formulate sound economic policies that enhance economic stability and development; mobilize local and external financial resources for public expenditure; regulate financial management and ensure efficiency in public expenditure; and oversee National Planning and Strategic Development Initiatives for Economic growth;
“Ministry of ICT”	means the Ministry of Information, and Communications Technology and National Guidance, the GOU ministry with the mandate for providing strategic and technical leadership, overall coordination, support and advocacy on all matters of policy, laws, regulations and strategy for the information and communications technology sector;
“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;
“National Development Plan” or “NDP”	means the written formulation of GOU's medium term strategic direction, development priorities and implementation strategies, and record of Uganda's current development status, challenges and opportunities as currently set out in the National Development Plan III for the period 2020/2021 to 2024/2025;
“National Planning Authority”	means the National Planning Authority, a GOU agency established under the National Planning Authority Act, 2002 and whose primary function is to produce comprehensive and integrated development plans for Uganda;

“NED”	means non-executive director;
“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 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 – 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 16.1 (Times and Dates of the Opening and Closing of the Offer);
“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;
“Pay-out Ratio”	means the percentage of net income paid out as dividends to shareholders;
“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;
“Prospectus”	means this Prospectus in relation to the Offer;
“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 Section 17.4 (Receiving Banks) of this Prospectus;
“Registrar of Companies”	means the office of the registrar of companies established under the Companies Act;

“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 16.8 (Sale Shares) of this Prospectus, and which allocation may or may not result in a cash refund pursuant to Section 16.6.6 (Refund of excess Application funds) of this 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;
“Share Registrar”	means Custody and Registrars Services Uganda Limited, a private company limited by shares and incorporated in Uganda with registration number 153066;
“Subsidiary”	means a company owned and/or controlled by another company;
“Table F”	means the minimum Corporate Governance Principles for public companies issued under Table F of the Companies Act;
“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;
“Uganda Bureau of Statistics”	means the coordinating, monitoring and supervisory body for the National Statistical System established under the Uganda Bureau of Statistics Act, 1998 to ensure collection, analysis and publication of integrated, relevant, reliable and timely statistical information;
“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”	means Uganda Shilling, the official currency of the Republic of Uganda;
“URA”	means the Uganda Revenue Authority;
“USD”	means United States Dollar, the currency of the United States of America;
“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;
“USSD”	means Unstructured Supplementary Service Data, a communications protocol used by mobile telephones to communicate with the mobile network operator; and
“VAT”	means Value Added Tax.



5 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 'Hannington Karuhanga'.

Hannington Karuhanga

Chairperson of the Board, Airtel Uganda



6 Directors' Responsibility Statement

The Directors of the Company, whose names are given in Section 10 (Governance and Management) of this Prospectus, collectively accept full responsibility for the accuracy of the information given in this 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 Prospectus false or misleading and that they have made reasonable enquiries to verify such facts, and further, that this Prospectus contains all information required by law.

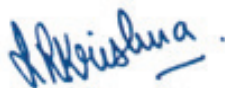
Signed 29 August 2023



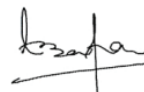
Hannington Karuhanga



Manoj Murali



Rama Krishna Lella



Alok Bafna



Apoorva Mehrotra



7 Overview of the Offer



This section highlights certain important information contained in this Prospectus, which should be read in its entirety for a full appreciation of the subject matter contained in this Prospectus. If you are in any doubt as to the meaning of this Prospectus or what action to take, please consult your licenced broker / dealer, investment adviser, accountant, banker, legal adviser or other professional adviser. The interpretation and definitions of abbreviated or capitalised terms used in this summary are set out in Section 4 (Definitions) of this Prospectus.

7.1 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 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.

7.2 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 all its shares on the USE. The UCC has indicated that the Company is required to complete the Listing by 16 December 2023.

7.3 Legal Basis of the Offer

The Board of Directors of the Company approved the Offer and Listing as well as this Prospectus at its meetings of 22 May 2023 and 10 July 2023, respectively. At an extraordinary general meeting held on 22 May 2023, the Existing Shareholders of the Company also approved the Offer and Listing.

The Offer and Listing will be conducted in compliance with Article 16 of the NTO Licence and the requirements of the Uganda Communications (Fees and Fines) (Amendment) Regulations, 2020, the Capital Markets Authority Act, Cap. 84 (as amended), the Capital Markets (Prospectus Requirements) Regulations, SI 84-2 (as amended), the Companies Act, 2012 (as amended) and the Uganda Securities Exchange Listing Rules, 2021.

7.4 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:

- i. 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
- ii. 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:

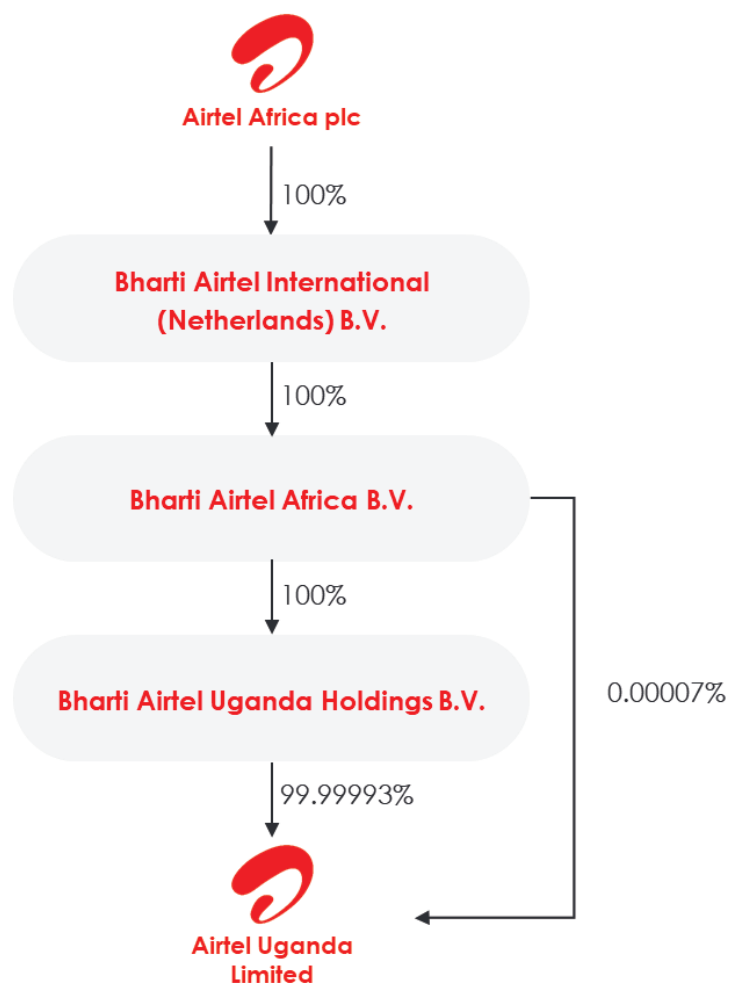
Shareholder	No. of ordinary shares
Bharti Airtel Uganda	39,999,972,000
Bharti Airtel Africa	28,000
Unallotted Ordinary Shares (including previous preference shares)	-
Total	40,000,000,000

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

7.5 Organisational Overview

The organogram below shows the ownership structure of the Company prior to Listing, which includes Airtel Africa (100%). Airtel Africa 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%

7.6 Status of Offer Shares

As at the date of the Offer, the issued share capital of the Company consists of only one class: ordinary shares with a par value of UGX 1. Therefore, all of the Company's Shares rank on equal footing (*pari passu*) and no preferential rights apply. Every shareholder who is entered in the Company's register of members as of the relevant date will have the right to:

- a) attend and vote at the general meetings of the Company with a vote of one per share except votes by poll as detailed in section 14.20.16 Votes of Members;
- b) participate, in full, in all dividends and other distributions declared in respect of the Shares the relevant shareholder owns; and
- c) participate in all surpluses in the event of the liquidation or winding up of the Company.

The Shares are not subject to any right of preemption or right of first refusal, and any shareholder (other than a shareholder who is a party to the Lock-in Agreement which only takes effect on the Listing Date) who wishes to transfer Shares owned in the Company may do so freely by trading through their Broker on the USE or the SCD share transfer framework in accordance with the SCD Act.

Following the Listing, the Company will have zero authorised, unissued Shares. In the event that the Board approves the allotment of any unissued shares that may be created in the future, the unissued Shares shall first be offered to the Company's then existing shareholders *pro rata* to their shareholding. However, the shareholders may authorise the Board to allot any future unissued Shares in any other manner that the Directors, acting in the best interests of the Company, deem fit.

7.7 Consolidated Financial Summary

This section should be read together with the Reporting Accountants Report in Section 13 of this 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
Pro forma Earnings per share (UGX)¹	7	5	7	10	8

¹ The pro forma earnings per share shown based on 40,000,000,000 shares outstanding.

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)

7.8 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) 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 and UGX 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.

7.9 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 this 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

In accordance with the requirements of USE Listing Rules (2021), the Company has included interim condensed financial statements for the period 1 January to 31 May 2023 in Section 13 (Reporting Accountants Report). In addition, in Section 13, the Company has included forecast financial information for the year ending 31 December 2023.

Based on historical trends, revenue generation demonstrates seasonality and is expected to be stronger in the second half of the year. In first half, due to seasonality trend revenue was lower and EBITDA margin was impacted by inflationary pressures and increase in energy cost and site roll out. In addition, further revenue generation in the second half of 2023 will be supported by the investment in network capacity in the January to May 2023 period and recent acquisition of additional spectrum which will result in both enhanced revenue and profitability.

The Company remains therefore reasonably confident in its expectations to achieve the financial results as set out in the forecast financial results for the full year 2023. The projections in the above table are based on certain assumptions and the actual results achieved may differ from those projected.

7.10 Purchase of Offer Shares by Employees

All Employees will be entitled to participate in the IPO.

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 16.9 Incentive Shares.

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

7.11 Pro forma Impact of the Offer

The Board cautions that the *pro forma* financial information presented below has been prepared for illustrative purposes only and, therefore, does not represent forecasts of the actual financial position or results of the Company. In particular, the Board cautions that the actual impact on earnings per share and net assets per share in future financial periods will depend on the performance of the Company's business as well as external factors such as inflation and changes in exchange rates.

7.11.1 Pro forma impact on shareholding structure

Assuming the Offer Shares are fully allocated, the *pro forma* impact on the Company's shareholding structure will be as set out in the table below:

Table 9: Pro forma impact on shareholding structure

Shareholder	Prior to the Offer		Post Offer	
	No. of ordinary shares	Ownership	No. of ordinary shares	Ownership
Bharti Airtel Uganda	39,999,972,000	99.99%	31,999,972,000	79.99%
Bharti Airtel Africa	28,000	0.01%	28,000	0.01%
Other shareholders	-	-	8,000,000,000	20.00%
Total	40,000,000,000	100%	40,000,000,000	100%

7.11.2 Pro forma impact on balance sheet

Following a special resolution dated 22 May 2023, the Company approved and increased its share capital from UGX 15,840,000,000 divided into 15,840,000,000 ordinary shares of UGX 1 to UGX 40,000,000,000 divided into 40,000,000,000 shares of UGX 1 by the creation of 24,160,000,000 ordinary shares of UGX 1.

The bonus share issue was funded by capitalising UGX 24,160,000,000 of the Company's retained earnings as of 31 December 2022. In terms of accounting treatment, the issue of bonus shares is a reclassification of reserves which causes an increase in the issued share capital of the Company, and a proportionate decrease in retained earnings or reserves. Therefore, the total net equity of the Company remains the same.

The transfer of the Incentive Shares to the eligible Applicants will not have an impact on the balance sheet of the Company as the Incentive Shares constitute assets of the Selling Shareholder (and not the Company) transferred at nil-cost. The transfer of the Incentive Shares will result in a change in share ownership only and will not have any impact on the balance sheet or financial position of the company.

7.11.3 Pro forma impact on profitability

The Offer will not have any material impact on the Company's profitability.

The Company will not receive any part of the proceeds from the Offer. The net proceeds of the Offer will all accrue to the Selling Shareholder for the benefit of the Selling Shareholder.

7.11.4 Pro forma impact on distributions

The Offer will not have any direct or indirect impact on the Company's dividend policy which is set out in Section 7.8 (Dividend History and Policy) above.

New shareholders post-Offer, if eligible, as of the dividend entitlement date(s) will be eligible to receive undistributed interim and/or final dividends for FY2023 in accordance with the Company's dividend policy.

7.12 Detailed Particulars of the Offer

7.12.1 Number of Shares on Offer

8,000,000,000 shares held in the Company by the Selling Shareholder.

7.12.2 Listing of the Shares

Following the Offer, the entire issued share capital of Airtel Uganda, including the Offer Shares of the Company will be listed on the USE.

7.12.3 Status of the Offer Shares and lock-in arrangements

The Offer Shares rank on equal footing (*pari passu*) in all respects with all other Shares, including the right to participate in full in all dividends and/or other distributions declared in respect of such Shares, all surpluses in the event of liquidation or winding up of the Company and the right to vote at general meetings of the Company. The Shares held by the Selling Shareholder after the Listing will have the same voting rights as other Shares of the Company.

The Offer Shares and the Shares are freely transferable and are not subject to any restrictions on marketability or any rights of preemption or right of first refusal on transfer.

Pursuant to the Lock-in Agreement, the Shares that are held by the 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") will be subject to a lock-in for a period of twelve (12) months after the Listing Date. Subject to specified exemptions in the Lock-in Agreement, the Locked-in parties have agreed not to dispose of or further encumber any of the Shares held by them, respectively in the Company during the lock-in period. The Lock-In Agreement includes customary exceptions relating to the disposal of unsold shares pursuant to the Offer, disposal of shares pursuant to; an intervening 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 twelve (12) months from the Listing Date. The specified exemptions are the Company issuing new shares equal to the number of Unsold Shares where the Selling Shareholder elects not to sell the unsold shares but rather for the Company to issue new shares equal in number to the Unsold Shares or an issuance under any employee share option scheme.

7.12.4 Minimum number of Offer Shares per Application

The minimum number of Offer Shares for which Application must be made is 2,500 Offer Shares. Applications for greater than this minimum must be in multiples of 500 Offer Shares with no limit on the number of Offer Shares that an Applicant can apply for.

7.12.5 Structure of the Offer

No Shares shall be allocated on the basis of this Prospectus later than six (6) months after its date of issue.

7.12.6 Use of Proceeds

The funds raised from the Offer, net of related expenses payable by the Selling Shareholder, will accrue to the Selling Shareholder.

7.12.7 Underwriting

The Offer is not underwritten. The Selling Shareholder has opted to exercise its discretion not to underwrite the Issue.

7.12.8 Minimum Aggregate Applications

The Selling Shareholder may suspend the Offer prior to the Closing Date and refund all funds received from Applicants in the event that aggregate Applications of at least 20% of the 8,000,000,000 Offer Shares (approximately 1,600,000,000 Offer Shares) are not received.

In taking this course of action, the Selling Shareholder will consult with and seek the consent of the CMA and the USE.

The USE Listing Rules require that immediately following the Offer, at least 20% of the Shares shall be held by not less than 500 shareholders, excluding any employees and Directors of the Company. In the event that the minimum float and the minimum number of public shareholders is not achieved, a waiver of the USE Listing Rules requirement regarding the minimum float and the minimum number of public shareholders may be sought from the USE to enable the Company to proceed with the Listing.

7.12.9 Ugandan Retail Investors Priority and Oversubscription

The Allocation Policy of the Offer set out in Section 16.7 (Allocation Policy) of this Prospectus provides that Applications from Ugandan Retail Investors shall be given priority, including in the event of Oversubscription.

Oversubscription will result in Applicants not necessarily being allocated all of the Offer Shares for which they applied, as is further detailed in Section 16.7 (Allocation Policy). Any funds received in respect of Applications for which Offer Shares are not allocated will be returned to the affected Applicants. Further details on refunds can be found in Section 16.6.6 (Refund of excess Application funds) of this Prospectus.

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 Professional Investors based in Uganda;
- c) third, satisfy all duly completed Applications from Qualifying Applicants from other East African Community 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 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.

7.12.10 Payment Terms

Each Application submitted must be accompanied by payment of an amount equivalent to the aggregate price of the Offer 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) a transfer from an Airtel Money wallet, if applying through the m-IPO Platform;
- c) electronic funds transfer to the bank account of the Authorised Selling Agent or Receiving Bank, as designated, if using an Application Form, or the USE Easy-Portal;
- d) any other recognised means of payment in Uganda to the account of the Authorised Selling Agent, 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.

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, for payments made via Airtel Money, a daily transactional limit of between UGX 10 million and UGX 20 million will apply in line with the terms and conditions applicable to Airtel Money.

7.13 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 29 August 2023 Net asset value as per 31 December 2022 Financial Statements detailed in Section 13 (Reporting Accountants Report).

- In assessing the valuation of the Company for the purposes of the Offer, various methodologies were used and subsequently weighted according to their relevance. The methodologies are consistent with market practice and seek to triangulate between fundamental approaches and those based on the prevailing trading valuations of the listed peer group.
- In terms of fundamental valuation approaches, the Discounted Cash Flow (DCF) method was used, wherein the future free cash flows of the Company were projected and then discounted back to a present value using an appropriate Weighted Average Cost of Capital (WACC). The WACC considers the cost of equity and the cost of debt, weighted according to the median capital structure of the Company's peers. The cost of equity was derived using the Capital Asset Pricing Model (CAPM) which considers an appropriate risk-free rate (based on government bond yields), a beta (based on the observed beta of select peer companies) and a market risk premium (from survey data). The cost of debt is based on the Company's current cost of debt, adjusted for the corporate tax rate in Uganda (30%). Given the strong dividend paying capacity of the business and the stated dividend policy, the Dividend Discount Model was also used, wherein the projected future dividends were discounted to a present value, by using the same cost of equity calculated for the DCF.
- The valuation metrics at which listed comparable Ugandan, African and emerging markets telecom operators trade was also considered. The trading multiples of Price to Earnings and Enterprise Value to Earnings Before Interest, Depreciation and Amortisation (EBITDA) were considered to be the most relevant. In assessing the relevance of comparable listed companies, the highest weighting was given to African single country telecom operators which included: MTN Uganda Limited, Maroc Telecom SA, Telkom SA SOC Limited, Societe National des Telecommunications du Senegal, Vodacom Tanzania Limited, MTN Nigeria Communications Limited, Safaricom Plc, Airtel Malawi Plc, Orange CI. Consideration was also given to African multi-country operators (MTN Group Limited, Vodacom Group Limited, Airtel Africa plc) and a selection of the large, listed companies in Uganda. The Company was benchmarked against this peer set to derive an estimated valuation range. The prospective dividend yield was also used to form a view on value by benchmarking against prevailing Ugandan government

bond yields, namely the 1- and 10-year bonds which yielded 9.2% and 16.0% respectively at the valuation date (per Bloomberg). The proposed valuation was arrived at by considering all of the above methodologies, placing particular emphasis on fundamental approaches and the estimated dividend payments going forward.

7.14 Important Dates and Times

Table 11: Key dates and times

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.
Refund of excess Application funds in the event of Oversubscription	31 October 2023	4:00 p.m.
Crediting of Offer Shares to SCD Accounts of successful Applicants	31 October 2023	4:00 p.m.
Listing and commencement of trading on the USE	31 October 2023	9:30 a.m.
Dispatch of SCD Account statements to successful applicants	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.

7.15 How to Apply for the Offer Shares and SCD Accounts

7.15.1 Mode of Application

Only Qualifying Applicants can apply for the Offer Shares. A Qualifying Applicant may apply for the Offer Shares in the following 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. Additional details are contained in Section 16.6.1 (How to apply – m-IPO Platform) of this Prospectus;
- b) electronically by accessing the USE EasyPortal 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 completing and submitting an Application on the USE Easy-Portal. Additional details are contained in Section 16.6.2 (How to apply – USE Easy-Portal) of this Prospectus; and
- c) by completing and submitting the Application Form to any Authorised Selling Agent by physical or electronic means. Additional details are contained in Section 16.6.3 (How to apply – submission of Application Form) of this Prospectus.

7.15.2 SCD Account requirement

No physical or paper certificates will be issued as evidence of ownership of allocated Shares. The Shares shall be held in dematerialised form. According to the SCD Act, evidence of ownership of shares listed by a company

on an authorised stock exchange is through a book-entry record that is reflected on an electronic account known as an SCD account opened and operated by the shareholder.

In order for an Applicant to apply for and receive an allocation of Offer Shares, the Applicant must open an SCD Account. The requirements for opening an SCD account are detailed in Section 16 (Terms and Conditions of the Offer).

If an Applicant does not have an SCD Account, the Applicant must complete the SCD Account opening process using one of the channels below:

- a) the m-IPO Platform, as more particularly detailed in Section 16.6.8 (How to open a SCD Account – m-IPO Platform);
- b) USE Easy-Portal at <https://scd.use.or.ug> as more particularly detailed in Section 16.6.9 (How to open a SCD Account – USE EasyPortal); and
- c) through an Authorised Selling Agent, as more particularly detailed in Section 16.6.10 (How to open a SCD Account – Authorised Selling Agent).

Applicants who already have an SCD Account should indicate their SCD Account number when prompted and proceed with the Application process. The m-IPO Platform is enabled to accommodate opening of SCD Accounts and application for Offer Shares.

7.15.3 Application fee payable to the SCD

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.



8

Risk factors



An investment in the Ordinary Shares involves a high degree of risk. Prior to investing in the Company, prospective investors should carefully consider the risks factors in this section ("8. Risk Factors") and any other relevant information contained in this Prospectus. If any of these risks should occur, the Company's operating results, financial condition and prospects could be materially and adversely affected. In that event, the value of the Shares following the Listing, could decline, and investors could potentially lose all or part of their investment in the Shares.

The following is not an exhaustive list or explanation of all risks that investors may face when investing in the Offering and should be used as guidance only. There are a wide range of factors which, individually or collectively, could affect the Company and its strategic objectives and prospects. It is not entirely possible to identify all such factors or to determine which factors are most likely to occur as the Company may not be aware of all relevant factors. Certain factors which the Company currently deems to not be material may subsequently become material because of the occurrence of events outside the Company's control or which the Company could not reasonably foresee. The order in which the risks are presented is not an indication of the likelihood of their occurrence, their severity nor significance.

The information given is as of the date of this Prospectus and will not be updated except as required by the CMA, the USE or any other applicable law or regulation. Any forward-looking statements that appear in this section are made subject to the reservations specified under the Important Information Statement section of this Prospectus.

8.1 Airtel Uganda Specific Risks

8.1.1 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. Several new telecom service providers have received licences in recent years, and the industry will continue to change in the medium to long term with the implementation of a new telecommunications licensing framework.

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. Additionally, non-traditional players such as Oneweb and Starlink who provide Low Earth Orbit satellite communications provide competition to the Company, even though they may not compete directly with the Company as a provider of wireless network operator services.

Traditional telecommunications revenue streams such as pre-paid mobile voice services and text messages (SMS) continue to be threatened by these non-traditional players. Additionally, these players are typically not domiciled in Uganda and are able to provide alternative network services without a direct regulatory, tax and local infrastructure impact. However, it must be noted that the growing use of these networking sites and applications may lead to increased use of the Company's data services.

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. The Company intends to continue implementing its strategic objectives of delivering sustainable, profitable growth through digitalisation and sustainable development.

8.1.2 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. This was noted by the sector regulator in its Q1 2022 sector performance report where the regulator commented that the stagnation of growth in domestic talk time at 16.4 billion minutes from 17.1 billion minutes in the prior quarter, "may be indicative of behavioural / consumption changes as consumers gradually switch from traditional voice to app-based messaging solutions." In the subsequent market performance report for Q2 2022, domestic talk reduced slightly to 16.4 billion minutes. Although there is still expected growth in voice services in Uganda driven by increased penetration, voice services will decline over the long-term. The revenue that the Company could generate from interconnect and roaming services may also decrease if there is a decline in demand for voice services across the industry.

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.

8.1.3 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.

8.1.4 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. The Company may also need to obtain additional approval based on the equipment type, increase its capacity of equipment, or rebuild its network entirely or in part. As of

31 December 2022, the Company's countrywide 2G population coverage stands at 98.7%, 3G population coverage stands at 98.1%, and 4G LTE population coverage stands at 90.7%.

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.

8.1.5 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 Company's capital expenditure is illustrated in Section 9.12 (Capital Expenditure) of this Prospectus.

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. That being said, the Company currently has a strong balance sheet, with 100% of sites having 4G coverage, covering 90.7% of the population.

8.1.6 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. Given that the majority of the Company's earnings are in Uganda Shillings (UGX), a significant depreciation of the UGX in relation to the USD could negatively affect the Company's ability to repay or refinance its USD-denominated financial debt, which could then have a materially negative effect on the Company's operations, and financial condition.

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.

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

The operations of the Company run a serious risk of being significantly disrupted in the event that a key supplier fails or is unable to deliver because the telecommunications sector depends on a few key service providers and suppliers such as the material vendors disclosed in Section 9.16 (Material Business Contracts). 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.

Additionally, the Company faces risks and expenses related to shifting operations and replacing key suppliers, which could have an impact on the Company's business cost structures. Failure to replace any of the Company's major suppliers in a timely manner and on commercially reasonable terms, if at all, may affect the Company's business.

8.1.8 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. The Company also operates further exclusive channels under certain arrangements with dealers.

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. Therefore, if these partners choose to favour the Company's competitors over it or decide to stop doing business with the Company altogether, that could have a negative impact on its operations.

8.1.9 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.

8.1.10 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, particularly if the Company's traffic volume significantly exceeds headroom capacity and regulatory requirements for infrastructure sharing, resulting in pressure on the Company's capacity.

This could result in significant customer dissatisfaction and, as a result, have a significant impact on the Company's brand and business. The Company will need to continually invest in infrastructure development, improved customer care initiatives, and marketing activities to retain or attract new customers as customers may be motivated to choose an alternative service provider.

To minimise severe downtimes and ensure continual services to the Company's customers, the Company maintains comprehensive business continuity and disaster recovery plans. Even though this framework of business continuity and disaster recovery plans are comprehensive, the Company cannot be certain that business continuity management and disaster recovery plans will always minimise service downtimes as envisaged.

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.

8.1.11 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 (Spectrum Authorisations), having recently been assigned in July and August 2023.

With its current radio spectrum holdings, the Company can only effectively serve a small portion of the nation with voice and data services. According to the law and the NTO Licence policy, the Company is permitted to apply to the UCC for the assignment of spectrum, just like any other telecom operator in Uganda, but assignment is not assured. The allocation of necessary resources is dependent on the accessibility of the desired resources and the service plans of the Company. 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. Regulations may make it more difficult for the Company to use the spectrum that has been assigned to it.

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.

The UCC also has the discretion, for justifiable cause or due to a change in the law or spectrum licencing framework or policy, to withdraw or reallocate spectrum, and the Company may not be able to continue to obtain or retain the necessary spectrum for its operations from third parties at a competitive price, if at all.

Furthermore, desirable radio spectrum might not be made available when required or may otherwise be insufficient, which could lead to an increase in the Company's capital expenditure in order to expand the network's capacity and satisfy rising customer demand.

8.1.12 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. The Company wants to make sure that controls against known threats are reliable. The Company, however, cannot guarantee that its controls and infrastructure for information security will always be successful, and any failure of the controls could result in financial losses and have a negative impact on its reputation and operational performance.

8.1.13 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 UCC has the unilateral power to amend the NTO Licence if it determines that the amendment or modification is necessary to achieve the objectives of the Act and Regulations or is in the public interest. However, in all cases, the UCC is required to consider the reasonable interest and contractual rights of the Company and the principles of fair competition and equality of treatment.

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. In the event of termination of the NTO Licence by the UCC, there is no guarantee that the compensation given to the Company would be adequate considering the Company's investment over the term of the NTO Licence. 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 does not expect that it will be required to cease operations at the end of the term of the NTO Licence.

To obtain the NTO Licence, the Company agreed to service and network coverage commitments. The Company paid 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.

In the event of the expiration of the NTO Licence, or where the Company does not intend to renew the Licence, or where the Company intends to cease operations, the Company will be required to submit a customer migration plan to the UCC indicating the modalities through which the Company would guarantee the continuity of services to customers, operators and other authorised service providers. Upon the UCC's approval of the customer migration plan, the Company will be allowed to dispose of all of its assets that are relevant to the provision of licensed services to a licensed operator within six months of such approval. Further details of the NTO Licence are set out in Section 9.6 (Detailed Overview of NTO Licence).

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.

8.1.14 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.

8.2 The Telecommunications Sector contains Idiosyncratic Risk

8.2.1 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. Bypass and SIM-box fraud also leads to the loss of tax revenue for the government and poses national security risks.

In order to combat bypass and SIM-box fraud, the Company has jointly committed resources with other operators in Uganda and has implemented a number of fraud management and software tools. The Company nonetheless requires assistance from various governmental organisations to combat this illegal practice.

Despite these initiatives, it is anticipated that SIM-box fraud and bypass incidents will persist for the foreseeable future.

8.2.2 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.

8.2.3 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.

Regulatory interventions from the UCC may limit the Company's pricing flexibility, raise costs, reduce its retail and/or wholesale revenues or confer greater pricing flexibility on its competitors.

The UCC has the power to make regulations and/or decisions. Regulatory actions by the UCC in the past have had a significant impact on the Company's business, whether in respect of ongoing issues or potential future non-compliance. Whereas UCC's decisions / regulatory actions are subject to judicial review, the outcome of a judicial review cannot be guaranteed.

8.2.4 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 activities. 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. The UCC is empowered to take action to prohibit anticompetitive agreements, abuse of a dominant position, and anticompetitive mergers, takeovers, and consolidations.

On 26 May 2023, the Parliament of Uganda passed the Competition Bill, 2022 (the "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.

If the Bill is assented to in its present form and gains the force of law, the Bill will be binding on Airtel Uganda and will introduce new legal and compliance requirements for the Company. For instance, Airtel Uganda would be considered to have a dominant position in the Ugandan telecommunications industry and would be subject to additional restrictions and regulatory obligations over and above the ones imposed under Uganda Communications (Competition) Regulations, 2019.

The Bill expressly prohibits anti-competitive practices and agreements in Uganda including agreements that directly or indirectly fix purchase or selling practices, agreements that limit or control production, supply, markets, technical development or investment, agreements which share markets, sources of production supply by territory type, size of customer, agreements which directly or indirectly result in bid-rigging or collusive tendering, tie-in agreements, exclusive supply agreements, exclusive distribution agreements, refusal to deal agreements and/or resale price maintenance agreements. Airtel Uganda would have to put appropriate measures in place to ensure compliance with the law if assented to, in order to avoid regulatory sanctions.

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. The Company is and will continue to be subject to greater regulatory scrutiny. This could make it challenging for the Company to launch particular services and marketing strategies. The Company's capacity to undertake tactical or strategic acquisitions may also be impacted by this.

Additionally, any contraventions of competition law and regulations could subject the Company to regulatory enforcement action, such as mandatory instructions and/or monetary fines, and could negatively impact the Company's operations, finances, results, and future prospects.

8.2.5 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.

Additionally, the Company's capacity to provide new services to customers or its capacity to expand its operations into new markets could suffer from a lack of access to, or insufficient opportunities to, expand the Company's network capacity in line with subscriber growth and increased usage per subscriber. The uncertainty surrounding this underdeveloped infrastructure exacerbates the operational difficulties that the Company faces, and it may incur costs that it did not plan for in order to develop or maintain such infrastructure or for alternative sources (in the case of energy supply). Energy supply issues and poor infrastructure could cause disruptions in the supply of goods or services necessary for the Company's operations.

8.3 General Business Risks

8.3.1 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. Financial risk may be caused by the inability of the Company to meet payment obligations and liabilities, as and when they fall due, and inability to replace funds when they are utilised.

8.3.2 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.

8.3.3 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.

8.3.4 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. The BOU Monetary Policy Report for December 2022 projects that Uganda's GDP will grow at 5.0% - 5.3% for FY2022/23, this will be driven by the investments in the Oil sector which has seen recent upsurge in foreign direct investment ("FDI") and economic activity. This is an increase from the 4.7% growth rate recorded for the financial FY2021/22. The BOU maintains that the growth outlook remains subject to downside risks, possibly negatively affecting individual incomes and consumer affordability.

8.3.5 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 the 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 objectives because expanding and carrying out its operations as well as achieving its strategic objectives involve risks, costs, and uncertainties. There may be outside influences that affect how the Company's strategy is carried out, such as local and global economic volatility. There are many regulatory, environmental, political, and legal uncertainties associated with building new mobile sites (including broadband stations) or redeveloping existing ones, as well as the infrastructure necessary to support those sites. Many of these uncertainties may be beyond the Company's control. Such projects might not be finished on time, at all, or for the price that was planned. In order to meet increasing customer demand for voice and data volumes, the Company expects that it will continue to be required to invest heavily in infrastructure upgrades, capacity development, and network coverage expansion. All these factors could invariably affect the Company's growth strategy and materially impact its financial position and prospects

8.3.6 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. Because the Company will be a newly listed company, its internal controls, reporting practices, and other general practices are not comparable to those of companies that have been listed for a while. There can be no guarantee that they will work as intended, which could have a negative impact on the Company's operations.

8.3.7 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.

8.3.8 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.

8.3.9 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 whistleblowing mechanism, reporting procedures, and provisions on disciplinary actions in the event of a violation are all included in these policies.

In addition, the Company performs a due diligence exercise prior to entering into agreements with third parties in order to ensure compliance with applicable anti-bribery, anti-corruption, and anti-money laundering requirements in order to prevent behaviours like bribery and corruption.

Furthermore, the Company's equipment suppliers or service providers may become subject to restrictions under export controls or sanctions laws, or regulations administered or enforced by the United States, the United Kingdom, the United Nations or other jurisdictions in which the Company or its suppliers operate.

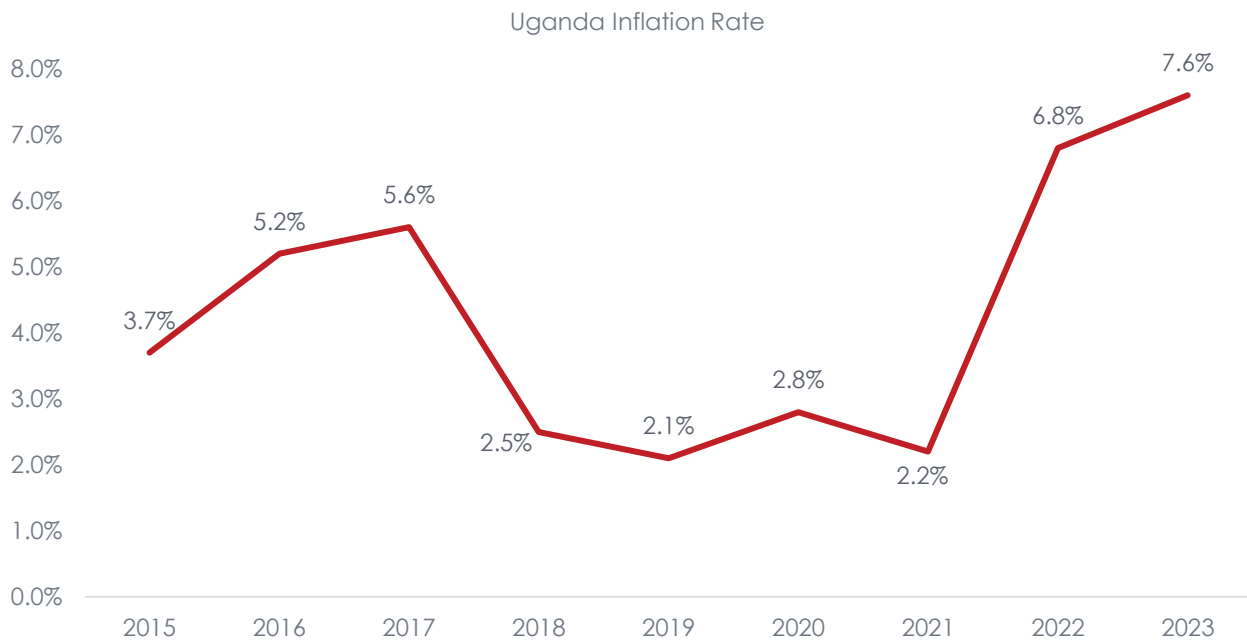
The Company's business may be materially harmed if key suppliers are unavailable to provide equipment due to contractual obligations or export control restrictions, and if it is unable to find a replacement for a key supplier quickly and on commercially reasonable terms, if at all. To ensure their ongoing 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. From time-to-time, the Company receives reports relating to such matters by whistle-blowers, which are then investigated using internal and external resources in line with its policies.

The Company cannot guarantee that future whistle-blower reports will not be filed or that legal violations will not take place that could have a significant negative impact on its operations. Such violations may also harm the Company's reputation, which could then hurt its chances of securing new business.

8.4 Risks Related to Uganda

8.4.1 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).



Source: IMF

8.4.2 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. Airtel has consistently engaged in aggressive negotiations to have all local suppliers of operational expenditure items invoice the Company in local currency.

8.4.3 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. Like other developing nations, Uganda is disproportionately exposed to the risks posed by climate change. These include weather-related incidents, modifications to international trade regimes (such as the implementation of various emission-related taxes), and Uganda's relatively constrained capacity to advocate for itself on the international political stage as climate change permeates society. These adjustments may result in rising input costs, pressure on profit margins, and overall strain on the Ugandan economy. 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.

8.4.4 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.

8.5 Risk Related to the Offer and the Shares**8.5.1 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.

8.5.2 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 future public offerings or share capital increases made by the Company could also have an effect on the value of the Shares. 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 16.4 (Lock-in Period) of this Prospectus.

8.5.3 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.

8.5.4 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.

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

Airtel Africa 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 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, including:

- the composition of the Board and through it, any determination with respect to the Company's business direction and policies, including the appointment and removal of officers and the declaration of dividends;
- the Company's acquisition or disposition of assets;
- the Company's financing; and
- through the intellectual property and knowhow agreement entered into with the Company, direction on brand development, policies and operating model.

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. Additionally, Airtel Africa may take part in activities that are in opposition to these interests. The other shareholders of the company might be harmed by the actions that Airtel Africa may decide to take if their interests and Airtel Africa's interests are at odds, or if Airtel Africa decides to force the company to pursue strategic objectives that are at odds with their interests (whether because of the way their businesses are different or for other reasons). 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.

8.5.6 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.



9 Overview of Company

9.1 Background and Nature of Business

The Company was incorporated under the laws of Uganda on 17 July 1992 under the name Clovergem Celtel Limited and Registration Number 80010000251875. It then changed its name as follows:

Year	Name
1992	Clovergem Celtel Limited
1995	Celtel Limited
2004	Celtel Uganda Limited
2010	Airtel Uganda Limited

Following the acquisition of Warid Telecom Uganda Limited (the "**Acquired Entity**") by Airtel Uganda in 2013, the businesses assets and liabilities of the two entities were consolidated into one with effect from 31 January 2014. The Certificate of Amalgamation confirms Airtel Uganda as the surviving entity.

History of Airtel in Uganda

Airtel Uganda, previously Celtel Uganda Limited ("Celtel Uganda"), was the first telecommunications company in Uganda and launched the country's first mobile cellular network in 1995. It transformed the telephony landscape by connecting people through mobile phones. On 22 May 2008, Celtel Uganda acquired "Zain Uganda" as a new business name following the purchase by Zain Group of the Celtel Africa group. Celtel Uganda, trading as Zain Uganda, operated in Uganda for three (3) years, continuing the ethos of customer centricity and quality, championed by its predecessor, Celtel Uganda.

In June 2010, Bharti Airtel acquired the Zain Africa business, including Zain Uganda. Following the acquisition, Zain Uganda was rebranded as Airtel Uganda, thereby introducing the Airtel brand to Uganda and bringing Airtel Uganda into a family of over 518 million customers across the Bharti Airtel group by the end of March 2023.

As the first and oldest operator in Uganda, Airtel Uganda quickly established itself as the most innovative cellular mobile network operator by introducing many "firsts" in the Ugandan telecommunications sector including being the first mobile network operator in Uganda to introduce 100% 4G LTE technology across all our sites. Airtel Uganda offers integrated solutions to its subscribers, including mobile voice and data services. Airtel Uganda is the second largest mobile operator in Uganda by number of active subscribers. The Company serves 13.8 million active subscribers across 146 districts in Uganda (as at 31 December 2022).

Airtel Uganda introduced affordable communication products and services that have transformed the lives of millions of Ugandans and their businesses.

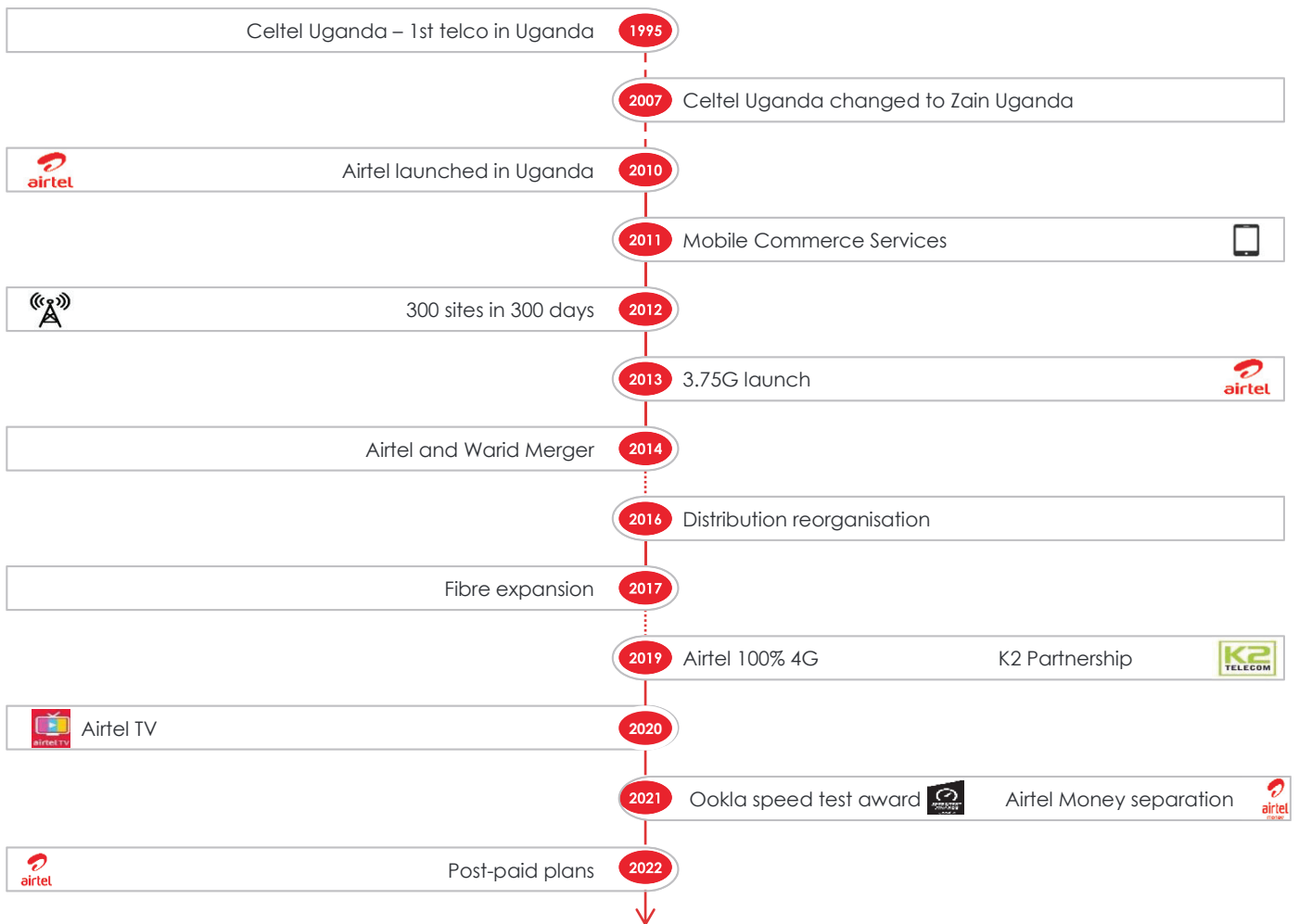


Figure 1: History of Airtel Uganda

9.2 Products and Services

Overview of Products and Services

The Company offers products and services that cater to the needs of its subscribers through its main business segments. The Company's current subscriber base consists almost exclusively of pre-paid subscribers, who accounted for approximately 99.8% of the Company's total subscriber base as at 31 December 2022. In December 2021, the Company had approximately 12.6 million subscribers and by December 2022, this figure had grown to 13.8 million, translating to approximately 8.5% growth in subscriber base year-on-year. The Company's post-paid customers are corporate and small-to-medium-size enterprises, representing 0.2% of the total subscriber base as at December 2022.

Given the subscriber composition, the Company's products and services primarily cater to the pre-paid market. For the Ugandan market, the Company offers affordable voice tariffs with per second billing, Internet Services, SMS, USSD, one network and affordable SIMs. The Airtel Mobile Money division is excluded from the Company shareholding structure and does not form part of this Offer.

The Company has also developed select products and services for the post-paid market including Corporate pre-paid and post-paid, Broadband, Closed User Group (CUG), Contract Handsets, Private APNs, Toll Free Services, home data solutions (FTTH), sponsored data, and Roaming packages.

9.2.1 Pre-paid Products

Voice: The Company provides local calling with a combination of on-net and all-net voice bundles. The portfolio was expanded to include “combo” products that include voice, SMS and data that allow sharing of all the available services with up to four (4) other Airtel Uganda numbers. Voice on Airtel Uganda constitutes 58.2% of its revenue.

Data: The Company provides quality and reliable internet connectivity on 3G and 4G LTE with the widest 4G coverage in Uganda. 4G speeds are almost ten times faster than 3G speeds and provide a more stable internet connection that enables one to make video calls, bringing more efficiency in jobs that require uploading and downloading of materials on the internet. One of the most used services on data is “Tugabane” that is data sharing with up to four (4) people regardless of their location in the country. Over the years the contribution to revenue from data services has grown from 16.3% in 2015 to 34.8% in 2022.

SMS: While smartphone users prefer WhatsApp to SMS, Short Messaging Service remains a service of great importance for customers with feature and basic phones. On top of the generic local and international SMS service, the Company currently offers SMS bundles for on-net only and all-net services. SMS contributes more than 2.3% to Airtel's gross revenue.

VAS: The Company offers a wide range of Value-Added Services (VAS) through SMS and USSD. One of the most used of these services on the Airtel Uganda network is 'Beerako' which is available to pre-paid mobile users to facilitate advance on airtime payable on the next recharge.

9.2.2 Post-paid Products

Contract Packages: Airtel Uganda contract customers are offered a choice of several bundled packages comprising of competitive Voice, Data and SMS rates usage plans for a fixed monthly fee over a contract period.

Closed User Group: This is a solution that is provided to Corporate and Small and Medium Enterprise (SME) clients. The purpose of CUG is to offer discounted rates on communications made across members of the same group. CUGs have been created for both post-paid and pre-paid.

Hybrid product: This is a product that is available for pre-paid Enterprise clients where selected mobile numbers are assigned an airtime credit limit at the time of signing with the client. Usage on the mobile number will be capped at the credit limit monthly, but customers can top-up airtime outside the limit to access all other pre-paid services including data and messaging.

9.2.3 Business and Enterprise Products

Broadband: Airtel Broadband provides a complete suite of office connectivity solutions from high quality full internet services to virtual private network connectivity and from fixed line to office internet to mobile data on MiFi and Wi-Fi routers.

Private APNs: A private APN (Access Point Name), is a point of entry onto an IP network for a mobile device. This product allows corporate customers to connect to their corporate network simply and securely.

Toll Free services: The Toll-Free Service allows for service-oriented enterprises to have their customers on the Airtel Uganda network to call them free of charge. The enterprise (e.g., utilities providers and banks etc.) is then charged for the total number of calls carried on their toll-free number at very competitive tariffs.

Sponsored data: This product offers discounted data to an Enterprise that is used collectively by mobile numbers provided by the Enterprise. The data is used in a pool and has no expiry but simply gets depleted from the pool before the company pays again. This product whitelists selected URLs and websites as requested by the Enterprise.

Bulk SMS: The Company sells SMS in bulk at a discounted price to clients and will only pay the Company if all SMS are depleted.

Home broadband: These are discounted bundles specific to Airtel Uganda routers intended for home and office use. These routers are on a specific service class and cannot access open market data bundles.

9.2.4 One Network, International and Roaming

International Voice: All Airtel Uganda subscribers that have international dialing service provided on their phones can make direct international calls at competitive rates however, the Company also provides special international calling bundles for East Africa, Asia, USA, Europe for selected countries.

Airtel One Network: Typically, it is expensive to call home while roaming in a foreign country but with Airtel One Network service, Airtel Uganda subscribers both pre-paid and post-paid carry their home sim card to any of seventeen one network countries and can make calls for as low UGX 250 per minute.

Roaming Coverage: Airtel Uganda continues to sign on new global roaming partners enabling Airtel Uganda subscribers to access services on their Airtel Uganda mobile number when they travel overseas. These services are on both pre-paid and post-paid allowing flexibility for both customers categories. Pre-paid customers can have someone in Uganda load airtime for them if they run out while they are roaming.

Data Roaming Coverage: The Company provides roaming data bundles with a daily, weekly and monthly validity when a customer is roaming.

9.3 Medium-Term Future Outlook and Business Strategy

The Company's strategic objectives are to deliver sustainable, profitable growth through digitalisation and sustainable development. These objectives are underpinned by five key pillars:

- Win with distribution;
- Win with technology;
- Win with data;
- Win with cost; and
- Win with people.

Win with Distribution

The "Win with Distribution" pillar recognises the importance of expanding the distribution network to foster customer reach, growth and retention. The Company has a broad distribution network with 23 500 customer activating outlets, 1 381 mini-shops, 4 462 kiosks and over 210 000 multi-brand outlets. The Company has also prioritised a fast, effective and simplified digital onboarding process, which has improved the customer experience, through Agile, which is compliant with Ugandan KYC requirements. Agile enables digital registration which is followed by onboarding processes that are completed in five minutes or less.

The Company intends to broaden its value proposition for customers to enhance usage and ARPU through a responsive and agile distribution network and superior customer experience.

Win with Technology

The Company has implemented a network modernisation and expansion programme to meet rapidly growing demand and enhance connectivity and digitalisation in the Ugandan market. At the forefront of the Company's network objective is improving basic network uptime, quality and resilience and expanding the Company's network footprint and 4G capabilities, which is backed by the Company's strong spectrum position. In line with the network modernisation and expansion programme and key objectives, the Company continues to focus on core areas for optimisation including rural coverage expansion, service continuity and adding capacity through aggregation, improving network build through optimal end-to-end design and spectrum additions and delivering best-in-class voice service quality. Some of the select achievements within these focus areas are highlighted below:

- The Company deployed 514 additional base stations in 2021 and 2022 with 100% 4G capability at all sites. Airtel Uganda currently covers 98.7% of the population in Uganda, with 53.5% of the sites located in rural areas.
- In March 2022, Airtel Uganda was recognised as Uganda's fastest mobile network at the Mobile World Congress in Barcelona, Spain, after speed tests were conducted by Ookla, a global independent leader in mobile and broadband network intelligence, testing applications and related technologies. The recognition is a testament to the Company's commitment to service excellence.
- Looking forward, the Company aims to increase fibre rollout, enhance the 4G network and execute the 5G roadmap for Uganda to further improve customer experience and enable more opportunities for the digital economy.

Win with Data

The Company has identified data-based services and data penetration as a key growth driver for the business. In order to maximise the value of data-based services and increase data penetration, the Company intends to drive smartphone ownership and increasing data usage through well-priced, transparent bundles. As a leading 4G provider, the Company will leverage its network for data ARPU and revenue growth. As at 31 December 2022, the Company's data customer base increased by 10% to 4.8 million. Total data usage increased by 30% to 201,528 TB, with data usage per 4G customer per month reaching 6.1 GB.

Focus areas for the "Win with Data" pillar also include developing and expanding wireless home broadband services, increasing the Company's market share by developing innovative products and data solutions for corporate and SME customers and enhancing data security for all customers.

Win with Cost

The Company aims to have an effective operating model with an efficient cost structure and improved margins. This prioritises the ability to add substantial additional capacity at marginal additional cost.

The Company has executed the following cost reduction initiatives to improve margins:

- network design optimisation through the management of bandwidth costs and ensuring fail-safe network design with effective cost structures through multiple fibre routes and high-capacity IRUs;
- commercial optimisation through the use of digital recharges and self-service channels; and
- facilities optimisation through the management of site operational and maintenance expenses.

Win with People

The "Win with People" pillar emphasises the role employees play in the Company's success. The Company is committed to providing rewarding employment opportunities and achieving genuine diversity and inclusion at all levels of the business. The Company has invested in digital learning platforms, functional programmes and cognitive assessments to improve coaching and functional skills. The Company's policies and procedures have evolved to cater for increased hybrid working and improve the overall employee experience. Employee engagement has expanded to identify areas of improvement across the business. Diversity and inclusion is a key part of the Company's people strategy with 36% female representation across the organisation. The Company continually takes deliberate actions to improve the gender balance at all levels.

9.4 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.

9.5 Shared Services and Group Support

The Company is a subsidiary of Airtel Africa and benefits from Airtel Africa's relationship with its ultimate parent company, Bharti Airtel. Airtel Africa operates across fourteen countries in Africa and is the second largest telecommunications operator on the continent. Bharti Airtel operates in seventeen countries across Africa and Asia and is the second largest telecommunications operator globally. The Company leverages the strength and support of Airtel Africa and Bharti Airtel and has access to best practices, expertise and innovation.

The Company has entered into an agreement with Airtel Africa Services (UK) Limited ("AASUKL") along with the Dubai Branch ("AASUKL Dubai Branch") for the provision of management and technical services, the details of which are set out in Section 9.15 (Related Party Contracts). The management and technical services include, but are not limited to accounting and finance, treasury, corporate advisory services (legal, tax, mergers and acquisitions), procurement and information technology ("IT") services.

Accounting and finance shared services include transaction accounting, financial statement review, financial planning information and revenue assurance services.

Treasury services provided by group support include, *inter alia*, treasury advisory services, monthly and quarterly treasury reports and macro-economic trackers. The Company has access to best practice corporate advisory support in the form of legal, tax, mergers and acquisitions matters.

The nature of the IT services received by the Company include software development services, the hosting of servers, the provision of IT security policies and managed services and IT system monitoring and cybersecurity breaches. In terms of procurement, the Company benefits from Airtel Africa's long-term relationships and significant scale to secure competitive pricing from international vendors on key purchases such as equipment (network and non-network) and information technology. The shared services support received by the Company drives a culture of service excellence which is aligned to international standards.

Select related party transactions are disclosed in Section 13 (Reporting Accountants' Report (13.32)).

9.6 Detailed Overview of 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 of 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.

The NTO Licence places stringent legal and compliance obligations upon the Company. Some of the material Licence obligations are summarised below:

Table 12: Detailed overview of NTO Licence

Obligation	Summary of requirement.
Listing obligation	The Company to list all of its shares on the Uganda Securities Exchange.
Financial obligations	Licence fees (first ten (10) years) - UGX 277,729,524,322 (USD 74,570,473) including VAT Licence fees (next ten (10) years) – to be assessed in accordance with the law Annual Licence fees – 2% of gross annual revenues Essential resources fee for resources allocated to the Company by UCC e.g., spectrum access fees – assessed annually based on spectrum allocation.
Annual Compliance Certificate	The Company is required to obtain an Annual Compliance Certificate for each year of operation. The current certificate is valid from 1 July 2023 to 30 June 2024.
Universal service obligations	The Company to ensure universal availability of communications service at a minimum standard determined by UCC, including providing services to persons with disabilities, persons in rural, sparsely populated and high-cost service areas.
Network coverage obligations	The Company is required to extend its network and services within at least 90% of the geographical boundaries of Uganda within five (5) years from the effective date of the Licence. The Company is required to submit to UCC a detailed status report on the progress of realising the above coverage obligations.
Continuous service obligations	The Company is to provide continuous services throughout the Licence term and provide a business continuity plan.
Quality of Service Standards	The Company to operate within the parameters set by the NTO Licence Agreement and UCC Quality of Service regulations.
Interconnection, Access and Wholesale Services	The Company is required to comply with the UCC Interconnection & Access regulations by making available its network, infrastructure facilities and equipment for interconnection, directly or indirectly with other operators entitled to interconnect.
Pricing	The Company complies with the provisions of the UCC Pricing and Accounting regulations in regard to the retail and wholesale pricing of all communications services as set out by UCC.
Type Approval	Type approval from UCC is required for equipment, apparatus or devices manufactured, supplied, imported, distributed, sold and offered for sale by the Company.
Data Protection and confidentiality	The Company is required to prepare and submit, a policy on privacy and Data Protection or confidentiality within sixty (60) working days after the effective date of the NTO. The Policy was submitted to UCC by the Company as required.
Non-interruption of Services	Non-interruption of operations except where operations are interrupted with the consent of the UCC, due to an emergency or force majeure event or owing to scheduled routine maintenance.
Competition	The Company is to adhere to the rules of fair competition which are based on the principles of national, regional and international competition law practices.
Modification	UCC may modify the NTO Licence upon determining that such modification is necessary to achieve the objectives of the Communications Act and the rules and regulations thereof or in public interest, taking into account the reasonable interest and contractual rights of the Company and principles of fair competition and equality of treatment.
Transfer of Licence	No transfer of the NTO Licence (either by way of a substantial change of shareholding control or by way of an asset transfer) is permitted without the prior consent of the UCC.

Suspension and Revocation	<p>The NTO Licence or any rights granted thereunder may be suspended or revoked in their entirety or in part, subject to the Company's right to a fair hearing, for any of the following reasons:</p> <ul style="list-style-type: none"> • Serious and repeated breach of any of the terms and conditions of the NTO Licence which is not remedied within sixty (60) days of notice by UCC. • Failure to comply with orders or directives issued by UCC. • The Company's representations or warranties contained in its application for the NTO Licence prove to be incorrect or untrue. • The Company engaging in or supporting activities amounting to a treasonable offence. • The Company dissolves or enters liquidation. • The Company or any of its affiliates holds or acquires any direct or indirect interest in any other Licenced operator without the approval of UCC.
Discontinuance of Service & Cessation of Operations	<p>The Company should seek the approval of UCC at least sixty (60) days prior to the planned discontinuance of service. Approval for cessation of operations to be sought from UCC at least twelve (12) months before the date of cessation of operations.</p>

9.7 Spectrum Authorisations

The Company holds the right to utilise the radio spectrum detailed below pursuant to spectrum authorisations issued by the UCC under registration number UCC/SMS/36/10/2022 on 17 March 2022 and UCC/SMS/36/2023.

Table 13: Airtel Uganda spectrum allocation

Frequency Band (MHz)	Amount of Spectrum Bandwidth (MHz)	Assignment Status
800	10.0	Assigned
900	10.0	Assigned
1,800	20.0	Assigned
2,100	20.0	Assigned
2,600	20.0	Assigned
3,500	100.0	Assigned
71–76/ 81–86 GHz (E-Band)	1,000.0	Assigned
Total Spectrum BW	1,180.0	

Key terms of the spectrum authorisations include, amongst other, the following:

- Spectrum authorisation is valid from 1 July 2020 for the duration of the NTO Licence;
- Annual fees are to be as prescribed from time to time by UCC;
- Spectrum should be used within the agreed technical parameters contained in the authorisation and within the territory of Uganda;
- The Company is obliged to comply with equipment type approval directions of the UCC and the law. The Company is to ensure that its use of the assigned radio frequency spectrum does not interfere with or degrade the quality of any other communications networks;
- UCC may withdraw the radio frequency spectrum authorisation in cases including repeated breach of the terms and conditions of the authorisation; underutilisation of the assigned spectrum; use of the frequency provision of services other than those authorised by the UCC; and for non-payment or late payment of the annual fees; and

- The practice of the UCC has been to consult the Company and the industry and reach an agreement, when it has wanted to amend any spectrum assignment. The Company believes that the UCC will continue to operate in this manner.

9.8 Key Business Challenges and Mitigation Strategies

The Company faces certain key business challenges in its operations. The key business challenges as well as the mitigation strategies deployed are set out below:

9.8.1 Inadequate energy supply

Uganda experiences occasional power rationing due to the decline in the reliability of the electricity grid. Power interruptions in the ordinary course, may impact network availability and potentially increase operational costs through increased power generation costs via alternative means of power supply. The Company is currently the anchor tenant on several sites owned and operated by American Tower Corporation, based on commercial terms. As part of the contractual arrangement and agreement with the Company, American Tower Corporation provides power management solutions to ensure uninterrupted power supply and high network uptimes to all Airtel Uganda sites. The power solutions consist of battery power and diesel-powered back-up generators and the site operator is responsible for the associated costs in providing power as a service, in line with the commercial terms contractually agreed.

9.8.2 Currency mismatch

A portion of the Company's operational and financial costs are denominated in foreign currency whilst revenue is predominantly in Uganda Shillings, with a small portion of USD-denominated revenue for non-core product verticals. This exposes the Company to foreign exchange risk. The Company's foreign exchange risk management policy includes formal hedging through local banks. Hedging is undertaken primarily through the use of forward contracts with the aim of hedging between 25% and 50% of the foreign currency payments due within a six (6) and twelve (12) month period. Uganda operates as a free economy and the monetary policy levers in-country, including forex reserve availability, support a relatively stable hedging policy environment. In addition, the Company has continually embarked on negotiations with respective local suppliers to ultimately charge the Company in local currency.

9.8.3 Spectrum availability

The availability of spectrum (the radio frequencies allocated to broadcasters and providers of telecommunications services) is closely regulated in the telecommunications industry. UCC has the discretion, in certain circumstances, to withdraw or reallocate spectrum, and the Company may not be able to continue to obtain or retain the necessary spectrum for its operations from UCC or third parties at a competitive price, if at all. The Company has continual engagements with the UCC to ensure that it remains compliant with all aspects of its spectrum authorisation and endeavours to conduct regular network upgrades to improve voice and data quality.

9.8.4 Short term inflationary pressures and lower consumer spend in 2022

Uganda was impacted by a longer recovery time post the COVID-19 pandemic, with a return to relative normalcy, in comparison to other emerging market geographies, only transpiring in January 2022. As a result, the Company's operational and financial performance was impacted by short term macroeconomic and industry headwinds, which primarily included high inflationary pressure that led to subdued consumer spend and lower ARPU figures in Uganda. Macroeconomic and industry indicators have begun stabilising towards medium to longer term expectations in line with the broader macroeconomic and telecommunications industry supporting growth factors; these include inter alia, favourable demographics, young population with robust population growth, floating currency stability, benign inflation outlook, strong GDP per capita as well as low mobile and smartphone penetration that is expected to increase. The Company is well positioned to capitalise

on these growth factors, through leveraging on a well-articulated Airtel Uganda strategy underpinned by five key strategic pillars across technology, data, distribution, cost optimisation and people. Buoyant market conditions and a robust Company strategy will drive significant improvement in financial performance in the long term.

9.9 Corporate Social Responsibility and ESG Initiatives

The Company is driven by the purpose to "transform lives" – and this purpose is at the heart of every decision made to ensure responsible development.

Airtel Uganda's vision of connecting Africa's people to each other, empowering them to create opportunities, dream big and live well is in line with the government of Uganda's National Development Plan III that envisions a transformed Ugandan society from an underdeveloped to a modern and prosperous country within thirty years.

The Company's CSR approach is firmly embedded within the Company's sustainability strategy which was unveiled in 2021 and it seeks to reduce the burden of inequalities faced by the communities the Company serves and is part of. There are many evolving challenges such as climate change, lack of access to quality health care services and education, poor infrastructure in rural areas that impairs digital communication and financial inclusion. We focus on four pillars through which the Company's CSR initiatives can make an impact and transform lives.

The four (4) sustainability strategy pillars are:

1. Our business;
2. Our people;
3. Our community: Digital Inclusion, Financial Inclusion and Access to Education; and
4. Our environment.

The Company's CSR initiatives are centered around improving the Ugandan community. The Company's partnerships seek to use the power of the internet and its affiliation with Airtel Money to create solutions that address digital inclusion, financial inclusion and improve access to education. The Company is also intent on supporting social causes in the healthcare space, which will further enhance the natural health of Ugandan citizens and improve peoples' ability to respond to initiatives that are improving their quality of life.

The Company's partnerships with the Government and Private Sector aim to transform other sectors such as agriculture, health, education, trade and commerce, among others.

As a technology enabler, the Company's contribution to the transformation of the ICT sector, and the Ugandan economy continues to grow. The Company is pleased to share highlights and impact of recent Company contributions below.

a) Impact in Education

Our Digital Inclusion Impact:

The Company's sustained investments have enabled continued growth in the economy and a positive impact on the sustainable development goals agenda (SDGs).

Through fourteen (14) public libraries powered by Airtel Internet, 108,000 people have been reached across Uganda. Both in-school and out-of-school learners are able to use basic to advanced internet skills to improve their learning and skills. In 2022, a total of 126 people were trained in basic ICT skills at the Mbale, Lira, Kabale and Kawempe Public libraries.



Table 14: Public library locations

Locations	Airtel Investment
Buganda road, Mbale, Pallisa, Jinja, Soroti, Hoima, Masindi, Kabale, Paidha, Kabarole, Mbarara, Nakaseke, Lira and Kawempe Community Library	UGX 260 million

Airtel Cares - Adopt a School Programme

Under this programme the Company ‘adopts’ a school with the intention of improving the learning environment and improving the education outcomes of the pupils who attend that school.



In these schools the Company has built ablution facilities, undertaken major structural refurbishments, furnished the libraries and provided scholastic materials and book reading camps.

The adopted schools are:

Table 15: Airtel Uganda adopted schools

No	Adopted school	Year of adoption	Airtel investment
1.	Ndeeba COU Primary School - Kayunga	Nov 2011	UGX 128 million
2.	St Ponsiano Kyamula Primary School - Makindye	Oct 2012	UGX 108 million
3.	Nanfugaki Primary School - Iganga	Nov 2013	UGX 136 million
4.	Sseke Primary School - Lwengo	April 2015	UGX 245 million
		TOTAL	UGX 617 million

Absa 'ReadytoWork' Programme

More than 320,000 students have benefited from the Airtel Internet powered Absa 'ReadytoWork' programme. Through this partnership, youth who are at university prepare for the work environment and business world through short, engaging online learning.

Impacting Health

Health Outreaches

The Company is running an award-winning safe motherhood programme that has advocates for safe delivery in hospital, antenatal care for expectant mothers and training of midwives and nurses in basic obstetrics and on how to take care of the mother and their baby during pregnancy and after delivery; all to ensure that maternal and neonatal death is reduced significantly.

The Company has donated three (3) mobile ultrasound probes at three (3) hospitals. The probe is connected to a smartphone and the expectant mother is able to have an ultrasound scan performed from anywhere due to the mobility of the ultrasound probe. Through the programme, the Company has also donated more than 8,000 Mama Kits to mothers across the country.

In partnership with Uganda Muslim Medical Bureau, the Company has donated to thirteen (13) health centres. The donations consisted of delivery beds, oxygen filters, digital baby weighing scales, among others.

The Company also renovated and supported Kisaasi Church of Uganda Health Center IV. The Company renovated the maternal centre and donated a water harvesting system in addition to donation of 500 Mama Kits to expectant mothers.

The Company conducts a yearly blood donation drive. Through the drive mobile collection points are communicated and blood donors respond by donating blood. These are at secondary schools and at selected public places. Secondary going students contribute to more than 70% of collected blood.

Table 16: Health support

Health support	Airtel Investment
Safe Motherhood programme	UGX 137 Million
Number of people impacted	23,000 people impacted
Number of blood units collected	1,010 units
Number of health facilities powered	15 health facilities: <ul style="list-style-type: none"> • Zukuli Nursing Home in Kawempe • Gubara Health Centre in Wakiso • Old Kampala Hospital in Lubaga • Kisaasi Church of Uganda Health Centre IV • Mbarara Health Centre • Lambu Health Center in Masaka • Jinja Islamic Health Centre • Buwenge Hospital and Medical Centre • Iganda Medical Health Centre • Saidina Umar Health Centre • Bushenyi UMSC Health Centre • Kinyshohera Muslim Medical Center in Kanungu • Bombo Health Centre in Hoima • Orianjini Hospital in Arua • Alnoor Health Centre in Yumbe

The Airtel Kabaka Birthday Run

Through the Company's partnership with Buganda Kingdom, the Company has supported this annual event for five (5) years to raise money to support reduction of the disease burden in Uganda. The treatment of fistula, HIV/AIDS, cancer, and maternal health are some of the causes the Company has supported this partnership where an annual investment of over UGX1 billion is made. In 2023, it is estimated that 90,000 people were impacted by the initiative.



Impacting Agriculture

EzyAgric Partnership

The Company's short-term partnership with EzyAgric ensured digital access to verified, quality agricultural information that farmers use through dialing a USSD code to request for information, understand weather patterns, receive videos, SMS and audios of how to plant seeds and take care of their animals and ultimately speak to or meet an Agricultural Extension Worker who advises them on how to manage their farm. 8,000 farmers have accessed agricultural information through use of the Airtel Internet and an additional 98,000 people have accessed farming tips through the USSD service.

Table 17: Ezyagric Partnership

		Airtel Investment
Average Subs	83,995	UGX 600 million
Volume given out	41,997,500	
Cost per MB(UGX)_Used Data Realisation tables (DR)	2.45	
Cost per Month to Airtel (UGX)	103,025,396	



Staff Volunteerism

Annual Airtel 12 Days of Christmas Programme

The Company runs a yearly staff volunteerism programme dubbed “12 Days of Christmas” that has seen the Company make donations at schools and supported projects that improve health outreaches, digital education and financial inclusion. In 2022, the 8th year of the programme, medical equipment and sixteen (16) sewing (sewing, knitting and portable sewing) machines were donated to benefit initial training of approximately 108 youth and women in hand skills. Twenty-one (21) computers were donated to schools and organisations to enable equitable learning at the beneficiary schools. Water Harvesting Systems were installed in addition to donations of more than 700kgs of assorted food items, sanitary items, baby items and office requirements to twelve (12) organisations that are making a difference in the community with limited resources.



Organisations with a direct impact on a combined total of more than 1,600 people have been connected to Airtel internet solutions as a way to increase access and the use of the internet to work more productively. This directly supports SDG 9 – Industry, Innovation and Infrastructure. Organisations that were supported and connected to Airtel Internet at an investment of UGX 165 million included:

- Masaka School for the Deaf;
- Kisakye Medical Center in Kasangati;
- Lira Babies Home;
- The Remnant Generation in Busega;
- New Life Ministries in Busedde Jinja;
- Harvest Primary School Namuganja in Busika;
- International Needs Uganda in Buikwe;
- St. Philip Kyanukuzi Primary School in Lwengo;

- Open Friends Center in Ntinda;
- I Am A Girl Organisation in Mbale;
- Teresa Children's Home in Najja nankumbi; and
- Girls Set Free Community Initiative in Bunga.

Social Causes:

National Emergencies

The Company also supports social causes such as responding to emergencies. These have included donating food to more than 3,000 families during the Karamoja hunger crisis, setting up mobile blood donation clinics for blood to be collected and supporting people affected by floods due to torrential rains.

3,000 households received food items with each household having five (5) family members. A total of 15,000 Karimojong received food relief from the Company at a total investment of UGX 47 million.

Financial commitments for the 2022 year

In 2022, the Company participated in a number of initiatives as part of its CSR programme. A summary of the initiatives is outlined below:

Activity	UGX
Maternal health and donating to medical equipment to 13 health centers across the country under the Safe Motherhood Programme	95.18 million
Refurbishment of walls at Kisaasi CoU Health Center Primary School	6.69 million
Handover of maternal support at Kisaasi CoU Health Center under the Safe Motherhood Programme	13.21 million
Donation of food relief items to 2,000 families in the hunger stricken Karamoja region	47.04 million
Schools outreach to the Airtel Adopted Schools	4.74 million
12 Days of Christmas	154.71 million
Support to Masulita Children's Village	50.0 million
Rewarding top performing pupils	16.48 million
E-Learning and connecting 100 rural schools to the internet	145.00 million
Blood Donation Drive	20.39 million
UNICEF Launch in Adjumani	1.97 million
Total investment	565.45 million

9.10 Capital Structure

Equity

As at the date of this Prospectus, the Company has authorised share capital of UGX 40,000,000,000 comprised of 40,000,000,000 ordinary shares which have all been issued and allotted to the existing Shareholders. The share capital structure of the Company therefore does not comprise any unissued shares.

Table 18: Airtel Uganda share capital structure

	UGX
Authorised share capital 40,000,000,000 ordinary shares of UGX 1	40,000,000,000
Issued and fully paid share capital 40,000,000,000 ordinary shares with a par value of UGX 1 each	40,000,000,000

Borrowings

The Company's total indebtedness as at 31 December 2022 was UGX 629 billion which arises from various overdraft and term loan facilities set out in the table below. Save as indicated below, all of the loans are unsecured.

Table 19: Borrowings of Airtel Uganda

Facility	Lenders	Use of proceeds	Repayment terms	Maturity date	Applicable interest rate	Facility size	Amount outstanding as of 31 December 2022
Bank overdraft	Absa Bank Uganda (Plot 2/4 Hannington Road, P. O. Box 7101, Kampala)	Working capital	Revolving facility with interest payable monthly in arrears	12M Revolving	Aggregate of a margin of 3% plus the Bank of Uganda's 91-day treasury bill rate	USD 29 million equivalent in Uganda Shillings	UGX 224 555 million
	Citibank Uganda (Centre Court, Plot 4 Ternan Avenue, Nakasero P. O. Box 7505, Kampala – Uganda)	Working capital	Revolving facility with interest payable monthly in arrears	12M Revolving	Fungible with a margin of 2% plus the Bank of Uganda's 182-day treasury bill rate	USD 35 million (equivalent UGX)	

	Standard Chartered Bank Uganda (Standard Chartered House, Plot 5 Speke Road, P.O. Box 7111 Kampala)	Working capital	Revolving facility with interest payable monthly in arrears	12M Revolving	Fungible with a margin of 1.875% plus the Bank of Uganda's 182-day treasury bill rate	USD 8 million (equivalent UGX)	
	UBA Bank (Plot 2, Jinja Road P.O. Box 7396 Kampala)	Working capital requirements and general corporate purposes	Revolving facility with interest payable monthly in arrears	12M Revolving	Fixed interest rate of 9.5% per annum	UGX 15 500 million	
Term loan facility	Absa Bank Group Absa Bank Uganda (Plot 2 Hannington Road, P. O. Box 7101, Kampala) Absa Bank (Mauritius) (Absa House, 68 Wall Street, Cybercity, Ebene, 72201, Mauritius)	Operational working capital	Quarterly repayments of interest and capital. Capital repayments to commence 3-months post a 12-months payment holiday	24 December 2025	USD Facility: 3 Months LIBOR + 3.62% UGX Facility: 91 Days Treasury bill + 4.7%	USD 40 million UGX 31 986 million	UGX 180 786 million
Term loan facility	Stanbic Uganda (Crested Towers, Plot 17 Hannington Road, P.O. Box 7131 Kampala)	Refinancing and general corporate purposes	Quarterly repayments of interest and capital	30 December 2025	Aggregate of the margin (2.4% per annum) and the Bank of Uganda 182-day treasury bill rate published on the relevant calculation date	UGX 150 000 million	UGX 150 000 million

Term loan facility	DFCU Bank Uganda (UDB Towers, Plot 26 Kyadondo Road, Nakasero, P. O. Box 70, Kampala, Uganda)	Capital expenditure requirements in the form of expansion of spectrum and Licence renewal fee payments	Quarterly repayments of interest. Semi-annual repayment of capital post 12-months grace period	11 November 2025	Aggregate of the margin (4.70% per annum) and the Bank of Uganda 182-day treasury bill rate spot published on the relevant calculation date	UGX 75 000 million	UGX 59 946 million
Term loan facility	Standard Chartered Bank Uganda (Standard Chartered House, Plot 5 Speke Road, P.O. Box 7111 Kampala)	Licence renewal fee payments	Maturity on 29 September 2023	29 September 2023	Aggregate of the margin (1.85% per annum) and the Bank of Uganda 364-day treasury bill rate spot published on the relevant calculation date	UGX 14 886 million	UGX 14 884 million

The Citibank Uganda overdraft facility is subject to a corporate guarantee by Bharti Airtel International (Netherlands) B.V., the Absa Bank Group term loan facility is subject to a subordination agreement in respect of the Company's financial obligations to Bharti Airtel International (Netherlands) B.V. and the DFCU Bank Uganda term loan facility is subject to a letter of comfort by Bharti Airtel International (Netherlands) B.V. The facilities are duly authorised by the Board and are in conformity with the Company's borrowing powers. The loan facilities are to be repaid from the Company's revenue streams. Further, the Board affirms that the Company is not in breach of any of its debt covenants as of the date of this Prospectus.

The purpose of the indebtedness is to fund any license repayments, finance capital expenditure, to refinance the company's existing financial indebtedness and for working capital requirements.

9.11 Subsidiaries and Affiliated Companies

9.11.1 Subsidiary Companies

There are no subsidiary companies to the Company.

9.11.2 Affiliate Companies

Airtel Uganda is affiliated to the following companies:

- Airtel Mobile Commerce Uganda Limited ("AMCUL" or "Airtel Mobile Commerce")**, a private limited liability company registered under the laws of Uganda. Its registration number is 80010003488648.

AMCUL is duly licenced under the National Payment Systems Act, 2020 to provide mobile commerce services in Uganda.

Airtel Mobile Commerce 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.

b) **Airtel Telesonic Uganda Limited**, a private limited liability company incorporated under the laws of Uganda on 9 September 2022. Its registration number is 80020003812558. Once it becomes operational, the company's main business will include the building, installation, maintenance and leasing of communications infrastructure including fibre, ducts, bandwidth and related infrastructure services to telecom operators, wholesale customers, global carriers and other customers who have such requirement primarily in Uganda.

On 25 November 2022, Airtel Telesonic applied to the Uganda Communications Commission for a National Infrastructure Services Provider (NPIP) Licence. Following review by UCC, the license was published in June 2023 and the terms of the NPIP Licence agreement are currently under negotiation by Airtel Telesonic and UCC. It is estimated the NPIP Licence will be issued to Airtel Telesonic by the end of August and not later than October 2023.

9.12 Capital Expenditure

Table 20: Airtel Uganda capital expenditure

UGX'mn	2018	2019	2020	2021	2022
Plant and machinery	128,770	191,438	149,376	97,817	208,020
Leasehold improvements	4,588	3,859	1,538	13	-
Office equipment and furniture	3,507	805	3,261	11,851	11,133
Computers	3,187	11,364	3,061	8,969	13,901
Motor vehicles	441	244	174	346	748
Assets under construction	28,041	4,617	(38,063)	34,698	(7,957)
Intangible assets	-	-	373,370	-	-
Total	168,534	212,327	492,717	153,694	225,845

9.13 Properties

Movable property

The Company owns most of its plant and telecommunications equipment. The Company also owns other moveable assets such as plant and machinery, furniture and equipment as detailed in the asset register kept at the Company's premises, which asset register is available for inspection.

The Company holds certificates of ownership with respect to the movable assets for which a registration framework exists under Ugandan law. The Company also owns intangible assets such as licences, trademarks, bandwidth, customer base and dealer networks.

Immovable property

The Company leases most of its immovable property, including its principal property, administrative and commercial office buildings, warehouses and technical properties.

The following table sets out the Company's key immovable property as at 31 December 2022:

Table 21: Immovable Property					
Location	Primary function	Financial obligations	Duration of lease	Unutilised duration	Size
LRV 2788 Folio 11, Clement Hill Road, Plot 16A, Kampala	Company Headquarters	Ground rent UGX 450,000 and property tax of UGX 26,731,588	97 years lease from the Kampala District Land Board, running from 14 th May 2003 until 13 th May 2100	77 years	0.1290 hectares (approximately 32 decimals)
LRV KCCA 498 Folio 1, Kataza Close 2, Plot 20, Kataza, Nakawa Division, Kampala	Offices	Ground rent of UGX 1,360,500	49 years lease from the Kampala District Land Board, running from 1 st December 2004 until 30 th November 2053	30 years	0.1100 hectares (approximately 2.7 acres)
LRV KCCA 491 Folio 24, Kataza Close 2, Plot 16, Kataza, Nakawa Division, Kampala	Offices	Ground rent of UGX 1,225,000 and property tax of UGX 4,577,260	49 years lease from the Kampala District Land Board, running from 1 st March 2005 until 28 th February 2054	31 years	0.0990 hectares (approximately 24 decimals)
LRV KCCA 497 Folio 25, Kataza Close 2, Plot 17, Kataza, Nakawa Division, Kampala	Offices	Ground rent of UGX 1,360,500	49 years lease from the Kampala District Land Board, running from 1 st April 2005 until 31 st March 2054	31 years	0.1150 hectares (approximately 28 decimals)
LRV KCCA 494 Folio 17, Kataza Close 2, Plot 18-19, Kataza, Nakawa Division, Kampala	Offices	Total Ground rent of UGX 2,881,000	49 years lease from the Kampala District Land Board, running from 1 st April 2005 until 31 st March 2054	31 years	0.1180 hectares (approximately 29 decimals)

LRV 2415 Folio 4, Jinja Road, Plot 40, land at Jinja Road, Kampala City	Offices	Ground rent of UGX 6,7000,000 and property tax of UGX 2,017,497	47 years lease from the Kampala District Land Board, running from 1 st August 1995 until 31 st July 2044	19 years	0.4810 hectares (1.19 acres)
--	---------	---	--	----------	------------------------------

The Company owns four (4) tower sites which it operates as strategic infrastructure sites. The locations of the sites are set out below:

Location	Details	Function
Airtel House (KA1000)	This is a tower (mast) at the Airtel Jinja Road, offices situated at Plot 40 Jinja Road. The tower is on land comprised of LRV 2415 Folio 4 and is registered in the name of Airtel Uganda.	Strategic infrastructure site
Nyendo (WE2208)	The site is situated on land comprised at Block 325 Plot 975 Nyendo Masaka.	Strategic infrastructure site
Rwagaju-Airtel (WE2186)	The site is located on land situate at Rwagaju Zone, Nyakinengo Parish, Biharwe Sub-County, Kashari County, Mbarara District.	Strategic infrastructure site
Wanale (EA5005)	The site is located on land comprised in LRV 1552 Folio 25 located at Bukasakya, Bungokho County, Mbale District.	Strategic infrastructure site

The Company's proprietorship of the land is compliant with the provisions of the Constitution of the Republic of Uganda 1995 (as amended) and the Land Act Cap. 227 of the laws of Uganda (as amended) regarding the ownership of land by non-citizens.

The certificates of title for the land are validly issued by the Commissioner for Land Registration in accordance with the Registration of Titles Act Cap. 230 of the laws of Uganda and the Land Act Cap. 227 of the laws of Uganda (as amended) and are validly subsisting for the terms stated (unless and until otherwise renewed for a further term).

The relevant lease agreements have been duly executed, delivered and authorised by all necessary action of the Company and constitute legal, valid, and binding obligations of the Company and the granting authorities.

No security interest has been created over the said land in favour of any person or entity, and there are no caveats or other adverse interests registered against the land.

9.14 Disclosure of Corporate Reorganisations and Material Disposals of Assets

9.14.1 Corporate Reorganisations

Agreement for the transfer of Airtel Money business, assets and related employees from Airtel Uganda to Airtel Mobile Commerce Uganda Limited ("AMCUL")

On 18 June 2021, Airtel Uganda executed an Asset Transfer Agreement with AMCUL to separate the mobile commerce business ("Airtel Money Services") from the core telecommunication business of Airtel Uganda. The disposal of the assets used in the provision of the Mobile money services to AMCUL was approved by the Company's shareholders by special resolution dated 7 December 2018.

The transfer of the mobile money business to AMCUL was done in order to comply with a legal requirement under the National Payment Systems Act to segregate mobile commerce business from the core telecommunications business.

AMCUL is a limited liability company and was incorporated under the laws of Uganda in 2010. Its core objective is to carry on the business of a trust and indemnity company or any of the businesses usually carried on by a trust, finance, land, and mortgage and agency company and to carry out financial, commercial and industrial operations of every description. AMCUL is owned 99% by Airtel Mobile Commerce B.V. and 1% by Airtel Mobile Commerce Holdings B.V. (AMC B.V.). AMC B.V. is one of the subsidiaries of Bharti Airtel International (Netherlands) B.V. and therefore, the Company and AMCUL are affiliates.

By the asset transfer agreement, the Company transferred and assigned the Mobile Money Platform, related assets and software used in the provision of the Airtel Mobile Money services, fixed assets, human resources, and agreements to AMCUL. In addition, the Company granted AMCUL the right of use of its intellectual property and physically delivered to it all the discs, materials, documents and source code that embodied the business intellectual property rights and the IT (Information Technology) system. AMCUL also inherited the authorisations issued to the Company through the partner commercial banks and the certificate of no objection issued by the Bank of Uganda to the Company.

On 6 November 2018, the Company applied to the Uganda Revenue Authority (URA) for a private ruling in respect to the proposed re-organisation of the Company and AMCUL wherein it contended that transaction was a reorganisation without a significant change in the underlying ownership or control of the Company which satisfied the no gain no loss on transfer status for capital gains. In a private ruling issued on 15 May 2019, URA agreed with the Company's interpretation and treated the transaction as a reorganisation without a significant change in the underlying ownership or control of the company.

By a no-objection letter dated 23 December 2020, Bank of Uganda also approved the separation of the mobile money business from the telecom business.

The transfer of the mobile money business to AMCUL was done on an arm's length basis and negotiated on commercial terms. The Company also worked together with URA to determine the cost base of the assets being transferred as the tax collector had guided in its private ruling. Certain related party contracts were entered into between the Company and AMCUL for business continuity, the details of which can be found in 9.15 (Related Party Contracts).

9.14.2 Completed Disposals

Save for the asset transfer of Airtel Money Services to AMCUL as set out in 9.14.1 above, there were no material disposals for the five (5) years preceding the publication of this Prospectus.

9.14.3 Contemplated Disposals

There are no material contemplated disposals as at the publication of this Prospectus.

9.15 Related Party Contracts

The Company is party to the following material related party contracts:

A. Service Agreement for the provision of Airtel Money Cash Collection Services between AMCUL and Airtel Uganda	
Date of the agreement	22 January 2021
Purpose of the agreement	The agreement sets out the terms under which AMCUL facilitates the collection of Airtel Uganda's various receivables from third party payments through AMCUL's mobile commerce platform known as "Airtel Money which uses AMCUL's USSD on behalf of Airtel Uganda. The agreement was amended by an addendum executed on 23 July 2021 to vary the duration of the agreement.
Effective date	1 January 2021
Term of agreement	The agreement is valid for a duration of five (5) years from the effective date with the first three (3) years locked in. The lock-in period may be extended by mutual consent of the parties.
Consideration	2% of the transaction value processed for each transaction carried out using the service at the end of each billing cycle, subject to review annually upon agreement of the parties.
Other key terms	<p>Airtel Uganda's obligations under this agreement are to promptly notify AMUCL of any changes in shareholding or ownership or reorganisation which may have a material implication on the operations of this agreement, and to ensure that there is an appropriate system of safeguards to protect the unauthorised access to and / or use of or tampering with information held by AMUCL in connection with this agreement.</p> <p>The agreement was negotiated at arm's length and has commercial terms.</p>

B. Memorandum of Understanding between AMCUL and Airtel Uganda relating to revenue share for Churn	
Date of the agreement	22 January 2021
Purpose of the agreement	The parties executed this open-ended contract on 22 January 2021 to agree the terms of the services being provided by AMCUL to Airtel Uganda whereby the churn of Airtel Uganda's GSM network will reduce on account of Airtel Uganda's subscribers having AMCUL mobile wallets which are operated on said network.
Effective date	22 January 2021
Term of agreement	The MoU remains valid until terminated by either party

Consideration	25% of the Net Incremental Lifetime value to be shared with AMCUL payable monthly at an agreed prevailing rate according to the terms of the agreement.
Other key terms	The agreement was negotiated at arm's length and has commercial terms.

C. Managed Support Services Agreement between Airtel Uganda (AUL) and Airtel Mobile Commerce Uganda Limited (AMCUL)

Date of the agreement	1 January 2021
Purpose of the agreement	<p>Airtel Uganda and AMCUL executed this agreement (the "MSSA Agreement") to appoint Airtel Uganda to render or procure the rendering of certain management and technical support services to AMCUL. The MSSA Agreement was amended by an addendum dated 29 July 2022 which amended and restated the agreement (the "Amended and Restated Agreement") so that the rights and obligations of the parties shall with effect from 1 August 2022 be governed by the terms and conditions of the amended and restated agreement.</p> <p>According to the Amended and Restated Agreement, Airtel Uganda agreed to provide managed support services to AMCUL. The scope of these services includes: assistance with the development of human resource policies, making available its senior management to AMCUL, legal assistance, having a common call centre, use of office infrastructure, corporate governance, common facilities, common shop charges and local management.</p> <p>Pursuant to this agreement, Airtel Uganda renders office infrastructure services to AMCUL which rents space on the 4th Floor of Airtel Towers and pays rent to Airtel Uganda.</p>
Effective date	1 August 2022
Term of agreement	The term of the agreement is five (5) years with effect from 1 August 2022 with the first three (3) years locked in.
Consideration	AMCUL pays an agreed service fee (exclusive of VAT and WHT) to Airtel Uganda for the services received subject to VAT and WHT applicable.

Other key terms	<p>The Amended and Restated Agreement does not constitute an exclusive arrangement between the parties and AMCUL and any of its affiliates may perform or retain third parties to perform any of the services or similar services during the service term.</p> <p>Furthermore, the agreement does not give Airtel Uganda any right to a minimum level or volume of services and there was no commitment from AMCUL to use Airtel Uganda for the provision of services of the same or similar nature as the services covered by this agreement.</p> <p>The agreement was negotiated at arm's length and has commercial terms.</p>
------------------------	--

D. Agreement for mobile payment services between Airtel Uganda and Airtel Mobile Commerce Uganda Limited (AMCUL)/ Easy Recharge Agreement

Date of the agreement	22 January 2021
Purpose of the agreement	<p>Airtel Uganda executed an agreement with AMCUL pursuant to which AMCUL would provide certain mobile payment services to Airtel Uganda. This agreement was amended via an addendum executed on 23 July 2021.</p> <p>The mobile payment services provided by AMCUL pursuant to the agreement are based on the Airtel Money Platform which uses AMCUL's USSD, Sim Tool Kit (STK) and the Airtel Money application. By this agreement, Airtel Uganda subscribers are able to make Recharge Payments of Airtel's services using the Airtel Money Platform. The agreement allows AMCUL, to use its Airtel Money Platform to collect information for the payment of recharge payments by Airtel's subscribers to Airtel Uganda through the Airtel SIM Card.</p>
Effective date	23 July 2021
Term of agreement	The agreement is valid for five years with effect from 23 July 2021 with the first three (3) years being locked in.
Consideration	Airtel Uganda pays 6.5% of the transaction fees to AMCUL with 5.5% being an upfront commission and 1% as a backend commission based on the achievement of monthly targets.

Other key terms	Airtel Uganda's obligations under this agreement are to promptly notify AMCUL of any changes in shareholding or ownership which may have a material implication on the operations of this agreement, and to ensure that there is an appropriate system of safeguards to protect the unauthorized access to and or use of or tampering with information held by AMCUL in connection with this agreement.
------------------------	---

E. Commercial Agreement for the provision of Unstructured Supplementary Service Data (USSD) / Short Message Service (SMS) Agreement between Airtel Mobile Commerce Uganda Limited and Airtel Uganda

Date of the agreement	1 January 2021
Purpose of the agreement	<p>The parties entered into this agreement for value added services that can be used by AMCUL for purposes of its USSD and SMS (the "USSD/SMS Agreement").</p> <p>The USSD/SMS Agreement was amended and restated by the First Addendum to the Commercial Agreement dated 18th July 2022 (the "Amended and Restated USSD/SMS Agreement") so that the rights and obligations of the parties to the USSD/SMS Agreement shall with effect from 1st August 2022, be governed and construed in accordance with the provisions of the Amended and Restated USSD/SMS Agreement.</p> <p>Pursuant to the Amended and Restated USSD/SMS Agreement, Airtel Uganda undertook to provide facilities necessary for AMCUL to conduct its business namely:</p> <ul style="list-style-type: none"> (a) Facilities that would enable AMCUL to allow its customers to carry out various transactions involving the mobile wallet maintained by the customer with AMCUL and SMS services under which AMCUL would send an SMS update to its customers on activities on the customer's account; (b) Additional auxiliary services that are reasonably inherent to or necessary for Airtel Uganda's delivery of the services under this agreement; (c) Assign resources or engineers to provide support on any issues that may arise in the performance of the services; and (d) Provide escalation procedures and contact details for support or emergencies.
Effective date	1 August 2022
Term	The term of the agreement is five (5) years with effect from 1 August 2022 with a lock – in period of a minimum of three (3) years from the effective dates
Consideration	Slab wise rate for Bulk SMS – 0.0001 USD per SMS Slab wise rates for USSD as per number of Session – 0.0005 UDD per USSD session

Other Key Terms	<p>According to the Amended and Restated USSD/SMS Agreement, Airtel Uganda can only advertise and market the products with the written permission and approval of AMCUL.</p> <p>The agreement was negotiated at arm's length and has commercial terms.</p>
------------------------	--

F. Trademark Licence Agreement between Bharti Airtel International (Netherlands) B.V and Airtel Uganda

Date of the agreement	27 September 2018
Purpose of the agreement	<p>Bharti Airtel International (Netherlands) B.V. and Airtel Uganda executed a trademark licence agreement (the "Trademark License Agreement") by which Bharti Airtel International (Netherlands) B.V., as licensee to a list of defined trademarks from the owner Bharti Airtel Limited, sub-licensed the same trademarks to Airtel Uganda.</p> <p>The agreement grants Airtel Uganda the non-exclusive, non-transferrable, non-assignable, and non-sub licensable right to use the trademarks in the territory solely in relation to the business. The licence was granted on a royalty free basis, unless mutually agreed otherwise by the parties.</p>
Effective date	1 April 2011
Term of agreement	The term of the agreement runs concurrently with the Trademark Licence Agreement between Bharti Airtel International (Netherlands) B.V. and Bharti Airtel Limited.
Consideration	The license was granted on a royalty-free basis in consideration of the licensor expanding its business and brand in Uganda.
Other key terms	The agreement has the same terms as the Trademark Licence Agreement between Bharti Airtel International (Netherlands) B.V. and Bharti Airtel Limited dated 24 September 2012.

G. Framework Loan Agreement between Bharti Airtel Uganda Holdings B.V. and Airtel Uganda

Date of the agreement	The agreement was executed on 15 April 2016
Purpose of the agreement	<p>According to the framework loan agreement, the Company obtained an unsecured revolving credit facility from the Selling Shareholder to be utilised for any purpose authorised by the Company's memorandum and articles and towards ongoing funding requirements as per its business plan(s) and towards funding requirements.</p> <p>The agreement was amended on 29 August 2017 and 29 October 2021 to extend the facility availability period and revise the terms of repayment.</p>
Effective date	15 April 2016
Term of agreement	The overdraft facility is available until 31 December 2026
Consideration	USD 150,000,000

Others	The loan was repaid in 2019 and there are no current financial obligations. However, Airtel Uganda may make a draw down request under the facility at any time before 31 December 2026. Additionally, any loan amounts and accrued interest under the facility will be payable in full by 31 December 2026.
---------------	---

H. Intercompany Loan Agreement between Airtel Mobile Commerce Uganda Limited (AMCUL) and Airtel Uganda Limited

Date of the agreement	30 June 2023
Purpose of the agreement	<p>By this agreement, AMCUL agreed to make available to Airtel Uganda, an unsecured revolving credit facility of up to UGX 75,000,000,000 (the "Facility") towards any purpose authorised by Airtel Uganda's memorandum and articles of association and towards ongoing funding requirements as per Airtel Uganda's business plan(s) and towards funding requirements.</p> <p>Airtel Uganda is entitled to make a drawdown request under the Facility at any time before 30 June 2024 (the "Final Maturity Date").</p>
Term of agreement	The overdraft facility is available until 30 June 2024
Consideration	Credit Facility of up to UGX 75,000,000,000
Key Terms	<p>According to the loan agreement –</p> <ol style="list-style-type: none"> Interest will be due to Lender of Ninety (90) days Treasury Bill + 2.5%. The Treasury Bill rate shall be refreshed quarterly and the interest shall be capitalized into the principal loan amount on each 1st April, 1st July, 1st October and 1st January. Any interest not so capitalized will be payable on the Final Maturity Date, unless the Parties agree otherwise in writing. AMCUL has no obligation to monitor or verify the application of any amount borrowed pursuant to the loan agreement. Repayment of any outstanding principal loan amounts by Airtel Uganda is allowed at any time free of any penalties. Airtel Uganda is permitted to prepay the loan in part or in full subject to prior written notice to AMCUL however, accrued interest cannot be prepaid. A change of control of Airtel Uganda amounts to an event of default.

I. Agreement between Airtel Africa Services (UK) Limited (“AASUKL”) along with Dubai Branch (“AASUKL Dubai Branch”) and Airtel Uganda Limited dated 17th December 2021 for the provision of Management and Technical Services

Date of the agreement	17th December 2021
Purpose of the agreement	The parties executed this agreement to set out the terms upon which AASUKL and AASUKL Dubai Branch provide certain management and technical services to Airtel Uganda Limited including but not limited to accounting, finance, tax, legal, company secretarial, IT, technical and personnel administration services, and support Airtel Uganda in the conduct of its business.
Effective date	1st October 2021
Term	Three (3) years with effect from 1 st October 2021.

J. Telecom services (Interconnect, Roaming, Lease line services etc) agreement between Airtel Uganda and various related parties

Purpose of the agreement	Airtel contracts, directly or indirectly, with its group companies at arm's length in various transactions in relation to telecom services (Interconnect, Roaming, Lease line services etc). It is not practical to record the full nature and extent of all, direct and indirect, interests. These related party transactions are further disclosed in the Reporting Accountants' Report in Note 13.32.
---------------------------------	--

9.16 Material Business Contracts

As an inter-connected industry, the telecommunications industry is heavily dependent on relationships with third-party vendors, suppliers, and partners. The ability of these vendors, suppliers and partners to fulfil their obligations under material contracts is critical to the Company's success. As a result, there is a significant risk of interference with the Company's day-to-day operations, substantial financial losses, damage to reputation, and legal liabilities should there be any failure by the third parties to perform under these contracts.

The Company has entered into various material contracts with third parties, including contracts with passive infrastructure providers, vendors for network equipment, software licences, and services, and contracts with strategic partners for partnerships.

It is important to note that the Company has no control over the third party's ability to perform under these contracts which may be affected by various factors, including changes in market conditions, competitive pressures, and technological advancements. The Company does not have oversight over the management and internal operations of third parties.

In addition, the Company's ability to negotiate favourable contract terms with third parties may be limited, particularly with respect to contracts with large vendors who have significant bargaining power.

Furthermore, the Company may be subject to disputes with third parties regarding the interpretation, performance, or termination of these contracts. Such disputes could result in litigation or arbitration proceedings, which could be costly and time-consuming and could divert management's attention from the Company's core business operations.

In the event of any material breach of these contracts, the Company may be subject to liability for damages or other remedies, including termination of the contract or the imposition of penalties. Any such breach could have a material adverse effect on the Company's business, financial condition, and results of operations.

In addition, the Company's material contracts with third parties may be subject to regulatory approval or oversight, which could delay or prevent the Company from performing under these contracts or could result in

penalties or fines for non-compliance. Most of the third parties are also subject to regulatory approval and the Company cannot guarantee the renewal of their operational licences by the Regulator.

Accordingly, it is important for the Company to maintain healthy business relationships with third party vendors and contractors in order to mitigate the risks and uncertainties associated with its material contracts with third parties.

A. Master Tower Space Use Agreement between Warid Telecom Uganda Limited (Warid Telecom now Airtel Uganda) and ATC Uganda Limited (ATC Uganda)	
Purpose of the agreement	On 16 September 2012, Airtel Uganda's predecessor in title Warid Telecom Uganda Limited executed the Master Tower Space Use Agreement with ATC Uganda, a passive infrastructure service provider, to set out the terms under which Warid (now Airtel Uganda) would lease tower space on ATC's towers. This agreement was inherited by Airtel Uganda following the amalgamation between Airtel Uganda and Warid Uganda Limited in 2013. The agreement grants Airtel Uganda the non-exclusive right to install, maintain, operate, service, modify and or replace equipment used in the used space.
Effective date	16 September 2012
Term of agreement	Five years with effect from 16 September 2022 with automatic renewal with effect from 16 September 2022.
Consideration	Airtel Uganda's financial obligation under this agreement is to pay monthly use fees based on the site category. The use fees are escalated annually at a rate of 2% compounded since 1 January 2014.
Other key terms	The agreement contains customary terms that incorporate comprehensive contractual protections, including termination and exit clauses that provide adequate business continuity for Airtel Uganda.

B. Master Tower Services Agreement between Ubuntu Towers Uganda Limited ("Ubuntu Towers") and Airtel Uganda	
Purpose of the agreement	<p>Airtel Uganda executed this agreement with Ubuntu Towers, a passive infrastructure services provider on 9 November 2021 to set out the terms and conditions upon which Ubuntu Towers would lease tower space on sites owned or controlled by Ubuntu Towers to Airtel Uganda for installation of active infrastructure.</p> <p>The agreement acts as a frame contract upon which the parties may enter into separate individual site agreements with respect to any site the parties agree to lease following the conclusion of a site visit, acceptance of a site proposal from Airtel Uganda by Ubuntu Towers and confirmation of the suitability of the site by Airtel Uganda.</p>
Effective date	11 November 2021

Term of agreement	The agreement is valid for an initial period of ten years and may be renewed by the parties for an additional period of five years.
Consideration	Airtel Uganda pays a monthly use fee (non-energy charge) and power fee (energy charge). The monthly use fee is escalated on the 1 of January each year starting from January 2022. The power fee is indexed per quarter with effect from 1 October 2021.
Other key terms	<p>The duration of the Individual Site Agreements shall not be affected by the terms and conditions of this agreement.</p> <p>The agreement was concluded on commercial terms that incorporate comprehensive contractual protections, including termination and exit clauses that provide adequate business continuity for Airtel Uganda.</p>

C. Contracts for supply of equipment and network support services executed between various related parties and ZTE Corporation ("ZTE") for the Affiliates including Airtel Uganda

Purpose of the agreement and other key terms

The Related Parties disclosed below have executed equipment supply and network support service agreements with ZTE to set out the terms and conditions upon which ZTE is appointed on a non-exclusive basis to provide equipment and services to the Affiliates. The agreements serve as framework agreements under and pursuant to which the Affiliates including Airtel Uganda appoint ZTE and its affiliates through separate Contracts of Adherence to supply equipment and render network support services from time to time on a non-exclusive basis in accordance with the terms of the framework agreements.

The framework agreements signed with ZTE are listed below:

- a. IP RAN Service contract between Airtel Africa Services (UK) Limited, Dubai Branch and ZTE Corporation dated 22 August 2022;
- b. IPRAN Equipment supply agreement between Airtel Africa Services (UK) Limited, Dubai Branch and ZTE Corporation dated 22 August 2022;
- c. Microwave Service Contract between Airtel Africa Services (UK) Limited, Dubai Branch and ZTE Corporation dated 22 August 2022;
- d. Microwave Equipment Supply Agreement between Airtel Africa Services (UK) Limited, Dubai Branch and ZTE Corporation dated 2022;
- e. RAN Service Contract between Airtel Africa Services (UK) Limited, Dubai Branch and ZTE Corporation dated 2022; RAN Equipment Supply Agreement between Airtel Africa Services (UK) Limited, Dubai Branch and ZTE Corporation dated 2022; and
- f. Equipment Supply Contract between Bharti Airtel International (Netherlands) B.V. and ZTE Corporation dated 23 September 2022.

Airtel Uganda has executed contracts of adherence in respect to all framework agreements listed above and enjoys the services and all the benefits that accrue from the terms negotiated in the framework agreements.

Under the contracts of adherence, Airtel Uganda negotiates with the local affiliate or subsidiary of ZTE a schedule which forms that basis upon which airtel orders equipment and services with ZTE at certain agreed prices.

The agreements contain other terms which are customary for transactions of this nature including including termination and exit clauses that provide adequate business continuity for Airtel Uganda. The most current contractual arrangements with ZTE were executed within the last two years.

D. Contracts for supply of equipment and network support services executed between various related parties and Nokia Solutions and Networks Branch Operations OY for the Affiliates including Airtel Uganda

Purpose of the agreement and other key terms

The Related Parties disclosed below have executed equipment supply and network support service agreements with ZTE to set out the terms and conditions upon which Nokia or its affiliates would provide equipment and managed services in relation to equipment to the Affiliates. The agreements serve as framework agreements under and pursuant to which the Affiliates including Airtel Uganda appoint Nokia and its affiliates through separate Contracts of Adherence to supply equipment and render network support services from time to time in accordance with the terms of the framework agreements.

The framework agreements signed with Nokia are listed below:

- a. Managed Services (Operations and Maintenance) Agreement between Bharti Airtel International (Netherlands) B.V. Kenya Branch, Nokia Solutions and Networks Branch Operations OY dated 1 April 2019;
- b. Agreement for the Provision of Managed Services related to IP MPLS Network Equipment/Solution between Airtel Africa Services (UK) Ltd, Dubai Branch and Nokia Solutions and Networks Branch Operations OY dated 1 April 2022; and
- c. SON Services Contract between Airtel Africa Services (UK) Limited, Dubai Branch and Nokia Solutions and Networks Branch Operations OY dated 1 April 2022.

Airtel Uganda has executed contracts of adherence in respect to all framework agreements listed above and enjoys the services and all the benefits that accrue from the terms negotiated in the framework agreements.

Under the contracts of adherence, Airtel Uganda negotiates with the local affiliate or subsidiary of Nokia a schedule which forms that basis upon which Airtel Uganda orders equipment and services with Nokia.

The agreements contain other terms which are customary for transactions of this nature including including termination and exit clauses that provide adequate business continuity for Airtel Uganda. The most current contractual arrangements with ZTE were executed within the last two years.

E. Contracts for supply of equipment and network support services executed between various related parties and Huawei International Co. Ltd (“Huawei”) for the Affiliates including Airtel Uganda

Purpose of the agreement and other key terms

The Related Parties disclosed below have executed equipment supply and network support service agreements with Huawei to set out the terms and conditions upon which Huawei is appointed to provide equipment and services to the Affiliates. The agreements serve as framework agreements under and pursuant to which the Affiliates including Airtel Uganda appoint Huawei and its affiliates through separate Contracts of Adherence to supply equipment and render network support services from time to time on a non-exclusive basis in accordance with the terms of the framework agreements.

The framework agreements signed with Huawei are listed below:

- a. RAN Network Service Agreement between Bharti Airtel International (Netherlands) B.V, Kenya Branch and Huawei International Co. Ltd dated 28 December 2017;
- b. Equipment Supply Agreement between Bharti Airtel International (Netherlands) B.V, Kenya Branch and Huawei International Co. Ltd for wireless equipment supply dated 28 December 2017;
- c. Service Contract for Hardware, Software Repair and Technical Support Services Agreement – Annual Maintenance Contract (AMC) dated 26 July 2012;
- d. DWDM Equipment Supply Agreement between Bharti Airtel; International (Netherlands) B.V. Kenya Branch and Huawei International Co. Ltd dated 2021;
- e. DWDM Service Contract between Bharti Airtel; International (Netherlands) B.V. Kenya Branch and Huawei International Co. Ltd dated 2021;
- f. Managed Services Agreement (IN/OCS) between Bharti Airtel; International (Netherlands) B.V. Kenya Branch, Huawei International PTE, Ltd and Huawei International Co. Ltd dated 1 October 2013;
- g. Microwave Equipment Supply Agreement between Bharti Airtel; International (Netherlands) B.V. Kenya Branch and Huawei International Co. Ltd dated 6 March 2018;
- h. Microwave Services Contract between Bharti Airtel International (Netherlands) B.V. Kenya Branch and Huawei International Co. Ltd dated November 2018;
- i. Service Contract for Hardware, Software Repair and Technical Support Services Agreement – Annual Maintenance Contract (MW - AMC) dated 26 July 2012;
- j. IPRAN Equipment Supply Agreement between Airtel Africa Services (UK) Limited, Dubai Branch and Huawei International Co. Ltd dated 2023;
- k. IPRAN Service Contract between Airtel Africa Services (UK) Limited, Dubai Branch and Huawei International Co. Ltd dated 2022;

- l. Service Agreement between Bharti Airtel International (Netherlands) B.V. Kenya Branch and Huawei International Co. Ltd for CS Network dated November 2018;
- m. Equipment Supply Contract between Bharti Airtel International (Netherlands) B.V. Kenya Branch and Huawei International Co. Ltd for CS Network dated 16 April 2018; and
- n. Hardware, Software Repair and Technical Support Services Agreement – Annual Maintenance Contract (AMC) for 2G, 5G and 3G telecom network equipment between Bharti Airtel International (Netherlands) B.V and Huawei International PTE Ltd dated 2012.

Airtel Uganda has executed contracts of adherence in respect to all framework agreements listed above and enjoys the services and all the benefits that accrue from the terms negotiated in the frame agreements.

Under the contracts of adherence, Airtel Uganda negotiates with the local affiliate or subsidiary of Huawei a schedule which forms that basis upon which airtel orders equipment and services with Huawei.

The agreements contain other terms which are customary for transactions of this nature including termination and exit clauses that provide adequate business continuity for Airtel Uganda.

F. Contract for Provision of Fiber Maintenance Services between the Bandwidth and Cloud Services Group Ltd (BCS) and Airtel Uganda Limited

Purpose of the agreement and other key terms

Airtel Uganda entered co-build agreements with BCS to build approximately 789.3 kilometers of fibre connecting the towns of Karuma – Nebbi – Arua - Koboko- Zapi – Elegu – Gulu – Karuma and approximately 2,853.3761 kilometers of fibre connecting various towns owned by BCS and Airtel Uganda, (the "Fibre Networks").

Airtel Uganda also entered two fibre maintenance agreements with BCS on 1 January 2018 and 8 May 2019 as amended on 25 November 2022 pursuant to which BCS was appointed as the maintenance contractor on a non – exclusive basis to maintain the Fibre Networks.

Pursuant to the amendment dated 25 November 2022, the scope of the fibre maintenance services rendered by BCS was amended to include additional fibre networks namely: Rwagaju – Ntusi, Kampala – Hoima, Hoima – Biiso – Ngwendo, Biiso – Masindi and Airtel New Sites (i.e., Kazo Kirhura for Rwagaju Rubindi Natusi route, Hoima for Bukhwiri Hoima, Hoima Biiso, Biiso Pakhwach and Kiboga for Kampala Kiboga, Kiboga Bukhwiri with effect from November 2022.

Airtel Uganda pays a monthly fibre network maintenance charge based on the rate agreed between the parties.

The agreements were concluded on commercial terms that incorporate comprehensive contractual protections, including termination and exit clauses that provide adequate business continuity for Airtel Uganda

G. Fiber Co- Build Agreement between BCS and Airtel Uganda

Purpose of the agreement	<p>The parties entered this agreement on 28 December 2022 to set out the terms and conditions upon which BCS would be appointed as the contractor to engineer, procure and construct fibre network totalling 143.9 km of overhead fibre optic cable connecting 90 sites.</p> <p>The scope of the fibre co build includes design, engineering, procurement, permitting, construction, erection, installation and testing activities and services necessary to complete the dark fibre network.</p>
Effective Date	3 August 2022
Consideration	Airtel Uganda and BCS shared a lumpsum price for the fibre co – build in the ratio of 50:50 towards the construction budget.
Other key terms	The appointment of BCS under the agreement is non – exclusive on principal-to-principal basis therefore Airtel Uganda may contract a third party to render fibre maintenance services.

H. Sponsorship agreement between Airtel Uganda Limited and Majestic Brands Limited

Purpose of the agreement	Pursuant to this agreement, Airtel Uganda was retained as the exclusive “Platinum Sponsor” of specified kingdom events including: the Kabaka’s Coronation Celebrations, the Kabaka Birthday Run, the Kabaka Birthday Mass Celebration, Eid and the Masaza Cup Football Tournament (the “Events”). The agreement was amended by an addendum agreement dated 5 December 2022 to extend the term of the agreement.
Effective date	5 December 2019
Term of the agreement	Three (3) years with effect from 5 December 2019. The term was renewed for a further period of three years with effect from 5 December 2022.
Consideration	Airtel Uganda’s financial obligation under this agreement is to pay an annual sponsorship amount for the Events. In addition to the monetary package, Airtel Uganda has the obligation to provide branded promotional items for the Kabaka Run in the agreed designs and quantities and to use its distribution network as the points of sale for all event collateral.
Other key terms	<p>The rights granted to Airtel Uganda under this agreement are exclusive in so far as Buganda Kingdom has not granted and shall not grant to any other person the rights in relation to competing products and services during the term of the agreement.</p> <p>Buganda Kingdom may with the written consent of Airtel Uganda enter into other sponsorship agreements and or understandings with other persons provided that the sponsors do not fall within the telecommunication category of telecom service providers, public telecom service providers, mobile money service providers and broadband services providers.</p> <p>The agreement was concluded on commercial terms that incorporate comprehensive contractual protections, including termination and exit clauses that provide adequate business continuity for Airtel Uganda.</p>

I. Brand endorsement agreement between K2 Telecom Limited, the Kingdom of Buganda represented by Buganda Investments and Commercial Undertakings Limited (BICUL) and Airtel Uganda

Purpose of the agreement	The purpose of this agreement was to set forth the terms, provisions and conditions upon which K2 and the Kingdom of Buganda would endorse the Airtel brand and license Airtel to use K2's trademarks, brand and essential resources in connections with the business.
Effective date	6 July 2018
Term of the agreement	Initial term of three (3) years with effect from 6th July 2018. The agreement was renewed for a further term of three years commencing on 1 August 2021.
Consideration	A fixed annual royalty exclusive of VAT and all other applicable taxes payable in quarterly instalments.
Other key terms	The agreement was concluded on commercial terms that incorporate comprehensive contractual protections, including termination and exit clauses that provide adequate business continuity for Airtel Uganda.

9.17 Litigation

As at the date of this Prospectus, the Company is involved in various litigation proceedings in the courts of Uganda both as a claimant and defendant.

In the opinion of the board of directors of the Company, informed by independent legal counsel, none of the cases singly or collectively have the ability to materially affect the Company's business or assets or the Company's capacity to continue operations.

The Company however, is involved in the following significant litigation:

Airtel Uganda Limited vs Uganda Revenue Authority TAT No. TAT 135 of 2023.

The Uganda Revenue Authority (URA) carried out an audit on Airtel Uganda for the period July 2019 to June 2021 with respect to over-the-top (OTT) tax and issued an assessment of UGX17,653,137,002 alleging that the Company under-declared 88,265,685 OTT accesses for the period July 2019 to June 2021. Airtel Uganda objected to the assessment however URA maintained the assessment in its objection decision hence the appeal to the Tax Appeals Tribunal filed by the Company on 10 August 2023. The Company has several grounds of appeal including that URA, in its analysis, did not distinguish between attempted accesses and actual successful accesses, the audit methodology applied by URA did not follow any accepted validation standards and URA miscalculated unique accesses declared by Airtel Uganda in its return by using calendar days instead of 24 hours, among others.

As at the date of the Prospectus, the Company has obtained an interim order to stay enforcement of the assessment by URA on condition that the Company pays the mandatory 30% of the tax in dispute.

There are no insolvency procedures in the form of voluntary winding-up, liquidation, receivership, or administration by or against the Company, or any composition with creditors by the Company had been commenced against the Company.

Further:

- a) None of the Directors or senior executives of the Company; are or have been the subject of a filing of a petition under any bankruptcy law. Similarly, no entity in which any Director or senior executive has been a partner, or company in which any Director or senior executive has been an executive officer, is or has been the subject of a filing of a petition under any bankruptcy or insolvency law; or
- b) has been convicted in a criminal proceeding in the last ten years preceding the date of this Prospectus or is a named subject of a ruling of a court of competent jurisdiction or any governmental body, that

permanently or temporarily prohibited him or her from acting as a director or employee of any company or engaging in any type of business practice or activity; or

- c) has been sanctioned or suspended by the UCC, the Company's principal regulator, or deemed not to be a fit and proper person to act as a director or senior executive of the Company by the UCC.



10 Governance and Management

10.1 Overview of Board of Directors



HANNINGTON KARUHANGA
Chairperson Board of Director



MANOJ MURALI
Managing Director



ALOK BAFNA
Non-Executive Director



APOORVA MEHROTRA
Non-Executive Director



RAMA KRISHNA LELLA
Non-Executive Director

Airtel Uganda Senior Management Team



MANOJ MURALI
Managing Director



AMIT KAPUR
Chief Commercial Officer



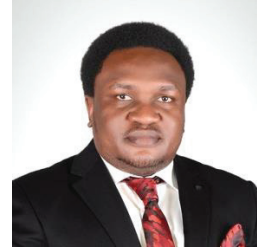
NISHANT MOHAN
Finance Director



DENNIS KAKONGE
Legal & Regulatory Director



ALI BALUNYWA
Sales & Distributions Director Core Market



BRENDEN KACHENJE
Sales & Distributions Director Growth Market



HENRY NJOROGE
Marketing Director



RAJESH AGRAWAL
Network Director



DONALD TWESIGA
Information Technology Director



MICHAEL OPWONYA
Supply Chain Managing Director



FLAVIA LWANGA
Human Resource Director



ALLAN SEMAKULA
Enterprise Director



DENNIS KAHINDI
Home Broadband Director

10.2 Corporate Governance Framework

The Company is committed to the highest standards of corporate governance. The Board provides strategic leadership within a framework of strong governance, effective controls, and an open and transparent group culture. Following the Listing, the Board intends to comply with the Capital Markets Corporate Governance Guidelines, published in 2003 ("Corporate Governance Guidelines") as well as the Companies Act, with specific reference to Table F, which, applies to public companies.

Pursuant to a Board of Directors' Resolution dated 10 April 2017, the Board of the Company adopted the Board of Directors Corporate Governance Manual (the "Manual") effective 15 March 2017. The Manual was developed by Bharti Airtel Group and incorporates international best practices and standards for corporate governance used by its affiliates including the Company.

As part of the requirements for converting to a public company, the Company has to adopt and incorporate the Code of Corporate Governance enshrined under Table F of the Companies Act ("Table F") into its articles of association. Subsequent to listing on the USE, the Company will also be required to comply with the Corporate Governance Guidelines, which apply to all public listed companies in Uganda.

Generally, the Manual complies with the fundamental recommendations in both Table F and the Corporate Governance Guidelines particularly with respect to number of directors, separation of Chairperson and Chief Executive Officer (CEO) roles, having an independent director as the Chairperson, requirement to disclose conflicts etc. However, there are some aspects to do with board structure, composition and power balance, committees and nomination of directors, which the Company will have to rectify. The Company has applied to the CMA for an extension of time within which to comply with the corporate governance requirements. The Company undertakes to appoint at least two additional independent non-executive directors to the board of directors in compliance with the requirements of the Companies Act and the Corporate Governance Guidelines of the CMA by the end of the Company's first Annual General Meeting ("AGM") post listing.

10.3 Board of Directors

The Company currently has a Board constituting five (5) directors, comprising one (1) executive director, three (3) non-executive directors and one (1) independent non-executive director 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 Board is mandated to accord sufficient time to its functions and act on a fully informed basis in the discharge of its responsibilities as follows:

- a) define the Company's strategy, goals, risk policy plans and objectives;
- b) ensure effective accountability and stewardship of resources within the Company;
- c) oversee the corporate management and operations of the Company and review its corporate performance on a quarterly basis;
- d) identify corporate business opportunities and risks in the telecommunications sector and implement appropriate measures to manage such risks and anticipated changes impacting the business of the Company;
- e) ensure effective management and development of appropriate staffing and remuneration policy;
- f) ensure that there is a succession plan for directors and senior management;
- g) regularly review the Company's internal controls, acquisitions and divestitures and management information systems;

- h) ensure that the Company complies with all relevant laws, regulations, rules and guidelines;
- i) establish and implement a system that provides necessary information to the shareholders;
- j) take into consideration the interests of the Company's stakeholders and maintain an effective disclosure and communications system;
- k) approval of the Company's annual budget;
- l) ensure that the Company has developed an effective CSR programme;
- m) regularly evaluate the performance and effectiveness of the Board;
- n) monitor the effectiveness of the Company's governance structures; and
- o) monitor and manage potential conflict of interest situations at both management and shareholder level.

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

Table 22: 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 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. 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.			

Airtel Uganda's Company Secretary is Mr. Dennis Abigaba Kakonge, an advocate of the High Court of Uganda and also serves as a member of the Senior Management Team at Airtel Uganda (refer to Section 10.7 below).

10.4 Directors' Remuneration

Airtel Africa has a Board Remuneration Policy which prohibits Executive Directors and Directors that are employed by any of the entities that are part of the Bharti Airtel Group from compensation outside the remuneration package contained in their respective employment contracts. No payments were made to any Director to induce them to become Directors in Airtel Uganda.

The only Executive Director is currently also the Company's CEO and receives no additional remuneration for the role of executive director on the Board of the Company. Mr. Manoj Murali has a fixed term contract under

which he is entitled to an annual gross salary and other customary benefits such as medical insurance, housing allowance, bonuses tied to individual and company performance.

Three (3) of the Non-Executive Directors (Mr. Alok Bafna, Mr. Rama Krishna Lella and Mr. Apoorva Mehrotra) are employees of Airtel Africa and as such they are not compensated outside the remuneration package contained in their respective employment contracts.

The Company compensates Mr. Hannington Karuhanga, the independent non-executive director for his services on the Board with an annual variable fee, 10% of which is based on an evaluation of the director's performance, appropriate sitting allowances and airtime credit plus reimbursement of all reasonable pre-approved costs related to the Company's assignments.

The total cost attributed to director fees and costs in the last five (5) financial years ranges between UGX 164 million in 2018 and UGX 251 million in 2022.

Year	Amount (UGX)
2018	124,716,632
2019	190,886,380
2020	285,024,812
2021	250,617,120
2022	250,617,120

Table 23: Executive Directors Remuneration

Name	Designation	Gross Remuneration	
Manoj Murali	Managing Director	April 2021 – March 2022	USD 932 649
		April 2022 – March 2023	USD 809 714

The above comprises actuals paid in both cash and non-cash benefits.

The Managing Director is entitled to receive a cash "on target" bonus of USD 133,972 and USD 182,748 for 2021 and 2022, respectively, subject to the business performance. He is also entitled to an annualised "on-target" long-term incentive of USD 138,000 and USD 112,904 for 2021 and 2022, respectively, based on tenure (50%) and operating company performance (50%).

10.5 Directors' Interests

The Directors of the Company do not have any direct or indirect business interests in the Company.

Mr. Hannington Karuhanga, however disclosed that he is a director in Liquid Intelligent Technologies which is a business name for Liquid Telecommunications Uganda Limited (also known as Liquid Telecom), a company that is licensed as a telecom operator in Uganda by the UCC and currently holds two licenses i.e., a National Public Service Provider License (NPSP) and Regional Public Infrastructure Provider (RPIP) for central and western regions.

The Company has a contract for the supply of dark fibre services Liquid Telecom dated 5 October 2018 for an initial term of fifteen years and a contractual value of approximately USD 726,000 comprising a one-time fee of USD 454,000 and an annual fee of USD 18,160 for the entire contract term.

Direct or indirect beneficial interest in the issued share capital

None of the directors of Airtel Uganda hold direct or indirect beneficial interest in the issued share capital of the Company.

Material acquisitions or disposals of shares in Airtel Uganda

None of the directors of Airtel Uganda have made a material acquisition or disposal of shares of the Company in the last five (5) years.

Options to purchase securities of the Company

None of the directors of the Company have received or hold any options to purchase securities of the Issuer or any holding company of the Issuer in the last five (5) years.

Contracts with companies associated with the Directors

Mr. Hannington Karuhanga is a Director on the Board of Liquid Intelligent Technologies which is an Internet Service Provider (ISP) licenced to provide internet services in Uganda and currently provides services to the Company, the details of which are disclosed under 10.5 Directors Interest.

Loans granted by Airtel Uganda

None of the directors of the Company have received any loans from the Company in the last five years.

The right to vote on proposals where the director has a personal interest

According to the Company's articles of association, a director shall be entitled to vote in respect of any contract or arrangement in which he is interested and to be counted in the quorum present at the meeting at which such contract or arrangement is considered provided that such director has declared the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is presented for consideration by the Board.

10.6 Board Committees

As contemplated by the Capital Markets Corporate Governance Guidelines, the Board has delegated its authority to an Audit and Risk Committee.

On 10 July 2023, the Board authorised the creation of a Nominations and Remuneration Committee.

The Company has applied to the CMA for extension of time within which to finalise the terms of reference and to have the Nominations and Remuneration Committee fully constituted and operational.

Should the need arise, the Board may establish additional committees as required by the Companies Act and the Capital Markets Corporate Governance Guidelines.

Audit and Risk Committee**Members: Alok Bafna and Rama Krishna Lella**

The Board appointed a Risk and Audit Committee on 10 December 2015. The committee is comprised of two (2) members, a secretary and three (3) permanent invitees; the Managing Director, the Finance Director and the Internal Controls Manager.

The Airtel Uganda Audit and Risk Committee is duly constituted and is chaired by Mr. Alok Bafna (non-executive director) with Mr. Rama Krishna Lella (non-executive director) as a member and Mr. Dennis Abigaba Kakonge as the secretary of the committee. Mr. Manoj Murali (Managing Director), Mr. Nishant Mohan (the Finance Director) and Tony Manina (the Risk and Internal Controls Manager) are the three (3) permanent invitees.

Whereas Mr. Manoj Murali is an executive director in the Company and Mr. Dennis Abigaba Kakonge is the Company secretary, the two individuals do not participate on the Audit and Risk Committee in those capacities rather only as Managing Director of the Company and Secretary of the committee, respectively.

The committee does not perform any management functions nor does it assume any management responsibilities and operates only under the terms of reference set out in the committee charter, which stipulates the scope of authority, composition and roles and responsibilities.

The Board Risk and Audit and Risk Committee of the Company has the customary functions of a typical risk and audit committee which include, inter alia, the mandate to:

- monitor the integrity of financial statements and any formal announcement relating to the financial performance of the Company;
- review the effectiveness of the Company's internal controls and risk management systems and the adequacy and effectiveness of the risk assessment and management systems by monitoring the Company's major risk exposures and the steps taken to control them;
- monitor and review the effectiveness of the Company's risk and internal audit functions in the context of the Company's overall risk management system;
- review and approve the annual risk and audit plans including all reports from the risk and audit functions and ensure that management responds to the findings and recommendations of the risk and audit functions; and
- consider and make recommendations of the qualifications, appointment, remuneration and removal of the Company's External Auditor including considering and approving their terms of employment, reviewing these terms and proposing changes for consideration by the shareholders.

The Board will review the composition and terms of the current Risk and Audit and Risk Committee to ensure alignment with all the requirements of the law.

10.7 Directors' Dealings

In compliance with the requirements of the law including the CMA Act, the Companies Act, the USE Insider Trading Rules 2008 (the "Insider Trading Rules") and the USE Listing Rules (together the "Relevant Law"), Airtel Uganda has taken steps to implement internal control systems to restrict persons connected to the Company who may by virtue of that connection have access to unpublished information which, if made generally available would materially affect the price or value of the Company's securities. Such connected persons include the Directors, Secretary, senior executives, employees and other officers of the Company, substantial shareholders in Airtel Uganda or related parties and certain persons connected by virtue of any professional, employment or business relationship existing with Airtel Uganda or a related party (together "Insiders") from trading in the shares of the Company. Accordingly, the Company has drafted an Insider Trading and Securities Dealing Policy to take effect post listing to govern the nature and extent to which Insiders may trade in the Company's shares. The policy establishes closed periods within which Insiders are not be allowed to trade in the Company's shares. Airtel Uganda undertakes to continually sensitise persons connected to the Company particularly its directors and employees on their obligations under the Relevant Law and the Company's Insider Trading and Securities Dealing Policy.

10.8 Senior Management Team

The Company's Senior Management team is as follows:

Table 24: Airtel Uganda Senior Management Team			
Name	Age	Designation	Date of appointment
Manoj Murali	52	Managing Director	20 October 2020
Ali Balunywa	42	Sales and Distribution Director – Core Markets	1 March 2015
Allan Andrew Ssemakula	42	Enterprise Director	25 March 2019
Amit Kapur	47	Chief Commercial Officer	1 July 2018
Brenden Kachenje	41	Sales and Distribution Director – Growth Markets	1 April 2019

Dennis Abigaba Kakonge	46	Legal and Regulatory Director	1 November 2009
Donald Twesiga	49	Information Technology Director	8 February 2021
Flavia Ntambi Lwanga	51	Human Resource Director	1 September 2012
Henry Kamau Njoroge	43	Marketing Director	15 February 2021
Michael Opwonya	44	Supply Chain Management Director	9 December 2009
Nishant Mohan	43	Finance Director	1 May 2023
Rajesh Agrawal	57	Network Director	1 October 2011
Dennis Kahindi	45	Home Broadband Director	1 July 2023

The Senior Management Team ("SMT") is compensated with appropriate salaries and benefits including allowances and bonuses based on Company and individual performance in any given year. In addition, all members of the SMT and their families are provided with medical, life and accident insurance cover. They are also eligible to join the Company's provident fund where the Company contributes 5% of the employee's net monthly salary to the fund.

The Company does not maintain an Employee Stock Option Scheme for directors or members of its senior management as part of regular compensation. Employees will be able to participate in the IPO as detailed in (Section 7.10).

Profiles of the Senior Management Team

Manoj Murali (Managing Director)

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.

Amit Kapur (Chief Commercial Officer)

Amit has a post graduate diploma in management from Indian Institute of Management - Calcutta and a Bachelor of Science in physics from Delhi University. He has over nineteen (19) years of experience in commercial business, predominantly in sales and marketing. Before joining the Company, Amit worked in India as the Business Head for Karnataka circle for Vodafone Mobile Services Limited in Karnataka.

He has held various senior sales roles in PepsiCo India Holdings PVT. Ltd, Britannia Industries Limited, Coca-Cola India Inc, Hindustan Coca-Cola Beverages PVT Limited, Agro Tech Foods Limited and Blow Plast Limited.

Dennis Abigaba Kakonge (Legal & Regulatory Director)

Dennis holds a Master of Business Administration degree from Edinburgh Business School, a Postgraduate Diploma in Law Development from Heriot Watt University and a Bachelor of Laws from Makerere University.

Prior to joining the Company in 2009, Dennis worked with MTN Uganda and Byenkya, Kihika & Co Advocates and is a practising Advocate with over 18 years' experience.

Ali Balunywa (Sales & Distribution Director – Core Markets)

Ali has over ten (10) years of experience in various commercial roles within sales, from lower levels to leadership and across Fast Moving Consumer Goods and telecommunications namely EABL/Diageo, British American Tobacco and Airtel Uganda. Ali has a Master of Arts in Public Administration and Management and a Bachelor of Mass Communication, both obtained from Makerere University.

Brenden Kachenje (Sales & Distribution Director – Growth Markets)

Brenden holds a Master's Degree in Information Systems Management from Salford University in the United Kingdom, and an advanced Diploma in Information Technology from the Institute of Accountancy in Arusha. He is an Oracle-certified associate and a graduate from the Digital Frontiers Institute on financial inclusion aspects.

Brenden has over fifteen (15) years of work experience, with the bulk of his experience gained in the telecommunications industry. Before his role as the Sales and Distribution Director, he was the General Manager for Airtel Broadband in the Company. He has also held various senior roles with different telecommunications companies. This includes having worked as Chief Operating Officer and Commercial Director for Smart Uganda, Chief Technical & Information Officer for Smart Uganda, Assistant Chief Information Officer with MTN South Sudan, Service Delivery Manager for MTN South Sudan, Head of Department VAS/IN for Smart Mobile – Tanzania and Head: Business Solutions and Support Division for Hits Africa Group-Based in Malabo-Equatorial.

Henry Kamau Njoroge (Marketing Director)

Henry holds a Bachelor of Commerce in Finance from University of Nairobi and is a Certified Public Accountant (CPA). Henry is an alumnus of both INSEAD (through Global Leadership Programme) and Harvard Business School (HBS) (through Senior Executive Programme for Africa - SEPA).

Henry has over eighteen (18) years of progressive strategic planning and commercial execution experience with leading multinationals with over ten (10) years in top leadership.

He started his career at Citibank Nairobi as a Relationship Assistant, before moving to Equity Bank as a Credit Officer and later PWC as Senior Associate. Henry then joined Airtel Kenya as Assistant Manager: Business Planning and Strategy and grew to the role of Head of Department for Commercial Planning, Insights & Retention, and was later appointed Marketing Director for Airtel Kenya in 2010.

Nishant Mohan (Finance Director)

Nishant Mohan is a Chartered Accountant at the Institute of Chartered Accountants of India. He joined Bharti Airtel on 3 December 2003 and has nineteen (19) years of experience. Before joining the Company on 1 May 2023, Nishant worked in Tanzania (East Africa) & Sierra Leone (West Africa) as finance director and in different capacities under finance functions in India.

Rajesh Agrawal (Network Director)

Rajesh is a certified Six Sigma Black Belt with a Diploma in Management, AMIE in Electronics and Telecommunications as well as a Diploma in Instrumentation Engineering completed with a gold medal.

Prior to joining the Company, he worked as Head Switch – ADIL (now Vodafone), Sr. Engineer, Telecom R&D and Integration Instrumentation Ltd, Kota.

He joined Bharti Airtel on 1 August 2001 and served in different capacities including, *inter alia*, Head: Switching Operations, Head: Switch, Head: Network Services and Chief Technology Officer. He joined the Company on 1 October 2011 as Network Director.

Donald Twesiga (Information Technology Director)

Donald holds a Master of Science in Information Systems Management from the University of Liverpool, as well as a Postgraduate certificate in Advanced Project Management from the University of South Africa and a Bachelor of Science in Mathematics and Psychology from Makerere University.

Donald has over twenty (20) years of ICT experience dealing with tactical and strategic planning, development, evaluation and coordination of IT and VAS systems and has mainly worked in large telecommunication environments and worked through the ranks from a Systems Administrator at Swift Global Uganda, then Infocom Uganda, MTN at Opco and group level, Safaricom Kenya, and most recently with Telkom Kenya.

Michael Opwonya (Supply Chain Management Director)

Michael has a Master of Business Administration from the Eastern and Southern African Management Institute and a Bachelor of Statistics (Hons).

Prior to joining Airtel Uganda, he worked as a graduate Trainee at National Council of Science and Technology-Ministry of Finance Uganda.

He then joined Celtel Uganda as Financial Analyst, Procurement Officer, Administrative Officer, Operations Logistics Manager, Projects Transition Manager, Contracts and Logistics Manager, Planning Reports and Compliance Manager and Procurement Manager.

Michael joined the Company on 3 May 2003.

Flavia Ntambi Lwanga (Human Resource Director)

Flavia holds a Master of Organisational Psychology and B.A (Hons) Social Sciences from Makerere University in Kampala.

Prior to joining Airtel Uganda, she worked as the Head of Human Resources and Human Resources Operations Manager at Stanbic Bank Uganda. Her previous roles include serving as the Human Resources Manager for Uganda Breweries Ltd, Administrator for Uganda Flowers Exporters Association and Sales Representative for MultiChoice Uganda Limited.

Flavia joined the Company on 24 September 2012.

Allan Andrew Ssemakula (Enterprise Director)

Allan has been the Enterprise Director of the Company since March 2019. He previously worked as Commercial Director with Hima Cement being responsible for its commercial operations in Uganda, Rwanda, East DRC and Southern Sudan. He joined Hima Cement as the Marketing Director responsible for Marketing, Business Development, Go To Market, Innovations and Corporate Communications before taking over the entire Commercial Department. During his employment with Uganda Breweries, he worked as Divisions Sales Manager, Sales Operations and Strategy Manager and Sales Capabilities Manager. He has also worked with Total Uganda Limited serving in various roles within the Retail Department. He is a lawyer by training, giving him a rich experience in not only commercial management in multinational operations in Africa but also experience in corporate and business law.

He holds a Bachelor of Legal Laws from the University of Dar-es-Salaam, Diploma in Legal Practice from the Law Development Centre in Kampala, CEO Apprenticeship and Finance certification from Strathmore Business School in Nairobi, and he completed the Executive Academy Programme in Marketing and Commercial from HEC University of Paris.

Dennis Kahindi (Home Broadband Director)

Dennis holds a Global Executive MBA from United States International University and a Bachelor of Mass Communications from Makerere University. He has over 20 years of Telecom and Technology business experience in East and Central Africa.

He started his career in 2002 at Bushnet, Uganda's pioneer Internet Service Provider before moving on to Huawei Uganda, Orange Uganda and Eaton Towers as Country Sales & Distribution Lead.

Dennis returned to Uganda in 2019 to lead the Liquid Intelligent Business as Chief Executive Officer, before taking on the role of Director Home Broadband Business at Airtel Uganda, having previously worked with Oracle Rwanda as Business Lead, Microsoft Inc. as Country Director for Uganda and Rwanda, and more recently as Chief Executive Officer of Liquid Intelligent Technologies Uganda.

10.9 Employees

The Senior Management of Airtel Uganda is headed by the Managing Director Manoj Murali, who is assisted by eleven (11) senior management employees. As at 31 December 2022, the Company has 1,152 employees, seven of whom are expatriates from Kenya, Tanzania and India. Each holds a valid work permit. Of the 1,152 employees, 268 are permanent employees while 884 are outsourced. There have been no material changes in the Company's average number of permanent employees in the last five (5) years.

All permanent employees are eligible to participate in the Company's provident fund to which the Company contributes 5% on behalf of the employee on a monthly basis. Employees also receive monthly salaries and varied benefits depending on the level and position of employment. All employees receive medical insurance cover as well as group life and group personal accident cover.

The Company does not maintain an employee share incentive scheme. Employees will be able to participate in the IPO as detailed in (Section 7.10).

10.10 Relevant Confirmatory Disclosures

None of the Directors or senior executives of the Company:

- a) are or have been the subject of a filing of a petition under any bankruptcy law. Similarly, no partnership in which any Director or senior executive has been a partner, or company in which any Director or senior executive has been an executive officer, is or has been the subject of a filing of a petition under any bankruptcy or insolvency law; or
- b) have been convicted in a criminal proceeding or are a named subject of a ruling of a court of competent jurisdiction or any governmental body, that permanently or temporarily prohibited him or her from acting as a director or employee of any company or engaging in any type of business practice or activity; or
- c) have been sanctioned or suspended by the UCC, the Company's principal regulator, or deemed not to be a fit and proper person to act as a Director or senior executive of the Company by the UCC.



11 Uganda Economic Overview

11.1 General Macroeconomic Profile and Recent Developments

Historically the Ugandan economy has been dominated by agricultural activity. Today the economy is comprised of the services, industry and agriculture sectors. The services sector is composed of the wholesale and retail trade, telecommunications, hospitality, and transport and tourism sub-sectors. The industrial sector is composed of the mining, manufacturing, construction and electricity supply sub-sectors, whilst the agricultural sector includes dairy, crop and fishery sub-sectors. The growth and transformation of the economy is driven by the 2007 Comprehensive National Development Planning Framework adopted by the government. The framework led to the development of Vision 2040 that was launched by the National Planning Authority in April 2013, which serves as a blueprint towards economic development and to ultimately realise Uganda's vision statement which is "A Transformed Ugandan Society from a Peasant to a Modern and Prosperous Country within 30 years" as approved by the government in 2007. The blueprint has identified fundamental sectors key to economic growth and opportunity. These include services (tourism and science and technology), industry (oil and gas, minerals) and agriculture.

According to the Ugandan National Budget Speech FY2023/24, the economy is projected to have grown by 5.5%, compared to 4.6% in the previous year. The performance compares favorably with the average growth rate for Sub-Saharan Africa, estimated at 3.6% for 2023. The expansion of the Ugandan economy is on the account of good performance of the Services sector, which grew at 6.2%, compared to 4.1% in the previous year. The Agriculture and Industry sectors have also performed strongly, growing by 5.0% and 3.9% respectively.

The BoU's Monetary Policy Statement for June 2023 indicates that the Ugandan economy has demonstrated notable strength and resilience amidst unpredictable global economic dynamics. The agricultural sector recovery, resilience of the services sector, and considerable household consumption propped up economic activity, countering a less supportive environment, with consumer and business sentiment exhibiting positive momentum.

Additionally, the Ugandan National Budget Speech FY2023/24 providing that Uganda's export of merchandised goods amounted to USD 4.2billion compared to USD 3.1bn over the same period over the previous financial year. The 35.5% increase is mainly driven by an increase in exports of gold, coffee, fish, sugar, beans, maize and light manufactured products to regional markets. As of the Uganda Bureau of Statistics's merchandise trade statistics bulletin for October 2022 the leading export commodities were coffee (USD 71.2million), sugar and sugar confectionary (USD 20.3million), iron and steel (USD 12.3million), animal and vegetable fats and oils (USD 11.5million) and maize (USD 11.0million).

The Uganda Bureau of Statistics monthly merchandise trade statistics bulletin (October 2022) additionally indicates that the East African Community was the major leading destination for Uganda's formal exports, followed by the European Union, Other Africa, Asia, Other Europe, Middle East, and North America. The leading destinations amongst the East African Community (as a percentage of total exports) includes South Sudan (22.9%), and Kenya (14.4%), followed by Tanzania, Burundi, and Rwanda.

Table 25: Key economic indicators

	FY2020/21	FY2021/22	FY2022/23
Services sector growth	2.8%	4.1%	6.2%
Industry sector growth	3.5%	5.1%	3.9%
Agriculture sector growth	4.3%	4.4%	5.0%
Real GDP	3.5%	4.6%	5.3%
Annual core inflation	2.7%	5.5%	4.8%
Average Exchange rate UGX:USD	3,659	3,572	3,757

Source: Uganda Bureau of Statistics

Table 26: Select Ugandan Economic Data

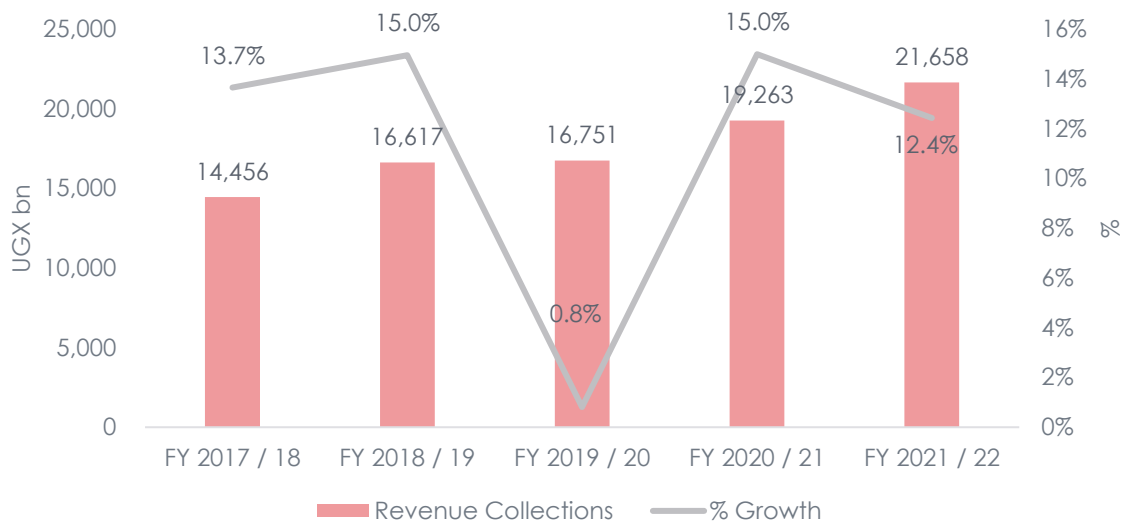
GDP at market prices	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21	FY2021/22	FY2022/23
At current prices (UGX (Bn))	108,518	120,521	132,105	139,718	148,328	162,883	184,288
At constant 2016/17 prices (UGX (Bn))	108,518	115,359	122,787	126,411	130,884	136,936	144,231
Constant price growth rates (%)	3.1%	6.3%	6.4%	3.0%	3.5%	4.6%	5.3%
GDP Per capita at current prices							
GDP Per capita (UGX ('000))	2,908	3,128	3,322	3,403	3,501	3,726	4,086
GDP Per capita (USD)	824	855	889	916	957	1,043	1,088
Memorandum items							
Mid-Year Population ('000)	37,319	38,525	39,772	41,054	42,369	43,717	45,097
Exchange rate UGX:USD	3,530	3,659	3,736	3,715	3,659	3,572	3,757
Trade Statistics							
Exports (USD (Mn))	3,274	3,531	3,962	3,807	5,278	3,836	-
Imports (USD (Mn))	5,759	6,831	8,284	7,470	9,935	8,679	-
Terms of trade	130	131	125	125	117	101	-

Source: Uganda Bureau of Statistics, Bank of Uganda (Composition of Exports, Imports & terms of trade)

In terms of recent macroeconomic and financial developments, the BoU Monetary Policy Statement for June 2023 projects economic growth in the range of 6.0% to 6.5% for FY2023/24, with economic growth expected to return to its sustainable long-term trend in 2024/25, bolstered by investments in oil-related infrastructure, the energy sector, transportation and a recovery in the manufacturing sector. In addition, potentially more robust external demand for Uganda's exports and supportive Government expenditure are expected to elevate annual economic growth above 7.0% in the medium to long term.

Stable prices in 2020 and 2021, with inflation at 2.2% in the latter year, led the central bank to reduce its policy rate from 9% to 6.5% over the two years. However, increased inflation in 2022 has seen the Bank of Uganda adopt a tight monetary policy to curb inflationary pressures. Headline inflation has surged to a near 10-year high of 10.4% year-over-year in January 2023, this has seen the Bank of Uganda raise the policy rate to 10.0% to stem inflationary pressures. Recently, the BoU's Monetary Policy Statement for June 2023 indicated headline inflation has slowed to 6.2% in May 2023, with its contractionary monetary policy stance, coupled with decreasing global inflation expected to further reduce inflation in the coming months.

The African Development Bank Economic Outlook for 2022 noted that the GOU provided support to business, but overall, the economy remained subdued, reducing tax revenues in the process. The Uganda Revenue Authority's Annual Brief 2020-2021 reported that revenue growth for the financial year 2019-2020 remained flat at 0.81%, and that while there was a 14.9% increase in revenue collected for the financial year 2020-2021, the total revenue out-turn remained short of the collection target due the impact of COVID-19 and other declining macro-economic variables.

Figure 2: Trend of Net Revenue Performance for July to June in the last five years

Source: Ugandan Revenue Authority Annual Revenue Performance Report for FY2021/22

This revenue collection shortfall combined with prudent expenditure reprioritisation reduced the fiscal deficit to 7.5% of GDP in 2021 from 9.5% in 2020. The shortfall was financed through domestic borrowing and consequently, public debt increased by 14% to 49% of GDP in 2021 from 2020, leading to a downgrade of sovereign debt to moderate risk of debt distress. The current account deficit remained high at 9.5% of GDP in 2021 due to loss in tourism revenues and a rising trade deficit. Development funding, remittances, and FDI financed the deficit, while the SDR allocation boosted reserves by 1.3% of GDP. Recently, Ugandan National Budget Speech FY2023/24 provided that the fiscal deficit is has decreased to an estimated 5.1% of GDP, this is due to a reduction in both recurrent and development expenditure.

11.2 Macroeconomic Policy, Management and Performance

The Ministry of Finance, Planning and Economic Development's macroeconomic policy and management programme aims to ensure efficient economic management through prudent fiscal and monetary policies, mobilisation of domestic revenue for public expenditure and ensuring the continued growth of the economy.

According to the ministry's official website, the key objectives of the programme are the formulation of appropriate fiscal and monetary policies for revenue generation and management; monitoring public debt to ensure debt sustainability; generating and applying evidence-based analysis to inform GOU decision-making on economic policy and national development; enhancing and facilitating effective mobilisation and implementation of GOU programmes for economic and social transformation; formulation of investment and private sector policies; ensuring a conducive investment climate and ensuring the sustainable delivery of affordable financial services for Ugandans so as to achieve prosperity and socioeconomic transformation.

Figure 3:
CPI inflation (%)

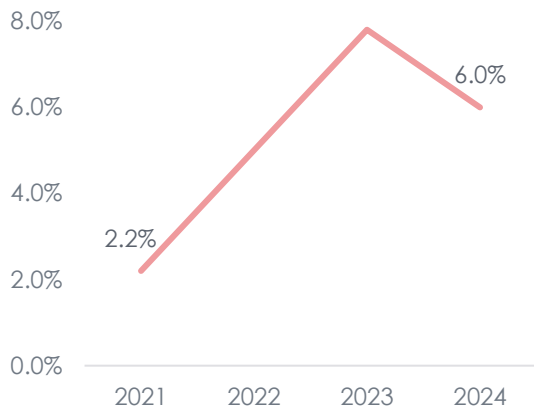
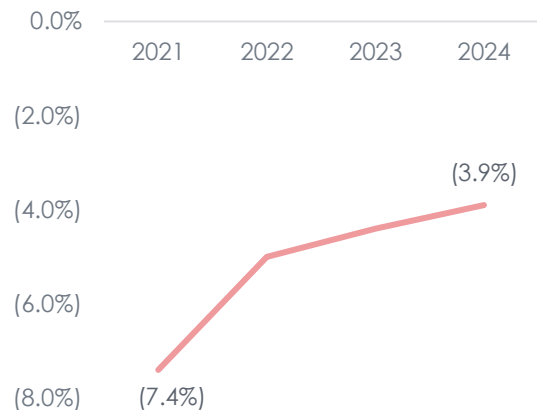


Figure 4:
Budget balance (% of GDP)



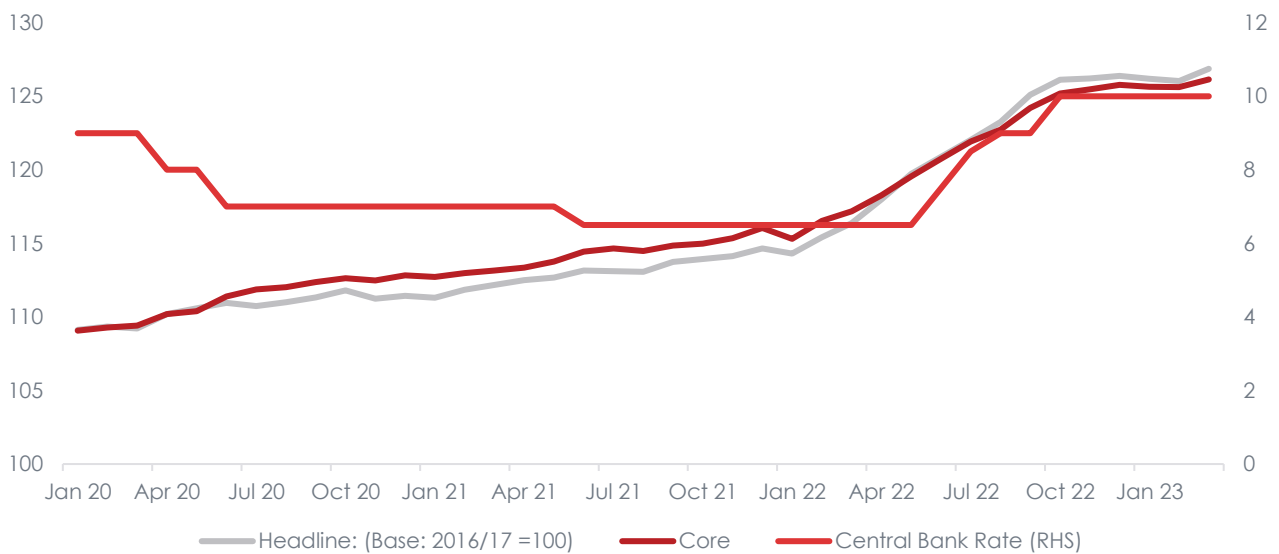
Source: African Development Bank Economic Outlook 2023

The Bank of Uganda notes in its 2022 Annual Report that Uganda's economic performance was largely driven by increased public sector investment and accommodative monetary and fiscal policies aimed at stimulating aggregate demand. Most of the economic growth was achieved in the first half, as several challenges appeared in the second half of the year as the economy was recovering from the prior disruptions. The challenges faced included tightening of global financial conditions, the Russia-Ukraine conflict and increased global commodity prices. These challenges combined to exert inflationary pressures.

Due to these inflationary pressures, the Bank of Uganda has tightened monetary policy in June 2022, increasing the Central Bank Rate by 1.0% to 7.5%, to anchor inflation expectations at levels consistent with the medium-term target of 5.0%. The Bank of Uganda's Monetary Policy Statement for June 2023 notes that inflationary pressures are easing, and economic recovery is underway, despite ongoing uncertainty and evolving risks in the global economy.

Annual headline and core inflation decreased to 6.2% and 5.6% in May 2023 from 8.0% and 6.8% in April 2023, respectively. Annual inflation for electricity, fuel, and utilities receded to 0.9% in May from 2.1% in April 2023. The BoU notes in its June 2023 statement that the contractionary monetary policy stance since June 2022 to date, coupled with decreasing global inflation, is expected to reduce inflation further in the upcoming months. It maintained its Central Bank Rate at 10.0%. It recognized that significant risks persist in the economy, and that the current monetary policy stance remains appropriate to consolidate the gains made and restore price stability while supporting economic growth. It also notes that future adjustments to the monetary policy stance being contingent upon new information regarding inflation and growth.

Figure 5: Comparison of Inflation



Source: The Bank of Uganda

11.3 GDP Growth

In its FY2021/22 Annual Report, the Bank of Uganda reported that the economy grew by 4.6%, which was higher than the growth rate of 3.5% realized in FY2020/21. It further indicated in its Monetary Policy Statement for June 2023 that economic growth of 5.3% is expected for FY2022/23, up from 4.6% in FY2021/22. This is attributed to recovery in the agricultural sector, resilience in the services sector and household consumption.

Additionally, the Monetary Policy Statement for June 2023 projects economic growth in the range of 6.0% - 6.5% for FY2023/24, with economic growth expected to return to its sustainable long-term trend in FY2024/25. This growth is to be bolstered by investments in oil-related infrastructure, energy, transportation and a recovery in the manufacturing sector. In addition, potentially more robust external demand for Uganda's exports and supportive Government expenditure are expected to elevate annual economic growth above 7.0% in the medium to long term.

Real GDP growth and GDP growth per capita

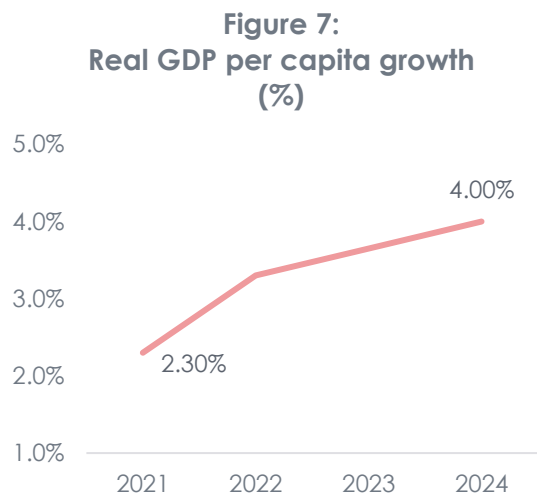
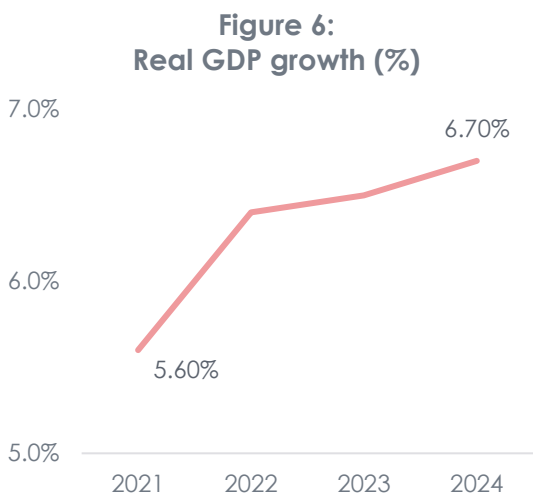


Figure 8: Quarter to quarter change in seasonally and trend adjusted GDP

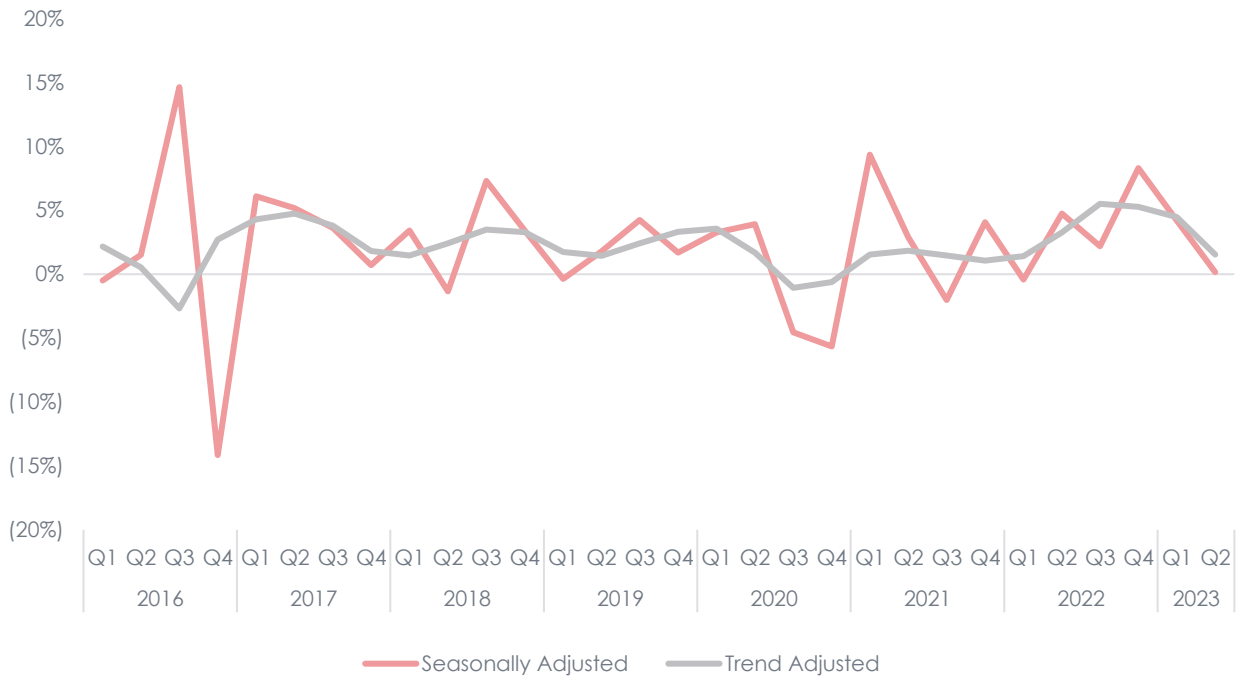
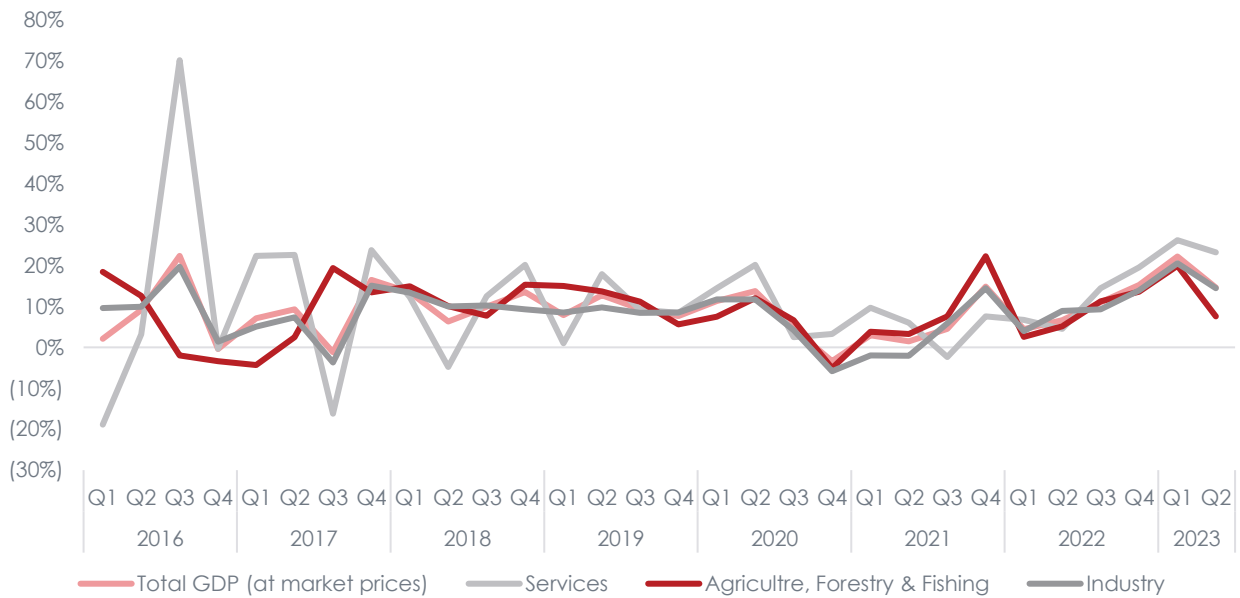


Figure 9: GDP and sectoral value-added year-on-year percentage change



Source: African Development Bank, Ugandan Bureau of Statistics

11.4 Exchange Rate

Uganda's exchange rate is market-determined and is vulnerable to both external and domestic shocks. According to the Bank of Uganda's Monetary Policy Report for December 2022, the UGX remained relatively stable against the USD supported by inflows from remittances, coffee receipts and NGO's. The UGX appreciated 1.6% month-on-month in December 2022 to an average mid-rate of UGX 3,761.1 per USD, however year-on-year, the UGX was 3.8% weaker. The Ugandan National Budget Speech FY2023/24 added that the UGX depreciated by 5.8% between April 2022 and April 2023, against the USD, compared to average depreciation rate of 5.8%.

Figure 10: UGX/ USD Exchange Rate

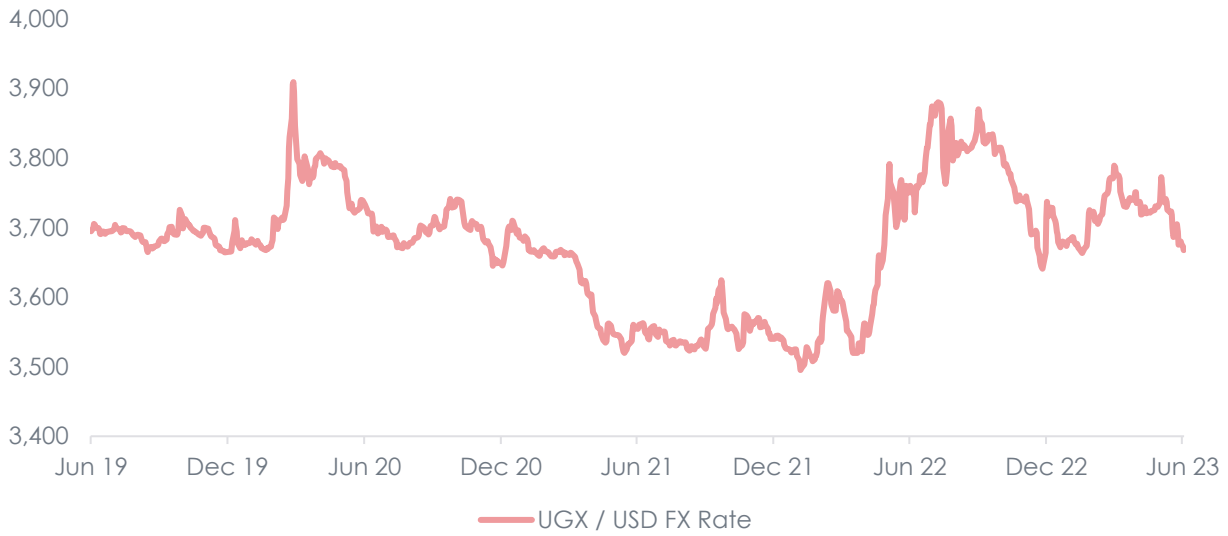
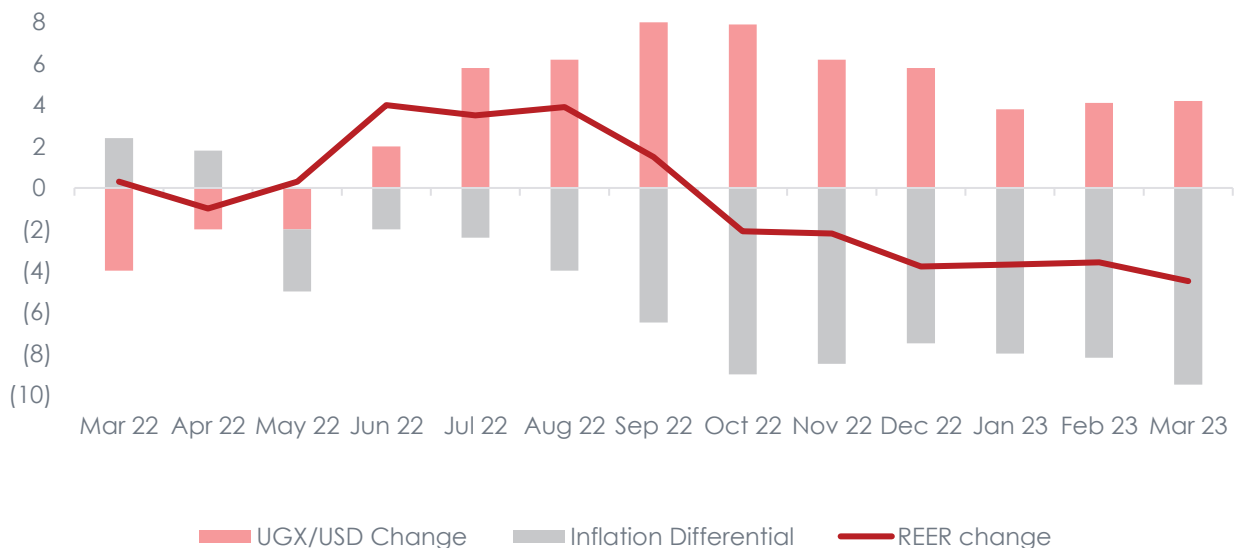


Figure 11: Growth of the real effective exchange rate and components



Source: The Bank of Uganda Monetary Policy Report, April 2023

11.5 Private Sector Credit

According to The Bank of Uganda's Monetary Policy Report for December 2022, private sector credit growth remains weak and below historical trends owing to weak aggregate demand in the economy and the recent tightening of monetary policy.

Total private sector credit growth fell to 10.5% year-on-year in the three months to October 2022, down from 10.8% in the three months to July 2022. Excluding the exchange rate changes and capitalised interest, private sector credit grew at 8.2% in the three months to October 2022 from 8.6% in the three months to July 2022. Over the same period, the growth in the Shilling loans increased to 12.2% from 9.6%, while the growth in foreign currency loans declined to 6.3%, down from 13.8% in the three months to July 2022.

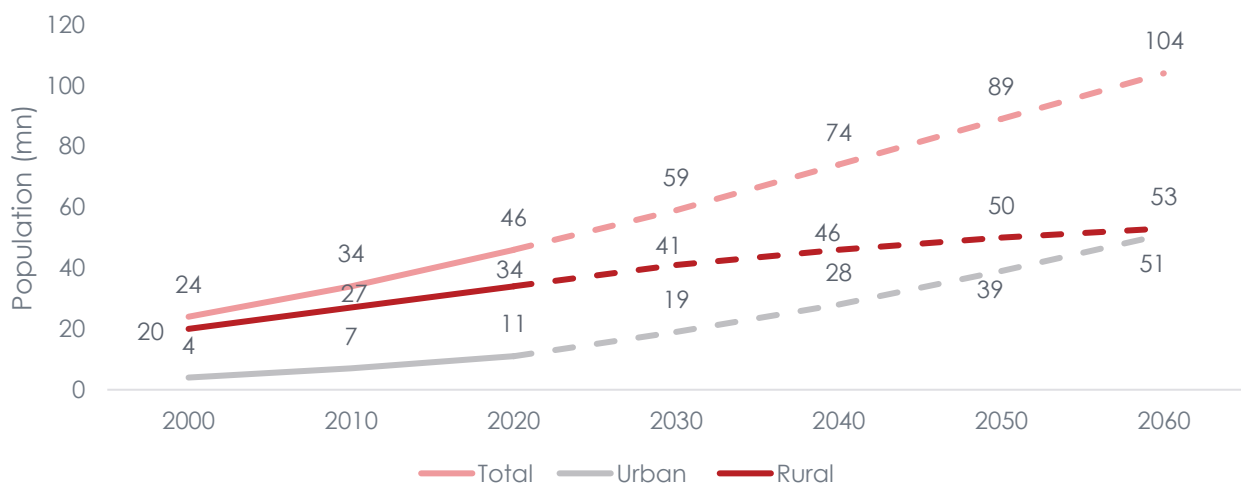
The Bank of Uganda notes that credit growth remains constrained in most sectors notably, agriculture, mortgage, and business services. The Bank of Uganda's State of the Economy Report for April 2023 further indicates that total private sector credit growth moderated to 9.8% in the three months to March 2023, with the moderation in credit growth reflecting the increasing lending rates which somewhat negatively affected credit demand.

11.6 Population

The Ugandan Bureau of Statistics National Population and Housing Census 2014 report indicates that following the results of The National Population and Housing Census of 2014, Uganda had a total population of 34.6mn people. Additionally, the Ugandan Bureau of Statistics Revised Subcounty Population Projections 2015 to 2030 for 146 Districts indicate that Uganda is expected to have a population of 45.5mn by the end of 2023, increasing to 55.4mn people by 2030.

The World Bank also indicates that Uganda's population will at least double between 2020 and 2060, reaching 104million people, indicating a substantial rise in population density. The growth in population will be accompanied by a significant shift from rural to urban areas. In 2020, about 34mn people were estimated to be living in rural areas of the country, while urban centres hold approximately 11million people, close to 25% of the population. According to World Bank projections, however, by 2060 Uganda's urban population will surpass its rural population, with estimates of 53million living in urban centres and 51million in rural areas. The World Bank also expects Uganda to experience a change in demographic composition, with the working-age population set to increase from 24million in 2020 to 69mn by the year 2060. The expected demographic trends are expected to have major implications for Uganda's development path over the next 40 years.

Figure 12: Ugandan population growth by location



Source: World Bank



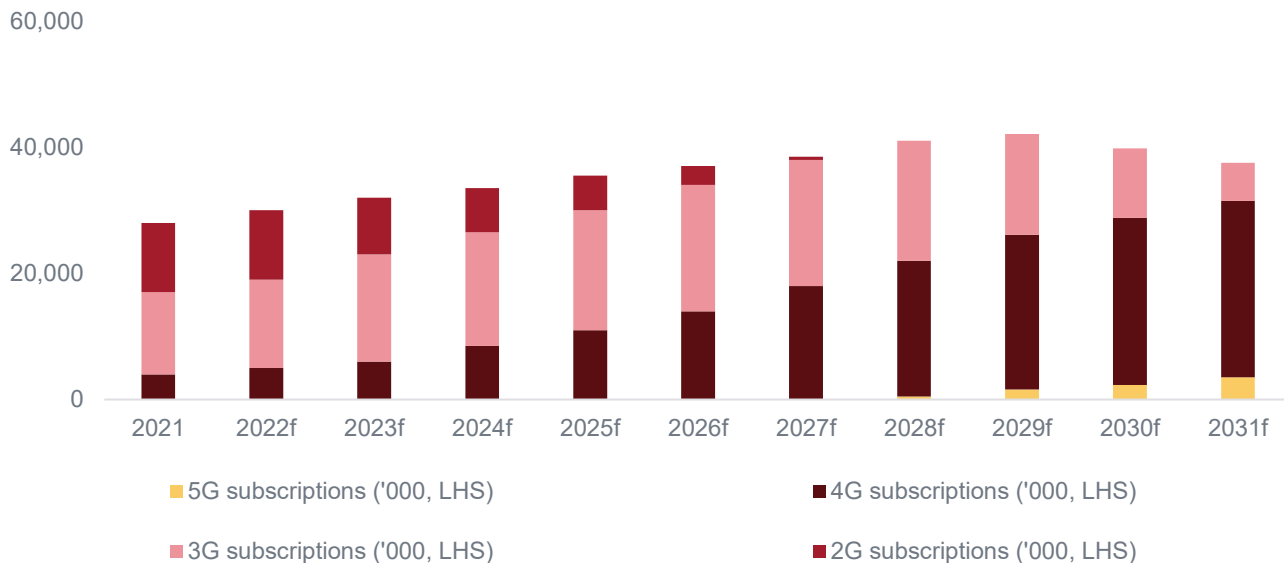
12 Overview of Telecommunications Sector

12.1 General Sector Overview

Uganda's Technology, Media, Telecom (TMT) sector is among the most enticing in the Sub-Saharan region. Its low unique SIM penetration of 44% allows for growth through coverage of the sizeable rural and non-urban population, as well as growth through the upselling of data products to existing subscribers.

The demand for TMT services is evidenced by rising mobile subscriptions with year-on-year growth of 8% from June 2021 figures, as published by the Uganda Communications Commission Q2 Market Performance report. According to Fitch Solutions' Uganda Telecommunications Q1 2023 Report, Uganda's mobile market is expected to grow organically between 2021 and 2031, particularly among 4G and 5G subscriptions.

Figure 13: Uganda Mobile Market Trends, 2021 - 2031



Source: Fitch Solutions

The leading market participants in the country's TMT sector include MTN, Airtel Uganda and state-owned operator, Uganda Telecom (UTL), after the exit of Smile Telecom and Africell Uganda in 2021.

Sector SWOT analysis

Strengths:	Weaknesses:
<ul style="list-style-type: none"> • Liberalised TMT sector with regional and international participants • Low penetration rates offer growth prospects • The sector has acted as a catalyst for access to financial services through the use of mobile phones • Buoyant demand for ICT services • A revision of the telecommunications licensing system is expected to reinvigorate the sector, providing greater clarity and confidence to operators, both current and prospective 	<ul style="list-style-type: none"> • Fragmented rollouts resulting in duplication of broadband infrastructure • Concentration of infrastructure in urban areas • Onerous licensing and regulatory requirements • Market is highly dependent on pre-paid customers with limited uptake of higher value post-paid plans
Opportunities:	Threats:
<ul style="list-style-type: none"> • Expanded mobile money services and digital inclusion • Network expansion will improve quality of service and increase customer reach • Opportunity for increased government investment in infrastructure which would drive down prices to accessible levels 	<ul style="list-style-type: none"> • Sporadic, regimented government action on the market participants in relation to broadband connection availability • Market concentration around a few entities, which stifles legitimate competitiveness • Price competition in a market and pressure to keep prices low (politicians critical of 'high' prices) weighing on operators' margins

12.2 Key Developments and Market Highlights

The leading market participants in the country's TMT sector include MTN, Airtel Uganda and state-owned operator, Uganda Telecom (UTL).

As per the NTO Licence and the Fees and Fines Regulations, the Company is required to list at least 20% of its shares on the USE within two years from the date of issuance of its Licence. This shall be undertaken in accordance with the existing listing rules and as prescribed by the Uganda Capital Markets Authority.

In line with this new requirement, MTN Uganda conducted its Initial Public Offer in December 2021 for 20% of its shares.

Two mobile operators exited the Ugandan telecommunications market. Africell exited the market in late 2021 after seven years of operations. Smile Telecom exited the market after eight years of operations in the Ugandan market.

UTL assets were transferred into Uganda Telecommunications Corporation (UTCL) in November 2022 after UTL went into administration. UTCL is a Ugandan state-owned entity.

Uganda Revenue Authority (URA) instituted a digital tax initiative which became effective in July 2022. The provision allows the authority to collect VAT on online digital services provided by non-resident persons.

12.3 UCC Regulatory Framework and Role of the UCC

The Company is regulated by the Uganda Communications Commission (the "Commission"), a body corporate established by the Uganda Communications Commission Act, 2013 (as amended) with the objective of developing a modern communications sector that offers telecommunications in accordance with international best practices, enhancing national coverage of communication services, reducing the direct role of Government as an operator in the communication sector and minimising the subsidies paid by the Government to the Communications Sector.

The Commission's mandate is to monitor, inspect, licence, and supervise communication services in the Country. In doing so, the Commission sets national standards and ensures compliance with the national and international standards and obligations laid down by international communication agreements and treaties to which Uganda is a party.

Prior to 2018, the licensing framework for the telecommunications sector in Uganda envisaged various categories of telecommunications licences, including, among others, **the National Telecommunications Operator (NTO) Licence**, a converged Licence issued to two operators, MTN Uganda Ltd and Uganda Telecom Limited, allowing them to provide all types of infrastructure and telecommunication services, under the same Licence; the **Public Infrastructure Provider (PIP) Licence** which was granted for a period of fifteen years to operators engaged in the provision of commercial communication infrastructure facilities in Uganda (regardless of form of technology) and permitted holders to install facilities associated with transmission, reception and switching of electronic signals; the **Public Service Provider (PSP) Licence** issued for five years to operators engaged in the provision of voice, data, capacity resale, audio visual content and other telecom services through the infrastructure facilities. One operator could hold both the PIP Licence and PSP Licence at the same time.

However, in 2018, the National Broadband Policy was approved, and it precipitated sweeping changes in the telecommunications sector in Uganda. To implement the Policy, the Commission adopted a new licensing framework for the telecommunications sector in October 2019. This was followed by the enactment of various regulations in 2020 including the Uganda Communications (Licensing) Regulations 2019 which ushered in a new licensing regime for the Communications Sector (including telecommunications) and the Uganda Communications (Fees and Fines) Regulations, 2019 and the Uganda Communications (Fees and Fines) (Amendment) Regulations, 2020, which amended the licensing fees structure for the sector.

One of the fundamental changes ushered in by the new licensing framework was the reclassification of the telecom Licences into national and regional licences and the introduction of new categories of licences. The Licence types under the new licensing regime include National Telecom Operator (NTO) Licence (Licencee operates in the entire country and is allowed to provide both Services and Infrastructure); National Public Service Provider (NPSP) Licence (Licencee allowed to provide telecom Services only in the entire country); National Public Infrastructure Provider (NPIP) Licence (for providers of Infrastructure services only in the entire country); Regional Public Service Provider (RPSP) Licence (Licencee operates in a defined region and restricted to provision of Services only in the defined region); Regional Public Infrastructure Provider (RPIP) Licence (Licencee operates in a defined region and restricted to provision of Infrastructure services only the defined region); and the Communal Access (given to persons that may wish to connect specifically defined communities to telecommunications services).

Eligibility for the NTO Licence requires an entity to hold either a PIP licence or a PSP licence or both and have ten years of good standing. The Commission could also unilaterally designate an existing Licencee as a National Telecommunications Operator under the new Licensing Regulations, and it is on this basis that the Company was required to apply for the NTO Licence.

12.4 Significant Auxiliary Regulation

Table 27: Significant Auxiliary Regulation

Regulatory Body	Obligation
<p>Ministry of Gender Social and Labour Development</p>	<p>The Employment Act, The Workers Compensation Act, The Occupational Safety and Health Act and the Labour Disputes (Arbitration and Settlement) Act are all aimed at ensuring that the employees of the Company, as major stakeholders of the business, are availed a good and healthy working environment. To ensure compliance with the respective obligations thereunder, the Company has in place an Employee Handbook dated July 2021 that clearly stipulates the terms and conditions of service in the Company. Bharti Airtel Group's Human Resources Policies, the Airtel Code of Conduct and the individual Employment Contract supplement the Handbook.</p> <p>The Handbook provides in detail, the ordinary office hours, addresses aspects of overtime, leave, medical care, insurance, life assurance, harassment, conflict of interest, employee restriction, exit management and termination. The Company Policy further provides for a clear discipline regime that covers precise progressive disciplinary measures including warnings of escalating severity, dismissals, suspension, among others. The Policy entitles the employer to recover loss caused to the Company by the employee from the employee's dues. The Handbook defines general misconduct and gross misconduct and lays out a general framework for the disciplinary procedures, processes, and institutions within the Company. It also provides for appeals and grievance handling processes.</p> <p>Most of the Company's workplaces across of the country have Certificates of Registration of a Workplace as required by the Occupational Health and Safety Act, 2006. The Company has a clear plan to ensure that the few remaining workplaces are also issued with the required certificates. Additionally, the Company commissions periodic independent internal audits to detect any shortfalls for correction.</p> <p>In fulfilment of the mandatory requirement to insure itself against any liability that the Company may incur under the Workers Compensation Act in respect to its employees, the Company holds a Group Personal Accident Insurance Policy with Sanlam General Insurance Uganda Policy Number P/100/5004/2022/00042.</p>
<p>Ministry of Internal Affairs</p>	<p>According to the Company's Staff List as at December 2022, the Company has 268 permanent employees, of which seven are expatriates from Kenya, Tanzania and India. Each holds a valid work permit.</p>
<p>National Environment Management Authority</p>	<p>Having sold off most of the Base Station sites to Eaton Towers Uganda Limited, the Company still operates a few strategic sites that places upon it an obligation to comply with the provisions of the National Environment Act, No. 5 of 2019 and the National Environmental (Social and Impact Assessment) Regulations in respect to conducting an environmental and social impact assessment for the construction of its communications installations, equipment and related facilities and construction and expansion of communications towers.</p> <p>The Act as well as the Environmental (Audit) Regulations, 2020 require Airtel to undertake an annual environmental compliance audit in the manner prescribed by regulations.</p>

Civil Aviation Authority	The Company also requires approval from the Civil Aviation Authority for the installation of base transceiver stations as obstacles that may prevent an aircraft operation from being conducted safely pursuant to the Civil Aviation (Aerodromes) Regulations. This relates to both new and existing sites.
Uganda Investment Authority	The Company is considered a foreign investor under the Investment Code Act, 2019 who prior to participating in the operation of any investment must register with the Authority and be issued with an Investment Certificate. The Company as a registered investor is obliged to observe and adhere to the laws of Uganda, keep data relating to operations of the investment enterprise for a period of seven years, properly keep financial and accounting records of the investment and submit a copy of a certified financial report to the Board within three months following the preceding financial year, periodically avail the books of accounts to the body responsible for taxation and register with the tax administration and file timely tax returns even in case of entitlement to tax exemption.
Uganda Revenue Authority	The Company is mandated to register for the various tax heads and fulfil its respective tax obligations. The Company is registered under TIN 1000027779 for Import and Export Duty, Income Tax, Local Excise Duty, VAT, PAYE, and Withholding Tax. The Company has consistently filed its returns on time and is exempt from Withholding Tax (WHT) and therefore does not have to pay WHT on its imported goods.
National Social Security Fund	In accordance with National Social Security Fund Act cap 222, as amended, The Company is required to contribute a mandatory 10% of each employee's gross salary on behalf of the employee to the Fund and the employee contributes 5% of their gross salary.
Ministry of Works and Transport	All of the Company's vehicles are insured against Third Party Risk as a compulsory requirement under the Motor Vehicle (Third Party Risks) Act, 2000.
Personal Data Protection Office	<p>The Data Protection and Privacy Act, 2019 as well as the regulations impose an obligation upon the Company to maintain a data protection policy among other security measures to prevent loss, damage, or unauthorised destruction and unlawful access to or unauthorised processing of personal data.</p> <p>The Company qualifies as a data collector, processor and controller and is registered with the data protection office Registration No. PDPO-202112-002 to which it is obliged to observe the following key aspects:</p> <ul style="list-style-type: none"> • Not to unlawfully obtain, disclose or procure the disclosure to another person of personal data held or processed by a data collector, data controller or data processor; • Not to sell or offer for sale of personal data of any person; • Not to unlawfully destroy, delete, mislead, conceal or alter personal data; • Secure the integrity of personal data in its possession or control by adopting appropriate, reasonable, technical and organisational measures to prevent loss, damage or unauthorised destruction and unlawful access to or unauthorised processing of the personal data; • Ensure that the data collected is complete, accurate, up to date and not misleading; and • Protect the privacy of data subjects. <p>The Company is compliant as far as the requirement for maintaining a data protection and privacy policy is concerned.</p>

12.5 Fixed Telephony

The market for fixed lines remains largely targeted at business enterprises for any future prospects and is hinged on the success of UTL (Uganda's fixed line incumbent operator) for investment in the roll-out of the requisite infrastructure.

With this background and the challenges envisaged with finding a willing investor for UTL, Fitch Solutions Research estimates the number of fixed lines to decline from 100,000 to 89,200 in 2023.

Smart phones are a class of mobile phones and of multi-purpose mobile computing devices. They have the second largest number of users in the country. Feature phones are similar to smartphones, but with limited processing and less storage than smartphones. They are unable to support add-on apps. Basic phones can make calls and text via SMS.

12.6 Network Connected Devices

Based on data published by the UCC, between June 2021 and 2022, active devices connected to the networks grew by 4 million, representing 12% growth.

Basic and feature phones anchor the number of connected gadgets and outnumber the volume of smart phones connected, illustrating the price-sensitive nature of the market.

12.7 Telecommunications Industry Infrastructure

The country's TMT infrastructure is largely concentrated in urban areas, while rural areas remain largely underdeveloped. The government, through its various agencies has undertaken policy action to create a productive environment for the sector to grow.

12.8 Key Mobile Telecommunications Operators

The leading market participants in the country's TMT sector include MTN, Airtel Uganda and state-owned operator, Uganda Telecom (UTL) after the exit of Smile Telecom and Africell Uganda in 2021.

Table 28: Key Mobile Telecommunications Operators

	Operator	Licence category	Area of coverage
1.	Airtel Uganda Limited	National Telecom Operator	National
2.	MTN Uganda Limited	National Telecom Operator	National
3.	Tangerine T/a Lyca Mobile	National Telecom Operator	National
4.	Ubuntu Towers Ltd	National Public Infrastructure Provider	National
5.	Insite Uganda Ltd	National Public Infrastructure Operator	National
6.	Liquid Intelligent Technologies	National Public Service Provider Regional Public Infrastructure Provider	National Central and Western regions
7.	TruIT Uganda Limited	National Public Service Provider	National
8.	Blue Crane Communications Ltd	National Public Service Provider	National

9.	Bandwidth and Cloud Services Group Limited	National Public Service Provider Regional Public Infrastructure Provider	National Central and Western regions
10.	United Wireless	National Public Service Provider	National
11.	Internet Solutions Uganda Limited	National Public Service Provider	National
12.	Smile Communications Uganda Limited	National Public Infrastructure Provider Regional Public Service Provider	National Central region
13.	Hamilton	National Public Service Provider	National
14.	C-Squared Limited	Regional Public Infrastructure Provider	Central region
15.	East Africa Broadband Services	Regional Public Service Provider	Central region
16.	Oyo Broadband Services	Regional Public Service Provider Regional Public Infrastructure Provider	Western region
17.	Cloud Core Services	National Public Service Provider	National
18.	Echotel Proprietary Uganda Limited	National Public Service Provider Regional Public Infrastructure Provider	National Central and Western regions
19.	Roke Telecom	National Public Service Provider Regional Public Infrastructure Provider	National Central and Eastern regions
20.	Fezatel Limited	Regional Public Service Provider	Central and Eastern regions
21.	Kampala Siti Cable	Regional Public Service Provider	Central region
22.	Kageddo Ventures Limited	Vending and Installation	National
23.	American Tower Corporation	National Public Infrastructure Provider	National
24.	Uganda Electricity Transmission Company Limited	National Public Infrastructure Provider	National
25.	Datanet.com	Regional Public Service Provider	Central
26.	Sombha Solutions Store Limited	National Public Service Provider Regional Public Infrastructure Provider	National Central region
27.	Seacom Uganda Limited	National Public Service Provider	National
28.	National Information and Technology Authority NITA-U	National Telecom Operator	National
29.	Uganda Telecom Limited	National Telecom Operator	National (Under Administration)

30.	Simbanet/ Wananchi	National Public Service Provider Regional Public Infrastructure Provider	National Central region
31.	HUAWEI Technologies	Equipment Vending and Installation	National
32.	Sky Dot Com	Regional Public Infrastructure Provider	Central region
33.	Gilat Telecom	National Public Service Provider	National
34.	Sprint Internet Ltd	Regional Public Service Provider	Central
35.	Gametra Service Ltd	Regional Public Service Provider	Central

12.9 The National Broadband Policy

The Government of Uganda recognised ICT as a driver of socio-economic transformation, which requires coordinating, development, and deployment of broadband infrastructure to enable connectivity for all digital inclusion and affordability. The National Broadband Policy placed the development of broadband infrastructure as a core priority of developing any public utility goods like water, transport, and railways among others.

The National Broadband Policy defines Broadband as a measure of the capacity of internet connectivity that is reliable and permits real-time delivery of voice, data and video to the end users and meets the increasing demand for Internet applications and services. The target for Uganda is to deliver a minimum of 4 Mbps to end users for Internet access.

The Broadband Policy seeks to achieve the aspirations of the Uganda Vision 2040 by supporting the objectives of the National Development Plan (NDP II) whose theme is “**Strengthening Uganda’s Competitiveness for Sustainable wealth creation, employment and inclusive growth**” to which this policy focuses on “**Connectivity for all**”.

The National Broadband Policy identifies targets and objectives to ensure that there is “Connectivity for all”. The Key objectives of the National Broadband Policy are:

- a) Avert duplication and therefore wastage of resources in the provision of broadband among the key stakeholders in the ICT sector.
- b) Optimise usage and increase the efficiency of broadband infrastructure utilisation in the country.
- c) Ensure that all parts of the country are connected to broadband and not only the urban areas, as it is the case today.
- d) Review the licensing regime for the telecom and broadcast operators to ensure that their operations are in line with the ICT sector strategic objectives.

The overall objective of the National Broadband Policy is to harmonise and regulate the planning and development of Broadband infrastructure that will enable universal connectivity and meet the overall national policy goals and aspirations. Where the government has developed fibre or any other Broadband infrastructure like satellite, terrestrial microwave, etc. the private operators will be regulated to use the same and by this the effects of not having a regulated infrastructure development are as follows:

- a) Lack of connectivity for all (limited connectivity), as operators have mostly focused on optic fibre without exploring other forms of connectivity and only choose to develop and deploy infrastructure where it is commercially viable.
- b) High cost of internet services, as operators' pricing is influenced by investments in infrastructure.
- c) Poor last mile connectivity/under-utilisation of National Backbone Infrastructure, which only connects government establishments and therefore cannot effectively influence the market.

d) Poor or slow internet speeds occasioned by infrastructure bottlenecks resulting in poor quality of service.

The Broadband Policy provides for the principles that will guide the implementation of the Broadband Policy:

1. Open and Universal access to broadband infrastructure.
2. E-government service delivery.
3. Cross-sector infrastructure sharing.
4. Right mix of Technology and Network Neutrality.
5. Promotion of research and innovation.
6. Regional Integration.
7. Environmental consideration.

The Broadband Policy places a role on Communications Operators like Airtel Uganda to perform the following tasks in the implementation of the National Broadband Infrastructure Policy during the period of the policy:

- a) Adhere to the new licensing regime as prescribed by the regulator. For emphasis, they will not construct infrastructure where it already exists.
- b) Holders of National Operator Licences will be required to offer communication services in the entire Country without discrimination.
- c) Guarantee good quality of service in terms of network coverage and accurate billing of users.
- d) Collaborate with all parties involved in the Broadband Infrastructure ecosystem to maximise consumer reach.

The Company has focused on ensuring that it creates services that provide Connectivity to all and adhere to the full implementation of the Broadband policy.

Critically, the National Broadband Policy proposed the introduction of a mandatory listing requirement for all telecom operators on the Uganda Securities Exchange as a licencing condition. This preceded several changes in the telecommunications sector including the adoption of a new Licensing Framework in October 2019 which introduced the mandatory requirement for NTO licensees to list 20% of their shares on the USE.

The objective was to curb capital flight and provide for local content development opportunities that would come along with the proposed listing. The Government believes that listing would, amongst others, ensure:

1. Increase tax collection from the telecom operators since listed companies are subject to more stringent and therefore more transparent public financial reporting standards.
2. Reduced downward pressure on the Ugandan Shilling since a portion of the dividends payable by the local telecoms would be payable to Ugandans in shillings, therein reducing the telecoms demand for dollars to that extent.
3. Growth of the Ugandan Capital Markets.
4. Increased investment opportunities for the increasing national savings held by Ugandan individuals and institutions like pension funds, retirement benefits schemes, among others.
5. Increasing the stake held by Ugandans in the telecoms sector.

Easing the process of having Uganda included in the frontier market category of the Morgan Stanley Capital International Index (MSCI) so as to increase foreign investor awareness of Ugandan investment opportunities. This would add Uganda to the list along with other African countries like Kenya, Morocco, Mauritius, Nigeria, and Tunisia.



13 Reporting Accountant's Report

AIRTEL UGANDA LIMITED
13.1 REPORTING ACCOUNTANT'S REPORT ON THE INITIAL
PUBLIC OFFERING
2023

CONTENTS PAGE

Reporting Accountant's Report on the financial information	136
Reporting Accountant's compilation report	138
Independent Reporting Accountant's review report on audited financial information	139
Statement of comprehensive income	140
Statement of financial position	142
Statement of changes in equity	145
Statement of cash flows	148
Notes to the financial statements	152-217
Forecast financial information	218-225

The Directors
Airtel Uganda Limited
Plot 16A Clement Hill Rd
P.O. Box 6771
Kampala, Uganda

Reporting Accountant's Report on the Financial Information of Airtel Uganda Limited for the Years Ended 31 December 2018, 2019, 2020, 2021 and 2022

Introduction

We hereby submit our Reporting Accountant's Report in accordance with the requirements of Part III of the Schedule to the Capital Markets Authority (Prospectus Requirements) Regulations, 1996 and Clause 7 of the Listing Rules of the Uganda Securities Exchange, hereafter referred to as "the Regulations".

Scope

- a) Review of the audited financial statements of Airtel Uganda Limited (the "Company") in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements* for the following periods:
 - Year ended 31 December 2018;
 - Year ended 31 December 2019;
 - Year ended 31 December 2020;
 - Year ended 31 December 2021; and
 - Year ended 31 December 2022.
- b) Compilation of the accompanying financial information of the Company based on audited financial statements and information you have provided. This financial information comprises the statements of financial position of Airtel Uganda Limited as at 31 December 2018, 2019, 2020, 2021 and 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information. We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), *Compilation Engagements*.
- c) Review of prospective financial information for the year ending 31 December 2023 in accordance with the International Standard on Assurance Engagements applicable to the examination of prospective financial information (ISAE) 3400.

Responsibility of the directors

The directors of the Company are responsible for the preparation of the Prospectus and all the information contained therein and for the fair presentation of the financial statements and financial information to which this Accountant's Report relates and from which it has been prepared.

Our responsibility

You required us to prepare a Reporting Accountant's Report to be included in the Prospectus for the purposes of preparing an IPO prospectus. Our responsibility is detailed in our letter of engagement.



Consent

We consent to the inclusion of this report in the Airtel Uganda Limited IPO prospectus to be issued on or about 29 August 2023 in the form and context in which it appears.

Ernst & Young

Ernst & Young

Certified Public Accountants

Kampala, Uganda

24 August 2023

Freda Kaheru

CPA Freda Kaheru Agaba

Reporting Accountant's Compilation Report

To the Directors of Airtel Uganda Limited

We have compiled the accompanying financial statements of Airtel Uganda Limited based on information you have provided. These financial statements comprise the statements of financial position of Airtel Uganda Limited as at 31 December 2018, 2019, 2020, 2021 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 140 to 217.

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

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

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

Ernst & Young

Ernst & Young

Certified Public Accountants

Kampala, Uganda

24 August 2023

Independent Reporting Accountant's review report on audited financial information to the directors of Airtel Uganda Limited

We have reviewed the accompanying financial statements of Airtel Uganda Limited that comprise the statements of financial position of Airtel Uganda Limited as at 31 December 2018, 2019, 2020, 2021 and 2022, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 140 to 217.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2012 of Uganda, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Reporting Accountant's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2012 of Uganda. This Standard also requires us to comply with relevant ethical requirements.


A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Airtel Uganda Limited as at 31 December 2018, 2019, 2020, 2021 and 2022 and its financial performance and cash flows for the years then ended, in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2012 of Uganda.

The Engagement Partner responsible for the review resulting in this reporting accountant's report is Freda Kaheru Agaba – P0531.



Ernst & Young
Certified Public Accountants
Kampala, Uganda

24 August 2023



CPA Freda Kaheru Agaba

13.2 Airtel Uganda Limited Statement of Comprehensive Income for the Year Ended 31 December

	Note	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
Income						
Revenue	13.9	1,594,271	1,505,345	1,293,562	1,086,684	1,001,756
Other income		5,627	4,256	2,271	2,415	3,247
		1,599,898	1,509,601	1,295,833	1,089,099	1,005,003
Expenses						
Network operating expenses	13.10 (a)	(252,845)	(212,119)	(201,405)	(163,807)	(146,956)
Access charges		(42,139)	(33,489)	(39,147)	(43,052)	(43,657)
Licence fees and spectrum usage charges		(38,976)	(40,137)	(43,380)	(47,298)	(36,784)
Employee benefits expenses	13.10 (b)	(84,559)	(77,246)	(65,043)	(56,436)	(53,448)
Sales and marketing expenses	13.10 (c)	(176,351)	(151,193)	(125,093)	(99,551)	(90,075)
Impairment reversal / (loss) on financial assets		1,095	(3,001)	704	(2,438)	(3,634)
Other operating expenses	13.10 (d)	(118,114)	(108,462)	(136,195)	(128,558)	(72,442)
		(711,889)	(625,647)	(609,559)	(541,140)	(446,996)
Earnings before interest, tax, depreciation and amortisation		888,009	883,954	686,274	547,959	558,007
Depreciation and amortisation	13.11	(272,455)	(249,235)	(216,292)	(191,442)	(168,700)
Operating profit		615,554	634,719	469,982	356,517	389,307
Finance income	13.12 (a)	396	14,802	6,143	36,846	41,926
Finance costs	13.12 (b)	(142,350)	(84,475)	(77,715)	(87,761)	(99,552)
Profit before tax		473,600	565,046	398,410	305,602	331,681
Income tax expense	13.13 (a)	(147,897)	(172,429)	(121,269)	(89,928)	(63,427)

13.2 Airtel Uganda Limited Statement of Comprehensive Income for the Year Ended 31 December (continued)

	Note	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
Profit for the year		325,703	392,617	277,141	215,674	268,254
Other comprehensive income						
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods						
Remeasurement gain / (loss) on defined benefit plans		73	(31)	6	39	61
Tax impact on above	13.13 (d)	(22)	9	(2)	(12)	(18)
Other comprehensive income / (loss) for the year, net of tax		51	(22)	4	27	43
Total comprehensive income for the year, net of tax		325,754	392,595	277,145	215,701	268,297
Earnings per share (UGX)						
Basic and diluted earnings per share	13.36	231	279	197	153	191

13.3 Airtel Uganda Limited Statement of Financial Position as at 31 December

	Note	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
ASSETS						
Non-current assets						
Property, plant and equipment	13.14	674,990	579,681	590,377	548,925	460,083
Capital work-in-progress	13.14	40,930	48,887	14,189	52,252	47,635
Right-of-use-assets	13.15	601,276	421,919	422,245	409,743	408,580
Intangible assets	13.16	409,194	440,011	470,876	112,955	112,969
Financial assets						
Loan assets	13.17	-	-	-	-	935,060
Other non-current assets	13.18	49,251	40,902	33,824	28,911	5,427
		1,775,641	1,531,400	1,531,511	1,152,786	1,969,754
Current assets						
Inventories	13.19	5,447	4,310	1,944	2,618	1,384
Financial assets						
Trade receivables	13.20	75,650	51,987	60,256	38,664	36,213
Cash and cash equivalents	13.21	35,204	8,256	26,795	46,254	12,244
Others	13.22	9,103	6,991	5,295	135	5,484
Income tax asset (net)	13.13 (c)	-	3,236	7,869	9,762	22,251
Other current assets	13.18	69,356	47,963	46,489	44,927	35,012
		194,760	122,743	148,648	142,360	112,588
TOTAL ASSETS		1,970,401	1,654,143	1,680,159	1,295,146	2,082,342

13.3 Airtel Uganda Limited Statement of Financial Position as at 31 December (continued)

	Note	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
EQUITY AND LIABILITIES						
Equity						
Share capital	13.23 (b)	1,408	1,408	1,408	1,408	1,408
Share premium	13.23 (c)	16,128	16,128	16,128	16,128	16,128
Retained earnings		106,239	139,224	136,176	116,021	83,326
Other reserves		85	34	56	52	25
		123,860	156,794	153,768	133,609	100,887
Non-current liabilities						
Financial liabilities						
Borrowings	13.24	311,817	232,748	145,270	368,267	-
Lease liabilities	13.25	555,318	386,515	427,265	428,622	442,914
Others	13.28	110,493	108,515	116,630	1,550	1,979
Provisions	13.31	2,606	2,199	2,091	2,084	1,619
Deferred tax liabilities	13.13 (d)	92,691	85,764	74,384	59,790	39,438
Deferred revenue	13.30	12,613	-	-	-	-
		1,085,538	815,741	765,640	860,313	485,950

13.3 Airtel Uganda Limited Statement of Financial Position as at 31 December (continued)

	Note	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
Current liabilities						
Financial liabilities						
Borrowings	13.24	317,018	258,114	447,287	-	1,118,733
Lease liabilities	13.25	135,526	119,730	97,155	80,973	69,562
Trade payables	13.27	152,762	163,876	115,374	102,228	81,087
Derivative instruments	13.26	5,641	1,191	1,506	307	-
Others	13.28	46,084	61,464	26,203	57,908	169,079
Deferred revenue	13.30	35,125	21,585	15,083	13,953	18,856
Provisions	13.31	6,231	3,708	5,806	4,173	5,288
Income tax payable (net)	13.13 (c)	9,910	-	-	-	-
Other current liabilities	13.29	52,706	51,940	52,337	41,682	32,900
		761,003	681,608	760,751	301,224	1,495,505
TOTAL EQUITY AND LIABILITIES		1,970,401	1,654,143	1,680,159	1,295,146	2,082,342

13.4 Airtel Uganda Limited Statement of Changes in Equity for the Year Ended 31 December

	Share capital UGX 'Mn	Share premium UGX 'Mn	Preference shares UGX 'Mn	Retained earnings UGX 'Mn	Other reserves UGX 'Mn	Total equity UGX 'Mn
	Note 13.23 (b)	Note 13.23 (c)	Note 13.23 (d)			
At 1 January 2018	1,408	183,647	11,168	(52,010)	(18)	144,195
Profit for the year	-	-	-	268,254	-	268,254
Other comprehensive income	-	-	-	-	43	43
Total comprehensive income	-	-	-	268,254	43	268,297
Dividends declared	-	-	-	(132,918)	-	(132,918)
Redemption of preference shares	-	(167,519)	(11,168)	-	-	(178,687)
At 31 December 2018	1,408	16,128	-	83,326	25	100,887
At 1 January 2019	1,408	16,128	-	83,326	25	100,887
Profit for the year	-	-	-	215,674	-	215,674
Other comprehensive income	-	-	-	-	27	27
Total comprehensive income	-	-	-	215,674	27	215,701
Dividends declared	-	-	-	(182,979)	-	(182,979)
At 31 December 2019	1,408	16,128	-	116,021	52	133,609

Airtel Uganda Limited Statement of Changes in Equity for the Year Ended 31 December (continued)

	Share capital UGX 'Mn	Share premium UGX 'Mn	Preference shares UGX 'Mn	Retained earnings UGX 'Mn	Other reserves UGX 'Mn	Total equity UGX 'Mn
At 1 January 2020	1,408	16,128	-	116,021	52	133,609
Profit for the year	-	-	-	277,141	-	277,141
Other comprehensive income	-	-	-	-	4	4
Total comprehensive income	-	-	-	277,141	4	277,145
Dividends declared	-	-	-	(256,986)	-	(256,986)
At 31 December 2020	1,408	16,128	-	136,176	56	153,768
At 1 January 2021	1,408	16,128	-	136,176	56	153,768
Profit for the year	-	-	-	392,617	-	392,617
Other comprehensive Loss	-	-	-	-	(22)	(22)
Total comprehensive income	-	-	-	392,617	(22)	392,595
Dividends declared	-	-	-	(389,569)	-	(389,569)
At 31 December 2021	1,408	16,128	-	139,224	34	156,794

Airtel Uganda Limited Statement of Changes in Equity for the Year Ended 31 December (continued)

	Share capital UGX 'Mn	Share premium UGX 'Mn	Preference shares UGX 'Mn	Retained earnings UGX 'Mn	Other reserves UGX 'Mn	Total equity UGX 'Mn
At 1 January 2022	1,408	16,128	-	139,224	34	156,794
Profit for the year	-	-	-	325,703	-	325,703
Other comprehensive income	-	-	-	-	51	51
Total comprehensive income	-	-	-	325,703	51	325,754
Dividends declared	-	-	-	(358,688)	-	(358,688)
At 31 December 2022	1,408	16,128	-	106,239	85	123,860

13.5 Airtel Uganda Limited Statement of Cash Flows for the Year Ended 31 December

	Note	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
OPERATING ACTIVITIES						
Profit before tax		473,600	565,046	398,410	305,602	331,681
Adjustments for:						
Depreciation and amortisation	13.11	272,455	249,235	216,292	191,442	168,700
Gain on disposal of assets		-	-	-	(25)	-
Interest income		(396)	(253)	(2,746)	(25,842)	(25,768)
Unrealised foreign exchange losses / (gains)	13.12	19,861	(263)	(3,397)	(11,004)	(16,158)
Interest on borrowings	13.12	52,670	37,444	23,837	41,141	31,406
Interest on lease liabilities	13.12	40,840	37,977	42,494	41,337	41,537
Interest on deferred spectrum	13.12	7,923	7,914	4,292	-	-
Other non-cash adjustments		(1,567)	2,708	(1,290)	2,538	5,023
Operating cash flow before changes in working capital		865,386	899,808	677,892	545,189	536,421

Airtel Uganda Limited Statement of Cash Flows for the Year Ended 31 December (continued)

	Note	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
(Increase) / decrease in inventories		(1,137)	(2,366)	674	(1,234)	(712)
(Increase) / decrease in trade receivables		(21,686)	5,268	(20,890)	(4,886)	(23,303)
(Increase) / decrease in other financial and non-financial assets		(31,853)	(10,250)	(11,633)	(28,052)	15,393
(Decrease) / increase in trade payables		(15,072)	46,786	5,577	23,723	(50,221)
Increase / (decrease) in provision		2,980	(2,010)	1,644	(624)	(17,634)
Increase / (decrease) in deferred revenue		26,154	6,502	1,130	(4,903)	(8,825)
Increase / (decrease) in other financial and non-financial liabilities		5,917	5,118	11,658	7,779	(4,135)
Net cash generated from operations before tax		830,689	948,856	666,052	536,992	446,984
Income tax paid	13.13	(127,845)	(156,407)	(104,785)	(57,414)	(79,883)
Net cash generated from operating activities (a)		702,844	792,449	561,267	479,578	367,101

Airtel Uganda Limited Statement of Cash Flows for the Year Ended 31 December (continued)

	Note	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
INVESTING ACTIVITIES						
Purchase of property, plant and equipment and capital work in progress		(241,205)	(126,277)	(154,439)	(205,557)	(149,276)
Purchase of intangible assets	13.16	-	-	(242,708)	-	-
Loans to related party	13.17	-	-	-	935,060	(537,250)
Deferred consideration paid*		-	-	-	-	(35,692)
Proceeds from sale of property, plant and equipment		935	1,761	209	27	-
Interest received		396	253	2,746	25,842	463
Net cash flows (used in) / generated from investing activities (b)		(239,874)	(124,263)	(394,192)	755,372	(721,755)
FINANCING ACTIVITIES						
Proceeds from borrowings	13.24	150,000	244,811	145,842	-	941,463
Payment of borrowings	13.24	(142,270)	(384,415)	-	(675,450)	(384,067)

Airtel Uganda Limited Statement of Cash Flows for the Year Ended 31 December (continued)

	Note	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
Interest paid on borrowings		(53,551)	(37,037)	(22,354)	(45,561)	(28,218)
Payment of lease liability	13.25 (b)	(143,337)	(130,815)	(118,074)	(109,828)	(100,287)
Payment of deferred spectrum fee		(11,353)	(10,893)	(15,147)	-	-
Redemption of preference shares		-	-	-	-	(178,688)
Dividend paid		(358,688)	(389,569)	(256,986)	(295,619)	(20,278)
Net cash flows (used in) / generated from financing activities (c)		(559,199)	(707,918)	(266,719)	(1,126,458)	229,925
Net movement in cash and cash equivalents during the year (a+b+c)		(96,229)	(39,732)	(99,644)	108,492	(124,729)
Cash and cash equivalents as at beginning of the year		(93,122)	(53,390)	46,254	(62,238)	62,491
Cash and cash equivalents as at end of the year	13.21	(189,351)	(93,122)	(53,390)	46,254	(62,238)

* Deferred consideration was paid towards the acquisition of Warid Uganda Limited with respect to the tax benefit utilised by absorbing accumulated losses that were brought forward to merged entity Airtel Uganda Limited.

Corporate information

Airtel Uganda Limited is incorporated in Uganda under the Companies Act as a limited liability company and is domiciled in Uganda. The address of its registered office is Airtel House, Plot 16A Clement Hill Road, Kampala, Uganda. Its principal activities are the provision of telecommunication services. The Company is subsidiary of Bharti Airtel Uganda Holdings B.V. The Step-Up Parent is Airtel Africa (listed in London Stock Exchange and Nigeria Stock Exchange).

13.6 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of preparation

The financial statements of Airtel Uganda Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2012 of the Laws of Uganda ("Companies Act"). The financial statements are presented in Uganda Shillings and all values are rounded to the nearest million unless otherwise stated.

Airtel Mobile Commerce operations were part of the Airtel Uganda Limited until 01 June 2021, however for the purpose of preparation of these Financials statements, Airtel Mobile Commerce operations have been excluded from all the periods as if these were never part of Airtel Uganda Limited.

Further, the accounting policies which are effective and implemented as of 01 January 2022 are consistently applied during all the periods under this report.

For purposes of reporting under the Companies Act, the balance sheet in these financial statements is represented by the statement of financial position and the profit or loss account is represented by the statement of comprehensive income.

Application of new and revised International Financial Reporting Standards (IFRS)

New and amended Standards that are effective for the current year

The accounting policies adopted are consistent for all periods presented. Amendments resulting from changes in standards and interpretations to IFRS to the following standards did not have any impact on the accounting policies, financial position or performance of the Company:

- Reference to the Conceptual Framework – Amendments to IFRS 3;
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37;
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter;
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities; and
- IAS 41 Agriculture – Taxation in fair value measurements.

Standards that are not yet effective

Numerous new standards, amendments and interpretations to existing standards have been issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company expects that adoption of these standards, amendments and interpretations will not have a significant impact on the Company's financial position or financial performance:

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

- IFRS 17 *Insurance Contracts* (effective for reporting periods beginning on or after 1 January 2023);
- Definition of Accounting Estimates – Amendments to IAS 8 (effective for reporting periods beginning on or after 1 January 2023);
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (effective for reporting periods beginning on or after 1 January 2023);
- Deferred tax related to Assets and Liabilities arising from a Single Transaction – Amendment to IAS 12 (effective for reporting periods beginning on or after 1 January 2023);
- *International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12* (effective for annual reporting periods beginning on or after 1 January 2023);
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 (effective for reporting periods beginning on or after 1 January 2024);
- *Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7* (effective for reporting periods beginning on or after 1 January 2024);
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (effective for reporting periods beginning on or after 1 January 2024);
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28* (postponed indefinitely).

b) Basis of measurement

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

Fair value measurement

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

c) Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to the customer at the consideration which the Company has received or expects to receive in exchange of those products or services, net of any taxes/duties and discounts. When determining the consideration to which the Company is entitled for providing promised products or services via intermediaries, the Company assesses whether the intermediary is a principal or agent in the onward sale to the end customer.

To the extent that the intermediary is considered a principal, the consideration to which the Company is entitled is determined to be that received from the intermediary. To the extent that the intermediary is considered an agent, the consideration to which the Company is entitled is determined to be the amount received from the customer; the upfront discount provided to the intermediary is recognised as a cost of sale.

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

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

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

Service revenue

- Service revenue is derived from the provision of telecommunication services to customers. The majority of the customers of the Company subscribe to the services on a pre-paid basis.
- Telecommunication service revenues mainly pertain to usage, subscription charges for voice, data, messaging and value-added services and customer onboarding charges, which include activation charges.
- Telecommunication services (comprising voice, data and SMS) are considered to represent a single performance obligation as all are provided over the Company's network and transmitted as data representing a digital signal on the network. The transmission consumes network bandwidth and therefore, irrespective of the nature of the communication, the customer ultimately receives access to the network and the right to consume network bandwidth.
- Majority of the customers pay in advance for services of the Company, these cash amounts are recognised in deferred income on the statement of financial position and transferred to profit or loss when the service obligation has been performed/when the usage of services becomes remote.
- The Company recognises revenue from these services over time as they are provided. Revenue is recognised over time based on actual units of telecommunication services provided during the reporting period as a proportion of the total units of telecommunication services to be provided.
- Subscription charges are recognised over the subscription pack validity period. Customer onboarding revenue is recognised upon successful onboarding of customers i.e. upfront.
- Revenues recognised in excess of amounts invoiced are classified as unbilled revenue. If amounts invoiced/collected from a customer are in excess of revenue recognised, a deferred revenue/advance income is recognised.
- Service revenues also includes revenue from interconnection/roaming charges for usage of the Company's network by other operators for voice, data, messaging and signalling services. These are recognised upon transfer of control of services being transferred over time.

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

- Revenues from long distance operations comprise voice services and bandwidth services (including installation), which are recognised on provision of services and over the period of respective arrangements.
- The Company has interconnect agreements with local and foreign operators. This allows customers from either network to originate or terminate calls to each other's network. Revenue is earned and recognised as per bilateral agreements when other operators' calls are terminated to the Company's network i.e. the service is rendered.

Equipment sales

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

Costs to obtain or fulfil a contract with a customer

The Company defers costs to obtain or fulfil contracts with customers over the expected average customer life, determined based on the churn rate.

Functional currency and translation of foreign currencies**Functional and presentation currency**

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

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

Transactions and balances

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

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

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

Property, plant and equipment

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

All categories of property, plant and equipment are initially recorded at cost and subsequently stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

When significant parts of PPE are required to be replaced at regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the statement of financial position and cost of the new item of PPE is recognised.

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

Depreciation on PPE is computed using the straight-line method over the estimated useful lives. Freehold land is not depreciated as it has an unlimited useful life. The Company has established the estimated range of useful lives for different categories of PPE as follows:

Categories	Period (Years)
Buildings and leasehold improvements	20
Plant and machinery	3–25
Computer equipment	3
Furniture, fixtures and office equipment	1–5
Motor vehicles	5

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at least at each reporting date so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives, residual values and/or depreciation method are accounted prospectively, and accordingly, the depreciation is calculated over the PPE's remaining revised useful life.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit.

PPE in the course of construction is carried at cost, less any accumulated impairment and presented separately as capital work-in-progress ('CWIP') including capital advances in the statement of financial position until capitalised. Such cost comprises of purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost.

Intangible assets

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

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with infinite lives are amortised over their economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Goodwill represents the cost of the acquired business in excess of the fair value of identifiable net assets purchased. Goodwill is not amortised, however, it is tested annually for impairment and carried at cost less any accumulated impairment losses.

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

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

Software

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

Licences (including spectrum)

Acquired licences and spectrum are amortised commencing from the date when the related network is available for intended use in the relevant jurisdiction. The useful lives range from ten (10) years to twenty (20) years.

In addition, the Company incurs a fee on licences/spectrum that is calculated based on the revenue amount of the period. Such revenue-share based fee is recognised as a cost in profit or loss when incurred.

Other acquired intangible assets

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

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

Accounting for leases

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

Company as a lessee

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

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

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

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

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

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

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

Short-term leases

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

Company as a lessor

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

Amounts due from lessees under a finance lease are recognised as receivables at an amount equal to the net investment in the leased assets. Finance lease income is allocated to the periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

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

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

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

Inventories

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and any deposits with original maturities of three (3) months or less (that are readily convertible to known amounts of cash and cash equivalents and subject to an insignificant risk of changes in value). However, for the purpose of the statement of cash flows, in addition to above items, any bank overdrafts that are integral part of the Company's cash management are also included as a component of cash and cash equivalents. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Provisions

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

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

Employee benefits

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

Defined contribution plans

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

Defined benefit plans

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

Defined benefit costs are split into the following categories:

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

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

Other long-term employee benefits

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

The Company provides for the liability (presented under provisions) towards the said benefits on the basis of actuarial valuation carried out quarterly as at the reporting date, by an independent qualified actuary using

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

the projected-unit-credit method. The related re-measurements are recognised in the statement of profit or loss in the period in which they arise.

Provident Fund

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

National Social Security Fund

The Company contributes to the National Social Security Fund ("NSSF") a national savings scheme mandated by Government. Under this scheme, the employee contributes 5% of their gross salary while the employer contributes 10% of each employee's gross salary to NSSF. The contributions are charged to the Statement of profit or loss in the period in which they are incurred.

Income tax

Income tax expense is the aggregate of the charge to the statement of profit or loss in respect of current income tax and deferred income tax. Tax is recognised in the statement of profit or loss account unless it relates to items recognised directly in other comprehensive income or equity, in which case it is also recognised directly in other comprehensive income or equity, respectively. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Ugandan Income Tax Act and also includes the taxes in relation to previous periods. Deferred income tax is recognised, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

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

Borrowing costs

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

Financial instruments**Recognition, classification and presentation**

Financial instruments are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

The Company determines the classification of its financial instruments at initial recognition.

The Company classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

- those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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

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

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

Measurement – Non-derivative financial instruments**i) Initial measurement**

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

Other transaction costs are expensed as incurred in the statement of comprehensive income.

ii) Subsequent measurement – financial assets

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

Financial assets measured at amortised cost

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

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

Financial assets at fair value through profit or loss ('FVTPL')

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

Impairment

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

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

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

iii) Subsequent measurement – financial liabilities

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

Measurement - derivative financial instruments

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

iv) Derecognition

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

Impairment of non-financial assets**Goodwill**

Goodwill is tested for impairment, at least annually or earlier, in case circumstances indicate that their carrying value may exceed the recoverable amount (higher of fair value less costs to sell and the value-in-use). For the purpose of impairment testing, the goodwill is allocated to a cash-generating-unit ('CGU') which is expected to benefit from the acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, but not higher than an operating segment. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

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

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

Property, plant and equipment, right-of-use assets, and intangible assets

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

For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the CGU level. If such individual assets or CGU are considered to be impaired, the impairment to be

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

recognised in the Statement of profit or loss is measured by the amount by which the carrying value of the asset/CGU exceeds their estimated recoverable amount and allocated on pro-rata basis.

Reversal of impairment losses

Impairment loss in respect of goodwill is not reversed. Other impairment losses are reversed in the Statement of profit or loss and the carrying value is increased to its revised recoverable amount provided that this amount does not exceed the carrying value that would have been determined had no impairment loss been recognised for the said asset/CGU in previous years.

Asset Retirement Obligation (ARO)

This is a provision for costs expected in the future to dismantle telecommunication towers and retail shops and restore the sites to their condition prior to installation of the Company's equipment. The costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the asset retirement liability. The unwinding of the discount is expensed as incurred and recognised in the Statement of profit or loss as a finance cost. The estimated future costs of ARO are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Investment property

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

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Statement of cash flows

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

Share capital and Share premium

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

Comparatives

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

Current versus non-current classification

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

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

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

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

Contingencies

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

Dividends

Dividend to shareholders is recognised as a liability and deducted from retained earnings, in the year in which the dividends are approved by the shareholders. However, interim dividends declared by the Board of directors, which does not need shareholders' approval, are recognised as a liability and deducted from retained earnings, in the year in which the dividends are so declared.

Earnings per Share

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

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

13.7 Critical Accounting Estimates, Assumptions and Judgements

The preparation of the Company's financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

a) Key sources of estimation uncertainty

Income taxes

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

Contingent liabilities and provisions

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

Inventory obsolescence

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

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

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

Separating lease and non-lease components

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

Critical Accounting Estimates, Assumptions and Judgements (continued)

Determining the incremental borrowing rate for lease contracts

The Company has recognised lease liabilities at present value using the incremental borrowing rate (IBR) based on considerations specific to the lease agreement. Since determination of incremental borrowings is not directly available for the given markets in which Company operates, the Company has used judgement in determining the IBR by taking into consideration risk free borrowing rate based on the IBR used across the Company of 5.62% for USD leases and 8.45% for UGX leases.

Determining the lease term

Under IFRS 16 if it is reasonably certain that a lease will be extended, the Company is required to estimate the expected lease period in excess of the current contractual terms. The Company has various lease agreements with a right to extend /renew wherein it considers the nature of the contractual terms and economic factors to determine. The Company has used judgement in determining the lease period considering such factors and the lease liability has been calculated using the remaining contractual lease period for all of such lease contracts.

13.8 Financial Risk Management Objectives and Policies

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

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

a) Market risk

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

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

13.8 Financial Risk Management Objectives and Policies (continued)

i) Foreign exchange risk

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

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

Foreign Currency Exposure					
	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Assets					
Cash and cash equivalents	6,032	125	13,839	1,324	5,907
Trade receivables (including Unbilled revenue)	78,179	75,700	15,169	12,262	9,578
Loan asset	-	-	-	-	935,060
Total assets	84,211	75,825	29,008	13,586	950,545
Liabilities					
Trade payables	48,795	56,662	59,059	67,693	64,130
Borrowings	148,800	212,400	288,370	289,535	965,620
Lease liabilities	664,360	399,702	362,652	321,723	254,534
Other financial liabilities	112,798	110,660	117,181	-	-
Total liabilities	974,753	779,424	827,262	678,951	1,284,284
Net exposure	(890,542)	(703,599)	(798,254)	(665,365)	(333,739)

The table below shows the impact of 5% +/- movement in the foreign exchange rate on the profit before tax and equity of the Company:

The sensitivity below is mainly attributable to translation of USD denominated borrowings, derivatives, trade payables lease liabilities, bank balances and trade receivables.

Impact on profit before tax					
	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
5%	(44,527)	(35,180)	(39,912)	(33,268)	(16,686)
-5%	44,527	35,180	39,912	33,268	16,686

13.8 Financial Risk Management Objectives and Policies (continued)

Impact on equity	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
5%	(31,169)	(24,626)	(27,938)	(23,288)	(11,680)
-5%	31,169	24,626	27,938	23,288	11,680

Note: Above figures are foreign currency denominated assets/liabilities only.

The following USD exchange rates applied during the period:

	2022	2021	2020	2019	2018
Average rate	3,690	3,555	3,665	3,674	3,713
Closing rate	3,720	3,542	3,650	3,665	3,714

ii) Price risk

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

iii) Interest rate risk

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

If the Interest rate would decrease/increase by 1% with all other variables held constant, pre-tax profit for the year would have been increased/decreased as follows mainly as a result of interest rate change:

Impact on profit before tax:					
	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
1%	(6,288)	(4,909)	(5,926)	(3,683)	(11,187)
-1%	6,288	4,909	5,926	3,683	11,187

Impact on equity:					
	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
1%	(4,402)	(3,436)	(4,148)	(2,578)	(7,831)
-1%	4,402	3,436	4,148	2,578	7,831

13.8 Financial Risk Management Objectives and Policies (continued)

b) Credit risk

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

Trade receivables

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

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

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

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

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

13.8 Financial Risk Management Objectives and Policies (continued)

The ageing of the trade receivables including unbilled revenue is shown below:

	Not Past Due					Past Due		
	Less than 30 days	30 to 60 days	60 to 90 days	90 to 270 days	Above 270 days	Total	Impairment	Net
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
31-Dec-22	3,269	13,073	2,850	71,566	10,863	101,621	16,868	84,753
31-Dec-21	4,430	17,724	2,630	40,158	11,918	76,860	17,882	58,978
31-Dec-20	3,385	14,772	14,521	42,786	10,999	86,463	20,912	65,551
31-Dec-19	7,879	3,568	15,380	28,652	7,483	62,962	24,163	38,799
31-Dec-18	11,590	335	10,545	34,110	6,788	63,368	21,671	41,697

Collateral

In determining the amount of impairment, management considers the collateral against such receivables and any amount payable to such customers.

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Fair value of collateral	4,391	4,174	3,995	3,828	3,359

Other financial instruments and cash deposits

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

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

	2022 UGX' Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
Bank balances	22,279	726	18,843	41,060	7,599
Trade receivables	75,650	51,987	60,256	38,664	36,213
Loan asset	-	-	-	-	935,060
Other financial assets	9,103	6,991	5,295	135	5,484
	107,032	59,704	84,394	79,859	984,356

13.8 Financial Risk Management Objectives and Policies (continued)

c) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future obligations as and when due, without incurring unacceptable losses. The Company's prudent liquidity risk management objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing, including term loans, debts and overdraft from both domestic and international banks at an optimised cost. For details on borrowings refer to Note 13.24.

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

The amounts disclosed in the breakdown below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	<1 year UGX 'Mn	1-2 years UGX 'Mn	>2 years UGX 'Mn	Total UGX 'Mn
At 31 December 2022				
Financial assets				
Trade receivables	75,650	-	-	75,650
Other financial assets	9,103	-	-	9,103
Cash and cash equivalents	35,204	-	-	35,204
	119,957	-	-	119,957
Financial liabilities				
Trade payables	152,762	-	-	152,762
Derivative Instruments	5,641	-	-	5,641
Borrowings	364,484	192,022	173,666	730,172
Lease liabilities	174,341	161,943	501,596	837,880
Other financial liabilities	46,084	4,290	106,203	156,577
Total financial liabilities	743,312	358,255	781,465	1,883,032
Net liquidity gap	(623,355)	(358,255)	(781,465)	(1,763,075)
At 31 December 2021				
Financial assets				
Trade receivables	51,987	-	-	51,987
Other financial assets	6,991	-	-	6,991

13.8 Financial Risk Management Objectives and Policies (continued)

c) Liquidity risk (continued)

	<1 year UGX 'Mn	1-2 years UGX 'Mn	>2 years UGX 'Mn	Total UGX 'Mn
Cash and cash equivalents	8,256	-	-	8,256
	67,234	-	-	67,234
Financial liabilities				
Trade payables	163,876	-	-	163,876
Borrowings	262,163	41,636	199,328	503,127
Derivative Instruments	1,191			1,191
Lease liabilities	143,564	85,114	380,507	609,185
Other financial liabilities	61,463	3,447	105,069	169,979
Total financial liabilities	632,257	130,197	684,904	1,447,358
Net liquidity gap	(565,023)	(130,197)	(684,904)	(1,380,124)
	<1 year	1-2 years	>2 years	Total
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
At 31 December 2020				
Financial assets				
Trade receivables	60,256			60,256
Other financial assets	5,295			5,295
Cash and cash equivalents	26,795			26,795
	92,346	-	-	92,346
Financial liabilities				
Trade payables	115,374	-	-	115,374
Derivative Instruments	1,506			1,506
Borrowings	456,386	92,786	91,380	640,552
Lease liabilities	134,008	125,425	395,185	654,618
Other financial liabilities	26,202	3,359	113,272	142,833
Total financial liabilities	733,476	221,570	599,837	1,554,883
Net liquidity gap	(641,130)	(221,570)	(599,837)	(1,462,537)

13.8 Financial Risk Management Objectives and Policies (continued)

c) Liquidity risk (continued)

	<1 year UGX 'Mn	1-2 years UGX 'Mn	>2 years UGX 'Mn	Total UGX 'Mn
At 31 December				
Financial assets				
Trade receivables	38,664	-	-	38,664
Other financial assets	135			135
Cash and cash equivalents	46,254	-	-	46,254
	85,053	-	-	85,053
Financial liabilities				
Trade payables	102,228	-	-	102,228
Derivative Instruments	307			307
Borrowings	11,395	381,797	-	393,192
Lease liabilities	119,561	119,240	409,781	648,582
Other financial liabilities	57,907	1,551	-	59,458
Total financial liabilities	291,398	502,588	409,781	1,203,767
Net liquidity gap	(206,345)	(502,588)	(409,781)	(1,118,714)
At 31 December 2018				
Financial assets				
Trade receivables	36,213	-	-	36,213
Other financial assets	5,484	-	-	5,484
Cash and cash equivalents	12,244	-	-	12,244
	53,941	-	-	53,941
Financial liabilities				
Trade payables	81,087	-	-	81,087
Borrowings	1,130,128	9,550	3,980	1,143,658
Lease Liabilities	108,353	108,541	444,153	661,047
Other financial liabilities	169,079	1,979	-	171,058
Total financial liabilities	1,488,647	120,070	448,133	2,056,850
Net liquidity gap	(1,434,706)	(120,070)	(448,133)	(2,002,909)

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.8 Financial Risk Management Objectives and Policies (continued)**d) Capital management**

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

The leverage ratios at 31 December were as follows:

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Borrowings	628,835	490,862	592,557	368,267	1,118,733
Lease obligation	690,844	506,245	524,420	509,595	512,476
Less: cash and cash equivalents	(35,204)	(8,256)	(26,795)	(46,254)	(12,244)
Net debt	1,284,475	988,851	1,090,182	831,608	1,618,965
EBITDA	888,009	883,954	686,274	547,959	558,007
Leverage ratio (x)	1.4x	1.1x	1.6x	1.5x	2.9x

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.9 Revenue

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Service revenue (note 13.9 (a))	1,589,101	1,500,235	1,285,853	1,081,477	999,036
Sale of products	5,170	5,110	7,709	5,207	2,720
	1,594,271	1,505,345	1,293,562	1,086,684	1,001,756

a) Service Revenue

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Airtime revenue	869,824	798,746	645,216	579,988	484,849
VAS and data revenue	656,847	647,994	570,063	423,358	437,649
Interconnect revenue	53,580	48,568	66,703	68,516	67,090
Roaming revenue	8,850	4,927	3,871	9,615	9,448
TOTAL	1,589,101	1,500,235	1,285,853	1,081,477	999,036

The table below indicates revenue recognised that was included in the deferred and unbilled revenue balances at the beginning of the year:

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.9 Revenue (continued)

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Revenue recognised that was included in the deferred revenue balance at the beginning of the year	21,585	15,083	13,953	18,856	28,519
Increases due to cash received, excluding amounts recognised as revenue during the year	35,125	21,585	15,083	13,953	18,856
Transfers from unbilled revenue recognised at the beginning of the year to receivables	6,991	5,295	124	4,318	15,710

Transaction price allocated to the remaining (unsatisfied) performance obligations

The aggregate amount of transaction price allocated to partially unsatisfied performance obligations as at 31 December 2022 was UGX 12,613 million. This amount relates to IRU capacity arrangement entered by the Company during the year 2022 with one of the fellow subsidiaries (for details, refer related party note 13.32 (c)).

Management expects that 10% of the transaction price allocated to unsatisfied performance obligations as of 31 December 2022 will be recognised as revenue during the next reporting period. The remaining amount will be recognised over the next eight (8) years.

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.10 Expenses

a) Network operating expenses

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Site running expenses	183,176	143,178	126,897	111,613	90,089
Repair and maintenance (including managed services)	56,306	55,414	51,383	37,568	41,101
Bandwidth / leased line charges	6,570	6,818	9,425	7,994	6,750
Other network expenditure	6,793	6,709	13,700	6,632	9,016
	252,845	212,119	201,405	163,807	146,956

b) Employee benefits expenses

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Salaries	70,068	66,628	54,490	46,155	46,768
Defined benefit plan cost	685	338	335	752	291
Defined contribution plan cost	5,469	4,356	4,583	4,447	3,119
Staff welfare expenses	7,284	5,183	5,111	4,713	2,513
Others	1,053	741	524	369	757
	84,559	77,246	65,043	56,436	53,448

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.10 Expenses(continued)**c) Sales and marketing expenses**

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Sales and distribution expense	151,078	131,757	105,470	82,061	55,785
Marketing expenses	25,273	19,436	19,623	17,490	34,290
	176,351	151,193	125,093	99,551	90,075

d) Other operating expenses

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Cost of goods sold	8,128	5,341	8,853	6,479	3,316
Office repair and maintenance	3,183	2,430	3,289	4,371	5,622
Legal and professional fees	43,797	36,330	31,408	29,216	9,171
Rates and taxes	2,421	5,326	15,667	9,058	12,361
Content cost	30,876	26,074	44,362	53,393	13,484
IT expenses	7,296	9,596	14,525	13,284	16,350
Travel and conveyance	8,941	7,983	5,562	3,389	3,319
Customer care expenses	7,868	9,097	7,869	5,530	5,472
Charitable donation	82	131	1,274	227	87
Auditor's remuneration	544	469	407	716	548
Others	4,978	5,685	2,979	2,895	2,712
	118,114	108,462	136,195	128,558	72,442

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.11 Depreciation and Amortisation

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Depreciation on property, plant and equipment (Note 13.14)	137,558	127,941	115,750	118,847	107,190
Depreciation of right of use assets (Note 13.15)	104,080	90,429	85,092	72,579	61,498
Amortization of intangible assets (Note 13.16)	30,817	30,865	15,450	16	12
	272,455	249,235	216,292	191,442	168,700

13.12 Finance Income / Costs

a) Finance Income

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Interest income on deposits	388	253	2,746	1,186	416
Interest income on others	8	-	-	24,656	25,352
Realised exchange gains	-	14,286	-	-	-
Unrealised exchange fluctuation gain	-	263	3,397	11,004	16,158
	396	14,802	6,143	36,846	41,926

b) Finance costs

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Interest on borrowings	52,670	37,444	23,837	41,141	31,406
Interest on lease liabilities	40,840	37,977	42,494	41,337	41,537
Interest on deferred spectrum	7,923	7,914	4,292	-	-
Realised exchange loss	18,265	-	5,981	4,037	23,429
Unrealised exchange losses	19,861	-	-	-	-
Other finance charges	2,791	1,140	1,111	1,246	3,180
	142,350	84,475	77,715	87,761	99,552

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.13 Taxation

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

Current tax expense	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
- Related to profit of current year	140,718	160,776	106,677	69,588	59,492
Taxes on Rental income	274	264	-	-	-
	140,992	161,040	106,677	69,588	59,492
Deferred tax expense	6,905	11,389	14,592	20,340	3,935
	147,897	172,429	121,269	89,928	63,427

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

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Profit before tax	473,600	565,046	398,410	305,602	331,681
Tax expense at 30%	142,080	169,514	119,523	91,681	99,504
Effect of:					
Income not taxable and non-deductible expenses*	5,817	2,915	1,746	(1,753)	(36,077)
	147,897	172,429	121,269	89,928	63,427

* Expenses not deductible include charitable donations, entertainment expenses and gifts for employees.

* Income not taxable includes interest income not subject to tax

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.13 Taxation (continued)**c) Income tax (payable) / recoverable**

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Opening balance	3,237	7,869	9,761	22,251	1,860
Current tax expense	(140,718)	(160,776)	(106,677)	(69,588)	(59,492)
Tax paid	127,845	156,407	104,785	57,414	79,883
Tax on rental income	(274)	(264)	-	-	-
Adjustments from tax reviews	-	-	-	(315)	-
	(9,910)	3,236	7,869	9,762	22,251

d) Deferred tax liabilities

Deferred tax assets / liabilities are recognised on all temporary differences at the applicable rate of 30%. The movement on the deferred tax account is as follows:

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
At the start of year	85,764	74,384	59,790	39,438	35,485
Charge to profit or loss	6,905	11,389	14,592	20,340	3,935
Charge / (credit) to OCI	22	(9)	2	12	18
At the end of year	92,691	85,764	74,384	59,790	39,438

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.13 Taxation (continued)

d) Deferred tax liabilities (continued)

The deferred tax liabilities at the reporting period are attributable to the following items:

Year ended 31 December 2018				
	At	Charge	Charge to	At
	1 January 2018	to profit or loss	OCI	31 December 2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Accelerated tax depreciation	77,351	(13,802)	-	63,549
Actuarial valuation differences	-	-	18	18
Short term timing differences	(33,606)	9,477	-	(24,129)
Tax losses carried forward	(8,260)	8,260	-	-
Net deferred tax liability	35,485	3,935	18	39,438

Year ended 31 December 2019				
	At	Charge	Charge to	At
	1 January 2019	to profit or loss	OCI	31 December 2019
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Accelerated tax depreciation	63,549	27,569	-	91,118
Actuarial valuation differences	18	-	12	30
Short term timing differences	(24,129)	(7,229)	-	(31,358)
Net deferred tax liability	39,438	20,340	12	59,790

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.13 Taxation (continued)

d) Deferred tax liabilities (continued)

Year ended 31 December 2020				
	At 1 January 2020 UGX 'Mn	Charge to profit or loss UGX 'Mn	Charge to OCI UGX 'Mn	At 31 December 2020 UGX 'Mn
Accelerated tax depreciation	91,118	12,385	-	103,503
Actuarial valuation differences	30	-	2	32
Short term timing differences	(31,358)	2,207	-	(29,151)
Net deferred tax liability	59,790	14,592	2	74,384

Year ended 31 December 2021				
	At 1 January 2021 UGX 'Mn	Charge to profit or loss UGX 'Mn	Credit to OCI UGX 'Mn	At 31 December 2021 UGX 'Mn
Accelerated tax depreciation	103,503	(3,490)	-	100,013
Actuarial valuation differences	32	-	(9)	23
Other temporary differences	(29,151)	14,879	-	(14,272)
Net deferred tax liability	74,384	11,389	(9)	85,764

Year ended 31 December 2022				
	At 1 January 2022 UGX 'Mn	Charge to profit or loss UGX 'Mn	Credit to OCI UGX 'Mn	At 31 December 2022 UGX 'Mn
Accelerated tax depreciation	100,013	12,638	-	112,651
Actuarial valuation differences	23	-	22	45
Other temporary differences	(14,272)	(5,733)	-	(20,005)
Net deferred tax liability	85,764	6,905	22	92,691

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.14 Property, Plant and Equipment

	Plant and machinery UGX 'Mn	Buildings and leasehold improvements UGX 'Mn	Office equipment and furniture UGX 'Mn	Computer UGX 'Mn	Vehicles UGX 'Mn	Total UGX 'Mn	Capital work in progress UGX 'Mn	Grand total UGX 'Mn
COST								
At 1 January 2018	877,191	25,966	14,480	131,810	999	1,050,446	19,594	1,070,040
Additions	-	-	-	-	-	-	168,534	168,534
Transfer from CWIP	128,770	4,588	3,507	3,187	441	140,493	(140,493)	-
Adjustments	(2,071)	-	-	-	-	(2,071)	-	(2,071)
Reclassifications	(324)	245	1,584	20	-	1,525	-	1,525
At 31 December 2018	1,003,566	30,799	19,571	135,017	1,440	1,190,393	47,635	1,238,028
ACCUMULATED DEPRECIATION								
At 1 January 2018	473,471	12,886	12,281	123,756	597	622,991	-	622,991
Adjustments	(1,396)	-	-	-	-	(1,396)	-	(1,396)
Charge for the year	92,720	2,960	2,197	9,079	234	107,190	-	107,190
Reclassifications	818	245	1,332	(869)	(1)	1,525	-	1,525
At 31 December 2018	565,613	16,091	15,810	131,966	830	730,310	-	730,310
NET CARRYING AMOUNT								
At 31 December 2018	437,953	14,708	3,761	3,051	610	460,083	47,635	507,718

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.14 Property, Plant and Equipment (continued)

	Plant and machinery	Buildings and leasehold improvements	Office equipment and furniture	Computer	Vehicles	Total	Capital work in progress	Grand total
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
COST								
At 1 January 2019	1,003,566	30,799	19,571	135,017	1,440	1,190,393	47,635	1,238,028
Additions	-	-	-	-	-	-	212,327	212,327
Transfer from CWIP	191,438	3,859	805	11,364	244	207,710	(207,710)	-
Disposal	-	-	-	-	(6)	(6)	-	(6)
Reclassifications	(5,934)	(1,178)	-	8,229	-	1,117	-	1,117
Retirement	(553)	-	-	-	-	(553)	-	(553)
At 31 December 2019	1,188,517	33,480	20,376	154,610	1,678	1,398,661	52,252	1,450,913
ACCUMULATED DEPRECIATION								
At 1 January 2019	565,613	16,091	15,810	131,966	830	730,310	-	730,310
Disposal	-	-	-	-	(4)	(4)	-	(4)
Charge for the year	105,624	3,879	1,862	7,190	292	118,847	-	118,847
Reclassifications	(422)	1,556	(17)	(3)	2	1,116	-	1,116
Retirement	(533)	-	-	-	-	(533)	-	(533)
At 31 December 2019	670,282	21,526	17,655	139,153	1,120	849,736	-	849,736
NET CARRYING AMOUNT								
At 31 December 2019	518,235	11,954	2,721	15,457	558	548,925	52,252	601,177

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.14 Property, Plant and Equipment (continued)

	Plant and machinery UGX 'Mn	Buildings and leasehold improvements UGX 'Mn	Office equipment and furniture UGX 'Mn	Computer UGX 'Mn	Vehicle UGX 'Mn	Total UGX 'Mn	Capital work in progress UGX 'Mn	Grand total UGX 'Mn
COST								
At 1 January 2020	1,188,517	33,480	20,376	154,610	1,678	1,398,661	52,252	1,450,913
Additions	-	-	-	-	-	-	119,347	119,347
Transfer from CWIP	149,376	1,538	3,261	3,061	174	157,410	(157,410)	-
Disposal	(438)	-	-	-	(41)	(479)	-	(479)
Retirement	(20,796)	-	(2)	(5)	-	(20,803)	-	(20,803)
At 31 December 2020	1,316,659	35,018	23,635	157,666	1,811	1,534,789	14,189	1,548,978
ACCUMULATED DEPRECIATION								
At 1 January 2020	670,282	21,526	17,655	139,153	1,120	849,736	-	849,736
Disposal	(259)	-	-	-	(12)	(271)	-	(271)
Charge for the year	100,914	3,239	1,941	9,429	227	115,750	-	115,750
Reclassifications	(2)	10	(5)	3	(6)	-	-	-
Retirement	(20,796)	-	(2)	(5)	-	(20,803)	-	(20,803)
At 31 December 2020	750,139	24,775	19,589	148,580	1,329	944,412	-	944,412
NET CARRYING AMOUNT								
At 31 December 2020	566,520	10,243	4,046	9,086	482	590,377	14,189	604,566

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.14 Property, Plant and Equipment (continued)

	Plant and machinery	Buildings and leasehold improvements	Office equipment and furniture	Computer	Vehicle	Total	Capital work in progress	Grand total
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
COST								
At 1 January 2021	1,316,659	35,018	23,635	157,666	1,811	1,534,789	14,189	1,548,978
Additions	-	-	-	-	-	-	153,694	153,694
Disposal	7	-	-	(1,768)	-	(1,761)	-	(1,761)
Transfers from CWIP	97,817	13	11,851	8,969	346	118,996	(118,996)	-
Reclassifications	(3,720)	-	(132)	10,744	-	6,892	-	6,892
Retirement	(37,688)	(7,492)	-	(600)	15	(45,765)	-	(45,765)
At 31 December 2021	1,373,075	27,539	35,354	175,011	2,172	1,613,151	48,887	1,662,038
ACCUMULATED DEPRECIATION								
At 1 January 2021	750,139	24,775	19,589	148,580	1,329	944,412	-	944,412
Charge for the year	110,847	1,705	2,879	12,332	178	127,941	-	127,941
Reclassifications	(560)	-	6,583	869	-	6,892	-	6,892
Retirement	(37,687)	(7,491)	-	(603)	6	(45,775)	-	(45,775)
At 31 December 2021	822,739	18,989	29,051	161,178	1,513	1,033,470	-	1,033,470
NET CARRYING AMOUNT								
At 31 December 2021	550,336	8,550	6,303	13,833	659	579,681	48,887	628,568

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.14 Property, Plant and Equipment (continued)

	Plant and Machinery	Buildings and leasehold improvements	Office equipment and furniture	Computer	Vehicle	Total	Capital work in progress	Grand total
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
COST								
At 1 January 2022	1,373,075	27,539	35,354	175,011	2,172	1,613,151	48,887	1,662,038
Additions	-	-	-	-	-	-	225,845	225,845
Disposal	(1,261)	-	-	-	-	(1,261)	-	(1,261)
Transfer from CWIP	208,020	-	11,133	13,901	748	233,802	(233,802)	-
At 31 December 2022	1,579,834	27,539	46,487	188,912	2,920	1,845,692	40,930	1,886,622
ACCUMULATED DEPRECIATION								
At 1 January 2022	822,739	18,989	29,051	161,178	1,513	1,033,470	-	1,033,470
Disposal	(326)	-	-	-	-	(326)	-	(326)
Charge for the year	118,867	1,077	6,410	10,834	370	137,558	-	137,558
At 31 December 2022	941,280	20,066	35,461	172,012	1,883	1,170,702	-	1,170,702
NET CARRYING AMOUNT								
At 31 December 2022	638,554	7,473	11,026	16,900	1,037	674,990	40,930	715,920

13.15 Right-of-Use Assets

	Land and Building	Plant and machinery	Motor Vehicles	Grand total
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
COST				
At 1 January 2018	7,930	456,543	3,684	468,157
Additions	-	35,252	-	35,252
At 31 December 2018	7,930	491,795	3,684	503,409

ACCUMULATED DEPRECIATION

At 1 January 2018	5,156	26,803	1,372	33,331
Charge for the year	431	60,147	920	61,498
At 31 December 2018	5,587	86,950	2,292	94,829

NET CARRYING AMOUNT

At 31 December 2018	2,343	404,845	1,392	408,580
----------------------------	--------------	----------------	--------------	----------------

COST

At 1 January 2019	7,930	491,795	3,684	503,409
Additions	3,070	72,343	-	75,413
Retirement	-	(2,912)	-	(2,912)
At 31 December 2019	11,000	561,226	3,684	575,910

ACCUMULATED DEPRECIATION

At 1 January 2019	5,587	86,950	2,292	94,829
Charge for the year	1,619	70,039	921	72,579
Retirement	-	(1,241)	-	(1,241)
At 31 December 2019	7,206	155,748	3,213	166,167

NET CARRYING AMOUNT

At 31 December 2019	3,794	405,478	471	409,743
----------------------------	--------------	----------------	------------	----------------

13.15 Right-of-Use Assets (continued)

	Land and Building	Plant and machinery	Motor vehicles	Grand total
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
COST				
At 1 January 2020	11,000	561,226	3,684	575,910
Additions	493	98,749	-	99,242
Retirement	-	(3,361)	-	(3,361)
Reclassification	6	-	-	6
At 31 December 2020	11,499	656,614	3,684	671,797

ACCUMULATED DEPRECIATION

At 1 January 2020	7,206	155,748	3,213	166,167
Charge for the year	1,687	82,934	471	85,092
Retirement	-	(1,713)	-	(1,713)
Reclassification	6	-	-	6
At 31 December	8,899	236,969	3,684	249,552

NET CARRYING

At 31 December 2020	2,600	419,645	-	422,245
----------------------------	--------------	----------------	----------	----------------

COST

At 1 January 2021	11,499	656,614	3,684	671,797
Additions	3,977	90,849	-	94,826
Retirement	-	(23,790)	-	(23,790)
At 31 December 2021	15,476	723,673	3,684	742,833

ACCUMULATED DEPRECIATION

At 1 January 2021	8,899	236,969	3,684	249,552
Charge for the year	1,754	88,675	-	90,429
Retirement	-	(19,067)	-	(19,067)
At 31 December 2021	10,653	306,577	3,684	320,914

NET CARRYING AMOUNT

At 31 December 2021	4,823	417,096	-	421,919
----------------------------	--------------	----------------	----------	----------------

13.15 Right-of-Use Assets (continued)

	Land and Building	Plant and machinery	Motor vehicles	Grand total
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
COST				
At 1 January 2022	15,476	723,673	3,684	742,833
Additions	55	284,535	-	284,590
Retirement	-	(1,694)	-	(1,694)
At 31 December 2022	15,531	1,006,514	3,684	1,025,729
ACCUMULATED DEPRECIATION				
At 1 January 2022	10,653	306,577	3,684	320,914
Charge for the year	1,528	102,552	-	104,080
Retirement	-	(541)	-	(541)
At 31 December 2022	12,181	408,588	3,684	424,453
NET CARRYING AMOUNT				
At 31 December 2022	3,350	597,926	-	601,276

13.16 Intangible Assets

	Licence	Goodwill	Customer base	Dealer network	Grand total
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
COST					
At 1 January 2018	1,082	112,908	3,633	1,592	119,215
Additions	-	-	-	-	-
At 31 December 2018	1,082	112,908	3,633	1,592	119,215
ACCUMULATED DEPRECIATION					
At 1 January 2018	1,009	-	3,633	1,592	6,234
Charge for the year	12	-	-	-	12
At 31 December 2018	1,021	-	3,633	1,592	6,246
NET CARRYING AMOUNT					
At 31 December 2018	61	112,908	-	-	112,969
COST					
At 1 January 2019	1,082	112,908	3,633	1,592	119,215
Additions	-	-	-	-	-
At 31 December 2019	1,082	112,908	3,633	1,592	119,215
ACCUMULATED DEPRECIATION					
At 1 January 2019	1,021	-	3,633	1,592	6,246
Charge for the year	16	-	-	-	16
Adjustment	(2)	-	-	-	(2)
At 31 December 2019	1,035	-	3,633	1,592	6,260
NET CARRYING AMOUNT					
At 31 December 2019	47	112,908	-	-	112,955
COST					
At 1 January 2020	1,082	112,908	3,633	1,592	119,215
Additions	373,370	-	-	-	373,370
Adjustment	(889)	-	-	-	(889)
At 31 December 2020	373,563	112,908	3,633	1,592	491,696
ACCUMULATED DEPRECIATION					
At 1 January 2020	1,034	-	3,633	1,592	6,259
Charge for the year	15,450	-	-	-	15,450
Adjustment	(889)	-	-	-	(889)
At 31 December 2020	15,595	-	3,633	1,592	20,820

13.16 Intangible Assets (continued)

	Licence	Goodwill	Customer base	Dealer network	Grand total
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
NET CARRYING					
At 31 December 2020	357,968	112,908	-	-	470,876
COST					
At 1 January 2021	373,563	112,908	3,633	1,592	491,696
Additions	-	-	-	-	-
At 31 December 2021	373,563	112,908	3,633	1,592	491,696
ACCUMULATED DEPRECIATION					
At 1 January 2021	15,595	-	3,633	1,592	20,820
Charge for the year	30,865	-	-	-	30,865
At 31 December 2021	46,460	-	3,633	1,592	51,685
NET CARRYING AMOUNT					
At 31 December 2021	327,103	112,908	-	-	440,011
COST					
At 1 January 2022	373,563	112,908	3,633	1,592	491,696
Additions	-	-	-	-	-
At 31 December 2022	373,563	112,908	3,633	1,592	491,696
ACCUMULATED DEPRECIATION					
At 1 January 2022	46,460	-	3,633	1,592	51,685
Charge for the year	30,817	-	-	-	30,817
At 31 December 2022	77,277	-	3,633	1,592	82,502
NET CARRYING AMOUNT					
At 31 December 2022	296,286	112,908	-	-	409,194

13.17 Loan Assets

During the years ended 31 December 2017, and 31 December 2018, the Company entered into a loan facility agreement with Bharti Airtel Africa, B.V., the step-up parent company. This loan was set to mature on 31 December 2021; however, it was closed early based on mutual consent of both parties in writing. The loan was fully repaid during the year ended 31 December 2019. The loan drawn downs and the applicable interest rates were as follows:

Interest rate	Drawdown date	Amount (US \$)
3-month LIBOR + 1.25%	28 December 2017	100,000,000
3-month LIBOR + 1.25%	25 January 2018	20,000,000
1-month LIBOR + 1.70%	25 January 2018	50,000,000
3-month LIBOR + 2.0%	03 October 2018	75,000,000
		245,000,000

The movement in the balance was as follows:

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Opening balance	-	-	-	935,060	363,789
Loan addition	-	-	-	-	537,250
Interest accrued	-	-	-	-	25,306
Unrealised foreign exchange loss	-	-	-	-	8,715
Loan repayment	-	-	-	(935,060)	-
Closing balance	-	-	-	-	935,060

13.18 Other Non-financial Assets

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Non-current					
Prepaid expenses	49,251	40,902	33,824	28,911	5,427
	49,251	40,902	33,824	28,911	5,427
Current					
Prepaid expenses	44,442	29,065	22,888	30,105	19,090
Vat recoverable	4,592	7,131	17,199	12,034	10,023
Advance to suppliers	11,776	7,162	4,067	1	1
Others	8,546	4,605	2,335	2,787	5,898
	69,356	47,963	46,489	44,927	35,012

13.19 Inventories

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Telephones and accessories	8,580	4,412	2,396	2,955	1,974
Sim cards and scratch cards	3,914	830	327	524	346
Less: provision for inventories	(7,047)	(932)	(779)	(861)	(936)
	5,447	4,310	1,944	2,618	1,384

The movement in the stock provision was as follows:

	2022	2021	2020	2019	2018
Opening balance	932	779	861	936	852
Additions	11,406	1,285	1,220	702	346
Utilisations	(5,291)	(1,132)	(1,302)	(777)	(262)
Closing Balance	7,047	932	779	861	936

13.20 Trade Receivables

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Trade receivable from related parties (Note 13.32 (c))	57,560	36,243	42,200	14,027	14,690
Other receivables	34,958	33,626	38,968	48,800	43,194
	92,518	69,869	81,168	62,827	57,884
Expected credit losses	(16,868)	(17,882)	(20,912)	(24,163)	(21,671)
	75,650	51,987	60,256	38,664	36,213

Trade receivables represent amounts due from channel partners, corporate customers, Interconnect receivable from other operators, roaming receivable and post-paid customers.

The carrying amount of the above balances approximates to their fair value, due to their short-term nature.

The movement in the provision for impairment of trade debtors and other receivables is as follows:

13.20 Trade Receivables (continued)

	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
Opening balance	17,882	20,912	24,163	21,671	17,101
Movement in expected credit losses	(1,014)	(3,030)	(3,251)	2,492	4,570
Closing balance	16,868	17,882	20,912	24,163	21,671

13.21 Cash and Cash Equivalents

	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
Bank balance	7,399	726	18,843	16,060	7,599
Cash in hand	7,063	3,767	2,569	1,511	866
Balance held in wallets	5,862	3,763	5,383	3,683	3,779
Short-term deposits*	14,880	-	-	25,000	-
	35,204	8,256	26,795	46,254	12,244

*Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest on the respective short-term deposit rates.

The short-term deposits of UGX 14,880 million were initiated with Standard Chartered Bank (USD 3 million), and United Bank for Africa (USD 1 million) on 29 December 2022 and 30 December 2022 with interest rates of 3.8% and 3.0%, respectively. The short-term deposits were due to mature on 30 January 2023.

The short-term deposit of UGX 25,000 million was initiated with Citibank on 30 December 2019 at an interest rate of 8.6 per cent per annum. The short-term deposit matured on 15 January 2020.

For the purpose of the Statement of cash flows, cash and cash equivalents comprise of the following balances:

	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
Cash and bank balances	35,204	8,256	26,795	46,254	12,244
Less overdrafts (note 13.24)	(224,555)	(101,378)	(80,185)	-	(74,482)
TOTAL	(189,351)	(93,122)	(53,390)	46,254	(62,238)

13.22 Financial Assets - Others

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Current					
Unbilled revenue	9,055	6,991	5,295	124	4,318
Others	48	-	-	11	1,166
	9,103	6,991	5,295	135	5,484

13.23 Share Capital and Share Premium

The total number of authorised shares as at 31 December 2022 was 28,800,000 as indicated in note 13.23(a) below which indicates the split between the number of ordinary shares and the number of preference shares with the respective price per share. Of the total number of shares, 14,080,010 ordinary shares were issued and fully paid as indicated in note 13.23(b). The preference shares were not issued during the periods presented. In May 2023, the structure below was adjusted by way of a share split, as disclosed in Note 13.36.

a) **Authorised share capital:**

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
14,400,000 ordinary shares of UGX 100	1,440	1,440	1,440	1,440	1,440
3,232,087 ordinary shares of UGX 1,000	3,232	3,232	3,232	3,232	3,232
11,167,913 preference shares of UGX 1,000	11,168	11,168	11,168	11,168	11,168
	15,840	15,840	15,840	15,840	15,840

b) **Ordinary share capital issued and fully paid:**

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
14,080,010 ordinary shares of UGX 100 each	1,408	1,408	1,408	1,408	1,408

13.23 Share Capital and Share Premium (continued)

The movement in ordinary share capital during the period is represented below:

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
At 1 January	1,408	1,408	1,408	1,408	1,408
Shares issued during the year	-	-	-	-	-
At 31 December	1,408	1,408	1,408	1,408	1,408

c) **Share premium:**

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
6,080,000 ordinary shares of UGX 100 each issued at a premium of UGX 900 in October 1994	5,472	5,472	5,472	5,472	5,472
8,000,000 ordinary shares of UGX100 each issued at a premium of UGX 1,332 in September 2000	10,656	10,656	10,656	10,656	10,656
	16,128	16,128	16,128	16,128	16,128

d) **Preference shares:**

The 11,167,913 preference shares issued were redeemable at the option of the Company, and therefore, these were classified under equity. The preference shares were fully redeemed on 27 March 2018, including share premium pursuant to a board resolution made on 13 December 2017.

13.24 Borrowings

	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
Non-current					
Term Loans					
Stanbic Bank	150,000	55,958	55,958	-	-
Standard Chartered Bank	-	14,884	14,884	-	-
Dfcu Bank	59,946	75,000	75,000	-	-
Absa Bank Group	180,786	173,666	367,102	368,267	-
Debt origination fees	(1,336)	(864)	(572)	-	-
Less: current maturity of long-term debt	(77,579)	(85,896)	(367,102)	-	-
	311,817	232,748	145,270	368,267	-
Current					
Bank overdraft	224,555	101,378	80,185	-	74,482
Term Loans					
EKN	-	-	-	-	9,697
Bank of America	-	-	-	-	371,352
Standard Chartered Bank	14,884	-	-	-	92,837
Citibank	-	70,840	-	-	49,823
Absa Bank Group	-	-	-	-	520,542
Current maturity of long-term debt	77,579	85,896	367,102	-	-
	317,018	258,114	447,287	-	1,118,733
Total borrowings:	628,835	490,862	592,557	368,267	1,118,733

13.25 Borrowings (continued)

The movement in borrowings is as follows:

	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
At 1 January	490,862	592,557	368,267	1,118,733	487,940
Proceeds from term loan	150,000	244,811	145,842	-	941,463
Movement in Bank overdraft	123,176	21,193	80,185	(74,482)	74,482
Repayment of term loan	(142,270)	(384,415)	-	(675,450)	(384,067)
Debt origination cost	(472)	(292)	(572)	-	-
Unrealised foreign exchange loss / (gain)	7,539	17,008	(1,165)	(534)	(1,085)
	628,835	490,862	592,557	368,267	1,118,733

Interest rates and drawdown dates for loans outstanding as at 31 December 2022:

Bank Name	Currency	Amount in Mn's	Interest Rates	Drawdown date
Standard Chartered Bank	UGX	14,884	12.87%	May 05, 2022
Stanbic Bank	UGX	150,000	13.42%	Jul 11, 2022
dfcu Bank	UGX	59,946	14.5%	Dec 11, 2020
Absa Bank	UGX	31,986	15.79%	Dec 24, 2021
Absa Bank	USD	40	8.34%	Dec 24, 2021

a) **Bank overdraft:**

The Company utilised bank overdrafts from Citibank, Standard Chartered Bank, Absa Bank and UBA Bank to make payments for taxes, dividends and to suppliers. The overdraft sanction limits were USD 35 million from Citibank, USD 8 million from Standard Chartered Bank, USD 29 million from Absa Bank and UGX 15.5 billion from UBA bank. The facilities in Citibank and Standard Chartered Bank are fungible based on the payment requirements.

b) **EKN Facility:**

The Company obtained a loan of USD 40 million from the Swedish Export Credit Authority ("EKN") at a rate of London Interbank Offer Rate ("LIBOR") plus 1% to finance Ericsson AB payables with USD 14.71 million drawn down as at 31 December 2014 and with Standard Chartered Bank as facility agents. The loan was acquired to facilitate capital expenditure and working capital needs of the Company, repayment of shareholder loans, refinancing part of or all of the existing loan facilities of the Company and settlement of all fees, taxes and any other administrative costs related to the facility. The loan was secured by a debenture over all the active assets of the Company, a legal mortgage on the land and buildings of the Company's offices, a subordination deed between Standard Chartered Bank, Airtel Uganda Limited and Bharti Airtel International (Netherlands) BV and a corporate guarantee of Bharti Airtel Limited.

This facility was repaid on 4 October 2019.

13.24 Borrowings (continued)

c) **Absa Bank Group term loan facility:**

On 27 December 2018, the Company obtained a facility of USD 40 million at an interest rate of LIBOR + 1.8% for the purpose of operational working capital and tax payments. The loan was fully repaid on 19 August 2019.

In the months of November 2018 and December 2018, the Company obtained additional facilities of UGX 18,940 million and UGX 59,792 million, respectively, for the purpose of operational working capital and tax payments. The interest rate applied was a margin rate of 3.3% above the treasury bill rate. The facilities were renewed on 15 November 2019 with a maturity date of 1 January 2021. On 27 November 2020, the facilities were further renewed with a maturity date of 30 April 2021. During the month of October 2018, the Company obtained a loan facility of USD 79 million at an interest rate of LIBOR + 1.8% repayable after one year. The facility was renewed for an additional year with a maturity date of 4 January 2021. On 27 November 2020, the facility was further renewed with a maturity date of 31 December 2021 with an extension fee of 0.1%.

On maturity of the above facilities, the Company obtained loan facilities of UGX 31,986 million and USD 40 million in the month of December 2021 for the purpose of operational working capital and tax payments. The Interest rate on the loan is a margin rate of 3.30% plus the treasury bill rate. This loan facility has a term of 4 years and will mature on 25 December 2025. The facility is unsecured.

d) **Bank of America term loan facility:**

The Company acquired a loan facility of USD 100 million from Bank of America, National Association, Hong Kong Branch, which was fully drawn as at 31 December 2017. The interest on the loan was LIBOR plus 1.05% on the outstanding balance of the loan. The loan was fully repaid on 19 August 2019.

e) **Citibank – DIFC Dubai:**

The Company acquired two loan facilities of USD 50 million and USD 37 million from Citibank which were fully drawn down as at 29 January 2018 and 27 March 2018, respectively. The interest on the loan was repayable at a rate of LIBOR plus 1.5% on the outstanding balance of the loans. The loans were fully repaid on 26 March 2019.

f) **Standard Chartered Bank Uganda loan facility:**

The Company acquired a loan facility of USD 25 million refinancing of existing loans including shareholder loans, dividend payments, extending intercompany loans, working capital and cash flow mismatches, which was drawn on 22 June 2018. The interest on the loan was repayable at a rate of 6-months LIBOR plus 2.6% per annum. The loan was fully repaid on 21 June 2019. On repayment, an extension was granted on 21 June 2019 for another year, however the Company paid the loan in full on 19 August 2019.

On 11 December 2020, the Company obtained a loan facility of USD 4 million (equivalent to UGX 14,886 million) for the purpose of license renewal fees payment. The Interest rate on the loan facility is margin rate of 0.859% plus 364-day treasury bill at the time of drawdown (13.051%). This loan facility was due to mature on the 5 May 2022. However, it rolled over and will mature on 29 September 2023.

g) **Stanbic Bank Uganda Limited loan facility:**

On 11 December 2020, the Company obtained a loan facility of UGX 55,956 million for the purpose of license payment. The Company paid an upfront fee of UGX 385.9 million on drawdown. The Interest rate on the loan facility is margin rate of 2.75% plus the treasury bill rate at the time of drawdown (10.04%). This loan facility was fully repaid on 31 December 2022.

13.24 Borrowings (continued)

On 11 July 2022, the Company obtained a loan facility of UGX 150,000 million for working capital purposes. The interest rate on the loan facility is a margin rate of 2.4% plus the 180-day treasury bill rate. The loan will run for 4 years and mature on 30 December 2025 with quarterly repayments.

h) Dfcu Bank Limited loan facility:

On 11 December 2020, the Company obtained a loan facility of UGX 75,000 million for the purpose of working capital and the payment of license renewal fees. The Company paid an upfront fee of UGX 562.5 million on drawdown. The Interest rate on the loan facility is margin rate of 4.70% plus 182-day treasury bill rate on the day of drawdown of 9.8%. This loan facility will run for 5 years inclusive of 12 months' grace period with a maturity date of 11 November 2025.

i) Citibank Uganda loan facility

On 1 July 2021, the Company obtained a loan facility of USD 20 million (equivalent to UGX 71,240 million). The Interest rate on the loan facility is a margin rate of 4.70% plus 182-day treasury bill rate on the day of drawdown (9.8%). The loan was fully repaid on 30 June 2022.

13.25 Lease liabilities

a) Composition of lease liabilities

The composition of lease liabilities was as follows as at 31 December:

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Current	135,526	119,730	97,155	80,973	69,562
Non-current	555,318	386,515	427,265	428,622	442,914
	690,844	506,245	524,420	509,595	512,476

b) Movement in lease liabilities during the year

The movement in lease liabilities during the year was as follows:

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
At 1 January	506,245	524,420	509,595	512,476	535,938
Additions	284,590	94,826	98,593	77,153	35,733
Interest	40,840	37,977	42,494	41,337	41,537
Repayment	(143,337)	(130,815)	(118,074)	(109,828)	(100,287)
Retirement	(1,153)	(4,724)	(1,904)	(1,907)	-
Unrealised foreign exchange loss / (gain)	3,659	(15,439)	(6,284)	(9,636)	(445)
At 31 December	690,844	506,245	524,420	509,595	512,476

13.25 Lease liabilities (continued)

The future minimum undiscounted lease payments of the above finance leases are as follows:

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Less than one year	174,341	143,564	134,008	119,561	108,353
One year or later	161,943	85,114	125,425	119,240	108,541
Later than two years a but not later than five years	317,810	245,103	290,811	290,918	290,398
Later than five years but not later than nine years	175,383	117,317	88,201	102,662	149,934
Later than nine years	8,403	18,087	16,173	16,201	3,821
	837,880	609,185	654,618	648,582	661,047

13.26 Derivative Financial Instruments

The details of derivative financial instruments are as follows:

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Derivative instruments	5,641	1,191	1,506	307	-

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

13.27 Trade Payables

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Due to related parties	33,020	35,751	6,295	6,721	6,341
Other payables	119,742	128,125	109,079	95,507	74,746
	152,762	163,876	115,374	102,228	81,087

13.28 Financial liabilities - others

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Non-current					
Deferred spectrum liability	108,170	106,164	115,192	-	-
Security deposits	2,087	1,990	1,381	1,350	1,188
Others	236	361	57	200	791
	110,493	108,515	116,630	1,550	1,979
Current					
Deferred spectrum liability	4,628	4,496	1,989	-	-
Equipment supply payable	24,991	40,351	12,922	48,014	41,243
Interest accrued but not due	2,135	3,016	2,609	1,126	5,546
Employees payable	10,998	10,392	6,056	6,267	7,452
Security deposits	2,304	2,184	2,614	2,477	2,172
Dividend payable	-	-	-	-	112,640
Others	1,028	1,025	13	24	26
	46,084	61,464	26,203	57,908	169,079

13.29 Other non-financial liabilities

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Current					
Taxes payable*	52,702	51,914	52,337	41,682	32,900
Others	4	26	-	-	-
	52,706	51,940	52,337	41,682	32,900

*Taxes payable include excise duty payable, and VAT which is accrued at year-end but is not yet due for payment.

13.30 Deferred revenue

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Non-current					
Deferred revenue*	12,613	-	-	-	-
Current					
Deferred revenue**	35,125	21,585	15,083	13,953	18,856

* This relates to pre-paid leasing services which are expected to be offered over a period of 9 years.

** This relates to payments received in advance for airtime services offered to pre-paid customers which have not yet been consumed.

13.31 Provisions

The provisions above are further discussed below, as follows:

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Non-current					
Leave encashment	2,372	1,973	1,938	1,945	1,477
Severance pay	215	208	138	128	142
Asset retirement obligation	19	18	15	11	-
	2,606	2,199	2,091	2,084	1,619
Current					
Leave encashment	917	694	733	631	275
Severance pay	40	32	28	22	18
Provision for sub-judice matters	5,274	2,982	5,045	3,520	4,995
	6,231	3,708	5,806	4,173	5,288

a) Leave encashment

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

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Opening balance	2,667	2,671	2,576	1,752	1,933
Charge for the year	1,051	291	544	932	148
Payments for the year	(429)	(295)	(449)	(108)	(329)
Closing balance	3,289	2,667	2,671	2,576	1,752

13.31 Provisions (continued)**b) Severance pay**

The period movements in the severance pay are dependent on movements in the discount rate used. The movements during the period was as follows:

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Opening balance	240	166	150	160	162
Remeasurements due to changes in assumptions (other comprehensive income)	73	(31)	6	39	61
Charge for the year	(58)	105	10	(49)	(63)
Closing balance	255	240	166	150	160

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

Salary risk

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

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

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Discount rate (per annum)	17%	15%	16.25%	14.75%	17%
Rate of salary increase	7.5%	7%	6%	6%	6%
Rate of attrition	10%	9%	11.3%	11%	11%
Retirement age (years)	60 years	60 years	60 years	60 years	60 years

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

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.32 Related Party Transactions and Balances

The Company is 100% owned by Bharti Airtel Uganda Holdings B.V. (BAUHBV) incorporated in Netherlands. The purchases mainly consist of network equipment including related software and services. Other related party companies are group companies that report under Airtel Africa plc. The purchases and sales are recharges for expenses incurred on behalf of the counter party. Transactions with related parties during the respective accounting periods were as follows:

a) Purchase of good and services

Name of related party	Relationship to Company	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
Airtel (Seychelles) Limited	Fellow subsidiary	17	1	2	3	5
Airtel Congo S.A.	Fellow subsidiary	8	-	-	1	-
Airtel Congo (RDC) S.A.	Fellow subsidiary	322	407	446	637	987
Airtel Ghana Limited	Other related party	-	-	21	1	-
Airtel Gabon S.A.	Fellow subsidiary	1	-	-	-	-
Airtel Madagascar S.A.	Fellow subsidiary	22	293	-	1	2
Airtel Malawi PLC	Fellow subsidiary	67	17	123	21	21
Airtel Mobile Commerce Uganda Limited*	Fellow subsidiary	161,813	142,920	121,336	114,670	51,203
Airtel Networks Kenya Limited	Fellow subsidiary	10,221	9,215	9,344	8,365	8,361
Airtel Networks Limited (Nigeria)	Fellow subsidiary	219	159	369	381	551
Airtel Networks Zambia Plc	Fellow subsidiary	35	41	313	509	65
Celtel Niger S.A.	Fellow subsidiary	1	101	6	1	-
Airtel Rwanda Limited	Fellow subsidiary	1,166	952	3,148	3,049	3,282
Airtel Tanzania PLC	Fellow subsidiary	344	357	1,369	417	520
Airtel Tchad S.A	Fellow subsidiary	2	-	-	-	1
Bharti Airtel International Netherlands BV	Step up Parent	4,640	28,006	27,738	25,438	19,860
Bharti Airtel Limited	Step up Parent	13,403	11,604	10,455	10,127	5,689

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.32 Related Party Transactions and Balances (continued)**a) Purchase of goods and services (continued)**

Name of related party	Relationship to Company	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
Bharti Airtel Services Limited	Fellow subsidiary	-	6	-	683	1,345
Bharti International Singapore Pte Ltd	Fellow Subsidiary	-	-	294	-	2,671
Bharti Airtel (UK) Limited	Fellow subsidiary	645	824	1,605	2,563	2,173
Bharti Hexacom Limited	Fellow subsidiary	1	1	1	-	-
Centum Learning Limited	Fellow subsidiary	906	495	56	103	891
Bharti Airtel Africa B.V.	Step up Parent	-	-	-	5,651	-
Airtel Africa UK Limited	Step up Parent	30,346	2,945	-	-	-
Network i2i Ltd.	Step up Parent	822	557	441	470	500
Nxta Data Limited	Fellow subsidiary	545	-	427	510	447
		225,546	198,901	177,494	173,601	98,574

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.32 Related Party Transactions and Balances (continued)**b) Sales of goods and services**

Name of related party	Relationship to Company	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
Airtel Networks Zambia Plc	Fellow subsidiary	27	23	6,214	22	21
Airtel Networks Kenya Limited	Fellow subsidiary	3,257	2,862	21,505	15,049	9,177
Airtel Malawi PLC	Fellow subsidiary	-	32	5,138	570	39
Airtel Tanzania PLC	Fellow subsidiary	1,330	185	3,157	337	416
Airtel Madagascar S.A.	Fellow subsidiary	-	-	-	1	18
Airtel Congo S.A.	Fellow subsidiary	-	108	-	2	3
Airtel (Seychelles) Limited	Fellow subsidiary	-	-	-	-	46
Airtel Networks Limited (Nigeria)	Fellow subsidiary	509	284	2,166	1,342	5,252
Airtel Gabon S.A.	Fellow subsidiary	1	-	-	1	1
Airtel Tchad S.A.	Fellow subsidiary	5	1	1	-	2
Celtel Niager S. A.	Fellow subsidiary	4	-	-	14	98
Airtel Congo (RDC) S.A.	Fellow subsidiary	-	-	1,381	422	516
Airtel Ghana Limited	Other related party	-	-	1	-	3
Airtel DRC Limited	Fellow subsidiary	3,888	600	-	-	-
Airtel Rwanda Limited	Fellow subsidiary	17,783	5,437	4,814	946	1,889
Bharti Airtel Africa B.V.	Step up Parent	-	-	-	27	-
Bharti Airtel Limited	Step up parent	32,109	24,262	19,972	26,488	20,335
Bharti Airtel Kenya B.V.	Fellow subsidiary	-	-	10	-	-
Bharti Airtel UK Limited	Fellow subsidiary	9,159	7,664	6,116	4,812	2,638
Singapore Telecommunication Limited	Other related party	-	2	3	7	8
Jersey Airtel Limited	Fellow subsidiary	-	-	-	1	-
Emtel Limited	Fellow subsidiary	-	-	-	2	-
Airtel Mobile Commerce Uganda Limited*	Fellow subsidiary	22,138	27,305	11,904	9,624	5,448
Bharti Airtel International (Netherlands) BV Branch	Step up parent	31	-	-	-	-
Nxtra Data Limited	Fellow subsidiary	-	106	-	-	-
		90,241	68,871	82,382	59,667	45,910

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.32 Related Party Transactions and Balances (continued)

Outstanding balances due from / to related parties were as follows:

c) Amounts due from related parties

Name of related party	Relationship to Company	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
Airtel Networks Kenya Limited	Fellow subsidiary	1,872	9,225	17,135	7,150	565
Airtel Malawi PLC	Fellow subsidiary	640	600	4,863	572	578
Airtel Tanzania PLC	Fellow subsidiary	1,219	-	-	-	-
Airtel Madagascar S.A.	Fellow subsidiary	-	-	282	284	288
Airtel Networks Limited (Nigeria)	Fellow subsidiary	286	117	650	78	2,020
Ceitel Niger S.A.	Fellow subsidiary	-	-	104	111	99
Airtel Networks Zambia Plc	Fellow subsidiary	-	-	551	-	-
Airtel Rwanda Limited	Fellow subsidiary	24,407	6,797	2,404	795	2,863
Bharti Airtel Limited	Step up parent	4,258	6,900	3,005	2,317	3,019
Singapore Telecommunication Limited	Other	2	1	-	28	5
Bharti Airtel UK Limited	Fellow subsidiary	18,392	11,453	4,748	1,305	131
Africa Tower N.V.	Fellow subsidiary	-	-	34	34	32
Airtel Congo (RDC) S.A.	Fellow subsidiary	-	-	1,008	-	-
Bharti Hexacom Limited	Fellow subsidiary	1	-	-	-	-
Airtel Mobile Commerce Uganda Limited*	Fellow subsidiary	-	-	7,416	1,353	5,090
Airtel Tchad S.A.	Fellow subsidiary	9	-	-	-	-
Airtel Congo DRC S. A.	Fellow subsidiary	2,626	1,043	-	-	-
Bharti Airtel International Netherland B. V.	Step up parent	3,736	-	-	-	-
Airtel Congo S. A.	Fellow subsidiary	112	107	-	-	-
		57,560	36,243	42,200	14,027	14,690

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.32 Related Party Transactions and Balances (continued)**d) Amounts due to related parties**

Name of related party	Relationship to Company	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
Bharti Airtel International Netherlands B.V.	Step up parent	-	2,352	4,942	4,906	1,797
Airtel Networks Zambia Plc	Fellow subsidiary	11	2	-	13	58
Airtel Congo (RDC) S.A.	Fellow subsidiary	-	-	-	111	336
Airtel Tanzania PLC	Fellow subsidiary	-	54	69	23	224
Network I2I Limited	Step up Parent	1,350	643	294	296	1,274
Bharti Airtel Services Limited	Fellow subsidiary	76	73	75	75	622
Nxtra Data Limited	Fellow subsidiary	116	9	182	431	395
Centum Learning Limited	Fellow subsidiary	83	49	1	41	117
Bharti International Singapore Pte Ltd	Fellow subsidiary	20	19	365	394	395
Bharti Airtel Sri Lanka (Private) Limited	Fellow subsidiary	-	-	-	1	-
Airtel Ghana Limited	Other related party	-	-	-	1	-
Airtel (Seychelles) Limited	Fellow subsidiary	3	-	-	-	-
Airtel Tchad S.A.	Fellow subsidiary	-	164	-	-	-
Airtel Africa Services (UK) Limited	Step up Parent	6,459	-	-	-	-
Bharti Airtel Uganda Holding BV	Parent	-	-	-	-	749
Airtel Mobile Commerce Uganda Limited*	Fellow subsidiary	24,902	32,386	367	429	374
Total		33,020	35,751	6,295	6,721	6,341

*Airtel Mobile Commerce Uganda Limited operations were part of the Airtel Uganda Limited until 01st June 2021, transaction and account balance before separation reflects the inter-business segment transactions.

Notes to the Financial Statements for the Years Ended 31 December 2018, 2019, 2020, 2021, 2022 and Corporate Information

13.32 Related Party Transactions and Balances (continued)

e) Key management compensation

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

	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
Key management compensation	6,814	6,436	5,787	5,847	4,792

13.33 Fair Value of Financial Assets and Liabilities

The carrying amount of all financial assets and financial liabilities carried at amortised cost approximate to their fair values.

13.34 Commitments and Contingencies

a) Legal proceedings

The value of legal proceedings outstanding against the Company were as follows:

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Value of legal proceedings	5,328	1,509	1,233	1,114	1,999

The Company has not recognised a provision in respect of the above matters based on assessments provided by legal counsel as possible.

b) Tax proceedings

The value of tax proceedings outstanding against the Company were as follows:

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Value of tax proceedings	1,489	3,364	7,812	11,412	-

The Company has not recognised a provision in respect of the above matters based on assessments provided by legal counsel as possible.

c) Capital commitments

Capital commitments represent the unexecuted capital contracts as at year-end. These are contracts between Airtel Uganda Limited and its vendors for the provision of Capex material.

	2022	2021	2020	2019	2018
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Capital commitments	108,637	130,317	33,416	67,783	110,210

The matters above have been accounted for as contingent liabilities as at 31 December 2022.

13.35 Dividends

Dividends declared and paid are presented as follows:

	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
At 1 January	-	-	-	112,640	-
Final dividend	132,000	113,674	80,954	112,640	31,449
Interim dividend	226,688	275,895	176,032	70,339	101,469
Dividend declared	358,688	389,569	256,986	182,979	132,918
Dividend paid	(358,688)	(389,569)	(256,986)	(295,619)	(20,278)
At 31 December	-	-	-	-	112,640

13.36 Earnings per share

The details used in the computation of basic EPS and diluted EPS based on the share structure as at 31 December 2022 were as follows:

	2022 UGX 'Mn	2021 UGX 'Mn	2020 UGX 'Mn	2019 UGX 'Mn	2018 UGX 'Mn
Net profit attributable to ordinary equity holders of the Company (UGX 'Mn)	325,703	392,617	277,141	215,674	268,254
Weighted average number of ordinary shares outstanding during the year	14,080,010	14,080,010	14,080,010	14,080,010	14,080,010
Basic and diluted earnings per share	23,132	27,885	19,683	15,318	19,502

In May 2023, the shareholders pursuant to Section 71 of the Companies Act, 2012, and Article 45 (b) of Table A of the Companies Act, 2012 resolved that the issued share capital of the Company be adjusted by way of a share split from the structure disclosed in Note 13.23 to 1,408 million ordinary shares of UGX 1 each. Therefore, the number of shares in issue increased from 14,080,010 to 1,408,001,000 ordinary shares.

13.36 Earnings per share (continued)

IAS 33 requires that when the number of ordinary shares increases as a result of a share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively, if these changes occur after the reporting period but before the financial statements are authorised for issue. Therefore, the earnings per share computation has been adjusted for the share split as shown below:

	2022	2021	2020	2019	2018
Net profit attributable to ordinary equity holders of the Company (UGX 'Mn) (a)	325,703	392,617	277,141	215,674	268,254
Weighted average number of ordinary shares outstanding during the year ('000) (b)	14,080	14,080	14,080	14,080	14,080
Impact of share split ('000) (c)	1,393,921	1,393,921	1,393,921	1,393,921	1,393,921
Total issued shares – post split ('000) (d)	1,408,001	1,408,001	1,408,001	1,408,001	1,408,001
Basic and diluted earnings per share (a)/(d)	231	279	197	153	191

At the reporting date, the basic and diluted earnings per share were the same. There are no outstanding shares with potential dilutive effect on the weighted average number of ordinary shares in issue

13.37 Investment Property

The Company owns a property on Plot 40 Jinja Road, Kampala that is held to earn rental income. The Company applies the cost model for the investment property in accordance with IAS 40 Investment Property. The property was fully depreciated for all accounting periods reported. As per the last fair valuation report from independent appraisers during the year 2019, the fair value of the property was UGX 16,340 million. No further valuation of the investment property was conducted.

The property comprised above, has no encumbrances.

13.37 Investment Property (continued)

The Company's proprietorship of the land is compliant with the provisions of the Constitution of the Republic of Uganda 1995 (as amended) and the Land Act Cap. 227 of the laws of Uganda (as amended) regarding the ownership of land by non-citizens.

The certificates of title for the land are validly issued by the Commissioner for Land Registration in accordance with the Registration of Titles Act Cap. 230 of the laws of Uganda and the Land Act Cap. 227 of the Laws of Uganda (as amended) and are validly subsisting for the terms stated (unless and until otherwise renewed for a further term).

The relevant lease agreements have been duly authorised, executed and delivered and authorised by all necessary action of the Company and constitute legal, valid, and binding obligations of the Company and the granting authorities.

Save for those disclosed above, no security interest has been created over the said land in favour of any person or entity, and there are no caveats or other adverse interests registered against the land.

13.38 Segment Reporting

The Company operates in single business and geographical segment which are regularly reviewed by the entity's chief operating decision maker. Entity wide disclosures around product and services, geographical areas and major customers as required by IFRS 8 are also not applicable.

13.39 Events after Reporting Date

Other than the share split disclosed in Note 13.36, there were no material events after the reporting date that would impact on any of the financial statements for the years presented. The Directors are not aware of any other matter or circumstances since the financial year end and the date of this report, not otherwise dealt with in the financial statements, which significantly affects the financial position of the Company and the results of its operations.

AIRTEL UGANDA LIMITED

13.40 FORECAST FINANCIAL INFORMATION

FOR THE YEAR ENDING

31 DECEMBER 2023



Ernst & Young
Certified Public Accountants
Ernst & Young House
Plot 18, Clement Hill Road
Shimoni Office Village,
P.O. Box 7215
Kampala, Uganda

The firm is licensed and regulated by ICPAU; NO: AF 0010
Tel: +256 414 343520/4
Fax: +256 414 251736
Email: info.uganda@ug.ey.com
www.ey.com

REPORT ON THE FINANCIAL FORECAST OF AIRTEL UGANDA LIMITED FOR THE YEAR ENDING 31 DECEMBER 2023

We have examined the accompanying financial forecast of Airtel Uganda Limited in accordance with the International Standards on Assurance Engagements applicable to the examination of prospective financial information. Management is responsible for the preparation and fair presentation of the financial forecast including the assumptions set out in Note 13.40.1 to the forecast financial information on which they are based. Our responsibility is to issue a report on the financial forecast based on our review.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the financial forecast. Further, in our opinion the financial forecast are properly prepared on the basis of the assumptions and are presented in accordance with the accounting policies normally used by Airtel Uganda Limited.

Actual results are likely to be different from the financial forecast since anticipated events frequently do not occur as expected and the variation may be material.

Ernst & Young

Ernst & Young

Certified Public Accountants

Kampala, Uganda

24 August 2023

Forecast Statement of Comprehensive Income for the year ending 31 December 2023

	Forecast for the year ending 31 December 2023
	UGX 'Mn
Income	
Revenue	1,858,775
Other income	5,285
	1,864,060
Total operating expenses	(807,670)
Earnings before interest, tax depreciation and amortisation	1,056,390
Depreciation and amortisation	(287,836)
Earnings before interest and tax	768,554
Finance costs	(115,569)
Profit before tax	652,985
Income tax expense	(195,957)
Profit for the year	457,028
Basic and diluted earnings per share	22

Forecast Statement of Financial Position as at 31 December 2023

	Forecast for the year ending 31 December 2023 UGX 'Mn
ASSETS	
Non-current assets	
Tangible assets	812,113
Right of use assets	571,423
Goodwill	112,908
Intangible assets	265,469
Other non-current assets	49,251
	1,811,164
Current assets	
Other current assets	156,678
Cash and bank balances	36,945
	193,623
TOTAL ASSETS	2,004,787
EQUITY AND LIABILITIES	
Equity	
Share capital	40,000
Share premium	-
Retained earnings	27,040
Actuarial surplus	85
Total equity	67,125
Non-current liabilities	
Borrowings	511,923
Lease liabilities	521,362
Other non-current liabilities	231,979
	1,265,264

Forecast Statement of Financial Position as at 31 December 2023 (continued)

	Forecast for the year ending 31 December 2023 UGX 'Mn
Current liabilities	
Borrowings	210,769
Lease liabilities	135,591
Current liabilities	308,390
Other liabilities	17,648
	672,398
TOTAL EQUITY AND LIABILITIES	2,004,787

Forecast Statement of Cash Flows for the year ending 31 December 2023

	Forecast for the year ending 31 December 2023 UGX 'Mn
OPERATING ACTIVITIES	
Profit before tax	652,985
Adjustments for:	
Depreciation and amortisation	287,836
Finance income	(1,658)
Unrealised foreign exchange losses / (gains)	-
Interest expense on borrowings and other financial liabilities	66,573
Interest on finance lease	43,178
Interest on spectrum fee	7,476
Operating cash flow before changes in working capital	1,056,390
Changes in working capital	10,352
Net cash generated from operations before tax	1,066,742
Income tax paid	(168,742)
Net cash generated from operating activities (a)	898,000
INVESTING ACTIVITIES	
Purchase of property, plant and equipment and capital work in progress	(244,120)
Interest received	1,658
Net cash flows used in from investing activities (b)	(242,462)
FINANCING ACTIVITIES	
Proceeds from borrowings	183,090
Repayment of borrowings	(89,232)
Interest on borrowings and other finance charges	(66,573)
Interest paid on finance lease	(43,177)
Repayment of lease liabilities	(113,130)
Repayment of deferred spectrum fee	(3,534)
Interest on spectrum fee	(7,477)
Dividend paid to shareholders	(513,763)
Net cash flows used in financing activities (c)	(653,796)

Forecast Statement of Cash Flows for the year ending 31 December 2023 (continued)

	Forecast for the year ending 31 December 2023 UGX 'Mn
Net movement in cash and cash equivalents during the period (a+b+c)	1,742
Cash and cash equivalents as at beginning of the period	(189,352)
Cash and cash equivalents as at end of the period	(187,610)

13.40.1 Notes to the forecast financial information

Key assumptions on which the forecast is based:

a) Revenue

Overall 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 forecast to grow by 7.0% year-on-year, supported by customer base growth of 17.1%. Further, investment in additional coverage across the country will support the voice revenue growth.

Data revenue, which contributed 35% of the overall revenue in the year ended 31 December 2022, has been forecast to grow by 33.6% year-on-year during the period ending 31 December 2023, with contribution to overall revenue increasing to 39%. With continued investment in the network to increase the breadth and depth of network, the Company plans to increase capacity by adding more sites. The plan is to add more sites in the next one (1) year to build additional data capacity from 0.6 million terabyte per day in 2022 to 0.8 million terabyte per day in 2023.

Data customers have been forecast to grow at 24.9% year-on-year (penetration reaching 37% from current level of 35%) with stable ARPU as penetration is deepened to new data users which usually comes with slightly lower ARPU. Monthly data usage per customer at 3.7 gigabyte (GB) has been considered to increase by 20.3% to reach 4.5 GB per subscriber in 2023. Further, investment in additional spectrum across key markets and smartphones penetrations will support the data revenue growth.

b) Operating expenses

Operating expenses continue to be impacted with 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.

c) Capital expenditure

The Company's plans to increase capacity as well as coverage by adding more sites with specific focus on data network, is expected to cost about UGX 202 billion. The estimated total capital expenditure for the year ending 2023 is UGX 244 billion, with majority of it being growth capex.



Ernst & Young
Certified Public Accountants
Ernst & Young House
Plot 18, Clement Hill Road
Shimoni Office Village,
P.O. Box 7215
Kampala, Uganda

The firm is licensed and regulated by ICPAU; NO: AF 0010
Tel: +256 414 343520/4
Fax: +256 414 251736
Email: info.uganda@ug.ey.com
www.ey.com

The Directors

Airtel Uganda Limited

Plot 16A Clement Hill Rd

P.O. Box 6771

Kampala, Uganda

Dear Sirs,

We hereby give our consent to the inclusion in the Prospectus dated 29 August 2023 issued by Airtel Uganda Limited of our Independent Reporting Accountant's reports on the historical financial information for the five years ended 31 December 2022 and the forecast financial information for the year ending 31 December 2023, and the references to our name in the form and context in which it is included, as shown in the enclosed proof of the Prospectus which we have signed for identification purposes only.

We confirm that we have not at the date hereof withdrawn our consent and, provided that the Prospectus is not amended in any material manner after the date of this letter, will not do so prior to the date of issue of the Prospectus.

CPA Freda Kaheru Agaba

Partner

AIRTEL UGANDA LIMITED
UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE FIVE MONTHS ENDED
31 MAY 2023

**13.41 Airtel Uganda Limited Interim Condensed Financial Statements for the Five Months
Ended 31 May 2023**

Table of Contents

Independent Auditor's Review Report	229
Financial Statements:	
Condensed Statement of Comprehensive Income	231
Condensed Statement of Financial Position	233
Condensed Statement of Changes in Equity	236
Condensed Statement of Cash Flows	239
Notes to the Financial Statements	242-256



Ernst & Young
Certified Public Accountants
Ernst & Young House
Plot 18, Clement Hill Road
Shimoni Office Village,
P.O. Box 7215
Kampala, Uganda

Reporting Accountant's Report | **Airtel Prospectus**

The firm is licensed and regulated by ICPAU; NO: AF 0010
Tel: +256 414 343520/4
Fax: +256 414 251736
Email: info.uganda@ug.ey.com
www.ey.com

Independent Reporting Accountant's Review Report on Interim Condensed Financial Statements To the Directors of Airtel Uganda Limited

Report on the Interim Condensed Financial Statements

We have reviewed the accompanying interim condensed financial statements of Airtel Uganda Limited (the "Company") set out on pages 231 to 256, which comprise the condensed statement of financial position as at 31 May 2023, and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the five months then ended, and notes to the condensed interim financial statements, including a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Interim Condensed Financial Statements

The directors are responsible for the preparation of these condensed interim financial statements in accordance with IAS 34 *Interim Financial Reporting*, and for such internal control as the directors determine is necessary to enable preparation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

Reporting Accountant's Responsibilities

Our responsibility is to express a conclusion on the accompanying interim condensed financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with International Financial Reporting Standards. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these interim condensed financial statements do not present fairly, in all material respects, the financial position of Airtel Uganda Limited as at 31 May 2023, and its financial performance and cash flows for the five months then ended in accordance with the requirements of IAS 34 *Interim Financial Reporting*.

The Engagement Partner responsible for the review resulting in this reporting accountant's report is Freda Kaheru Agaba – P0531.

Ernst & Young

Certified Public Accountant of Uganda

Kampala, Uganda

24 August 2023

Freda Kaheru

CPA Freda Kaheru Agaba

Partner

Airtel Uganda Limited Interim Condensed Statement of Comprehensive Income for the Five Months Ended 31 May 2023

		1 January 2023 to 31 May 2023	1 January 2022 to 31 May 2022
	Note	UGX 'Mn	UGX 'Mn
		<i>Unaudited</i>	
Income			
Revenue	4	712,284	657,801
Other income		1,147	766
		713,431	658,567
Expenses			
Network operating expenses		(128,876)	(96,136)
Access charges		(21,573)	(15,898)
Licence fees and spectrum usage charges		(17,910)	(16,182)
Employee benefits expense		(30,434)	(33,860)
Sales and marketing expenses		(83,132)	(72,576)
Impairment loss on financial assets		(825)	(1,666)
Other operating expenses		(53,584)	(40,595)
		(336,334)	(276,913)
Earnings before interest, tax, depreciation and amortisation		377,097	381,654
Depreciation and amortisation		(130,449)	(109,508)

Airtel Uganda Limited Interim Condensed Statement of Comprehensive Income for the Five Months Ended 31 May 2023 (continued)

		1 January 2023 to 31 May 2023	1 January 2022 to 31 May 2022
	Note	UGX 'Mn	UGX 'Mn
Operating profit		246,648	272,146
Finance income		6,109	46
Finance costs		(69,958)	(69,800)
Profit before tax		182,799	202,392
Income tax expense		(54,983)	(63,553)
Profit for the period		127,816	138,839
Other comprehensive income for the year (OCI)			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Re- measurement loss on defined benefit plans, net of tax		(30)	(6)
Other comprehensive loss for the period		(30)	(6)
Total comprehensive income for the period, net of tax		127,786	138,833
Earnings per share			
Basic and diluted earnings per share		91	99

Airtel Uganda Limited Interim Condensed Statement of Financial Position as at 31 May 2023

		31 May 2023	31 December 2022
	Note	UGX 'Mn	UGX 'Mn
		Unaudited	Audited
ASSETS			
Non-current assets			
Property, plant and equipment	6	729,299	674,990
Capital work-in-progress	6	34,590	40,930
Right-of-use assets		676,105	601,276
Intangible assets		396,445	409,194
Other non-current assets		54,815	49,251
		1,891,254	1,775,641
Current assets			
Inventories	5	2,616	5,447
Financial assets			
Trade receivables		80,751	75,650
Cash and cash equivalents		11,066	35,204
Others		11,363	9,103
Other current assets		79,799	69,356
		185,595	194,760
Total assets		2,076,849	1,970,401

**Airtel Uganda Limited Interim Condensed Statement of Financial Position as at 31 May 2023
(continued)**

		31 May 2023	31 December 2022
	Note	UGX 'Mn	UGX 'Mn
EQUITY AND LIABILITIES			
Equity			
Share capital	9 (a)	1,408	1,408
Share premium	9 (b)	16,128	16,128
Retained earnings		96,711	106,239
Other reserves		55	85
Total equity		114,302	123,860
Non-current liabilities			
Financial liabilities			
Borrowings		283,139	311,817
Lease liabilities		621,698	555,318
Others		108,170	110,493
Provisions		2,755	2,606
Deferred tax liability		91,589	92,691
Deferred revenue		12,802	12,613
		1,120,153	1,085,538
Current liabilities			
Financial liabilities			
Borrowings		358,388	317,018
Lease liabilities		150,323	135,526
Trade payables		114,734	152,762
Derivative instruments		518	5,641
Others		55,749	46,084
Deferred revenue		31,921	35,125

**Airtel Uganda Limited Interim Condensed Statement of Financial Position as at 31 May 2023
(continued)**

		31 May 2023	31 December 2022
	Note	UGX 'Mn	UGX 'Mn
Provisions		6,434	6,231
Income tax payable (net)		65,929	9,910
Other current liabilities		58,398	52,706
		842,394	761,003
Total equity and liabilities		2,076,849	1,970,401

Airtel Uganda Limited Interim Condensed Statement of Changes in Equity for the Five Months Ended 31 May 2023

	Share capital	Share premium	Retained earnings	Other components of equity	Total equity
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
For the year ended 31 December 2022					
At 1 January 2022	1,408	16,128	139,224	34	156,794
Profit for the period	-	-	325,703	-	325,703
Other comprehensive income	-	-	-	51	51
Total comprehensive income	-	-	325,703	51	325,754
Dividends declared	-	-	(358,688)	-	(358,688)
At 31 December 2022 (audited)	1,408	16,128	106,239	85	123,860

Airtel Uganda Limited Interim Condensed Statement of Changes in Equity as at 31 May 2023 (continued)

	Share capital	Share premium	Retained earnings	Other components of equity	Total equity
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
For the five months ended 31 May 2022					
At 1 January 2022	1,408	16,128	139,224	34	156,794
Profit for the period	-	-	138,839	-	138,839
Other comprehensive income	-	-	-	(6)	(6)
Total comprehensive income	-	-	138,839	(6)	138,833
Final dividend for FY21	-	-	(132,000)		(132,000)
Interim dividend for FY22	-	-	(83,072)		(83,072)
At 31 May 2022 (unaudited)	1,408	16,128	62,991	28	80,555

Airtel Uganda Limited Interim Condensed Statement of Changes in Equity as at 31 May 2023 (continued)

	Share capital	Share premium	Retained earnings	Other components of equity	Total equity
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
For the five months ended 31 May 2023					
At 1 January 2023	1,408	16,128	106,239	85	123,860
Profit for the period	-	-	127,816	-	127,816
Other comprehensive income	-	-	-	(30)	(30)
Total comprehensive income	-	-	127,816	(30)	127,786
Dividends - Final Dividend FY22	-	-	(99,264)	-	(99,264)
Dividends - Interim Dividend FY23	-	-	(38,080)	-	(38,080)
At 31 May 2023 (unaudited)	1,408	16,128	96,711	55	114,302

Airtel Uganda Limited Interim Condensed Statement of Cashflows for the Five Months Ended 31 May 2023

		1 January 2023 to 31 May 2023	1 January 2022 to 31 May 2022
	Note	UGX 'Mn	UGX 'Mn
		<i>Unaudited</i>	
Cash flows from operating activities			
Profit before tax		182,799	202,392
Adjustments for:			
Depreciation and amortisation		130,449	109,508
Finance income		(6,108)	(46)
Unrealised foreign exchange (gains) / losses		(5,722)	30,076
Interest expense on borrowing and other financial liability		31,494	14,704
Interest on lease liabilities		22,034	15,750
Interest on spectrum fee		3,247	3,198
Other non-cash adjustments		2,656	5,019
Operating cash flow before changes in working capital		360,849	380,601
Decrease / (increase) in inventories		2,831	(6,131)
Increase in trade receivables		(5,686)	(12,159)
Increase in other financial and non-financial assets		(16,007)	(15,042)
Decrease in trade payables		(33,787)	(21,979)
Increase / (decrease) in provisions		352	(1,134)
Decrease in deferred revenue		(3,015)	(1,175)

Airtel Uganda Limited Interim Condensed Statement of Cashflows for the Five Months Ended 31 May 2023 (continued)

		1 January 2023 to 31 May 2023	1 January 2022 to 31 May 2022
	Note	UGX 'Mn	UGX 'Mn
Increase in other financial and non-financial liabilities		4,542	2,400
Net cash generated from operations before tax		310,079	325,381
Income tax paid		(66)	(4,439)
Net cash generated from operating activities (a)		310,013	320,942
Cash flows from investing activities			
Purchase of property, plant and equipment and capital work-in-progress		(111,078)	(95,373)
Interest received		6,108	46
Net cash flows used in investing activities (b)		(104,970)	(95,327)
Cash flows from financing activities			
Proceeds from borrowings		1,254	23,157
Payment of borrowings		(36,772)	(24,797)
Interest on borrowings		(27,830)	(9,235)
Payment of lease liabilities		(74,504)	(56,275)
Interest on spectrum fee		(3,247)	(3,198)
Dividend paid		(137,344)	(132,000)
Net cash flows used in financing activities (c)		(278,443)	(202,348)

Airtel Uganda Limited Interim Condensed Statement of Cashflows for the Five Months Ended 31 May 2023 (continued)

		1 January 2023 to 31 May 2023	1 January 2022 to 31 May 2022
	Note	UGX 'Mn	UGX 'Mn
Decrease in cash and cash equivalents during the period (a+b+c)		(73,400)	23,267
Cash and cash equivalents as at beginning of the period		(189,351)	(93,122)
Cash and cash equivalents as at end of the period	7	(262,751)	(69,855)

Notes to the Interim Condensed Financial Statements for the Five Months Ended 31 May 2023

1. CORPORATE INFORMATION

Airtel Uganda Limited is incorporated in Uganda under the Companies Act as a limited liability Company and is domiciled in Uganda. The address of its registered office is Airtel House, Plot 16A Clement Hill Road, Kampala, Uganda. Its principal activities are the operation of a cellular telephone network in Uganda and provision of telecommunication services. The Company is subsidiary of Bharti Airtel Uganda Holdings B.V. The Step-Up Parent is Airtel Africa plc (listed in London Stock Exchange and Nigeria Stock Exchange).

2 BASIS OF PREPARATION

The condensed financial statements for the five months ended 31 May 2023 have been prepared in accordance with IAS 34: *Interim Financial Reporting* as adopted by the International Accounting Standards Board (IASB). The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

The same accounting policies and methods of computation have been followed in the preparation of the condensed financial statements for the period from 1 January 2023 to 31 May 2023 as compared to the annual financial statements for the year ended 31 December 2022.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2022.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: Market risk (including currency risk, and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance

Risk management is carried out by management under policies approved by the Board of Directors.

a) **Market risk**

(i) **Foreign exchange risk**

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

Notes to the Interim Condensed Financial Statements for the Five Months Ended 31 May 2023

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**(i) Foreign exchange risk (continued)**

The Company may use forward contracts to counter the risk resulting from changes and fluctuations in foreign currency exchange rates. Airtel has continuously embarked on aggressive negotiations to have all local suppliers of operational expenditure items charge the Company in local currency.

The carrying amounts of the company's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	31 May 2023	31 December 2022
	UGX 'Mn	UGX 'Mn
Assets		
Cash and cash equivalents	11,066	6,032
Trade and other receivables	92,114	78,179
Total assets	103,180	84,211
Liabilities		
Trade and other payables	82,697	48,795
Borrowings	141,585	148,800
Lease liabilities	628,513	664,360
Deferred spectrum	100,087	112,798
Total liabilities	952,882	974,753
Net exposure	(849,702)	(890,542)

Foreign currency exposure sensitivity analysis

The following sensitivity analysis shows how profit and equity would be affected if the market risk variables had been different at reporting date with all other variables held constant.

	Increase/ decrease in the value of UGX vs. USD	Effect on profit before tax UGX 'Mn	Effect on Profit after tax and equity UGX 'Mn
Net effect based on the year end as at 31 May 2023	+5%	(42,485)	(29,740)
	-5%	42,485	29,740

Notes to the Interim Condensed Financial Statements for the Five Months Ended 31 May 2023

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**(i) Foreign exchange risk (continued)**

	Increase/ decrease in the value of UGX vs. USD	Effect on profit before tax UGX 'Mn	Effect on Profit after tax and equity UGX 'Mn
Net effect based on the year end as at 31 December 2022	+5%	(44,527)	(31,169)
	-5%	44,527	31,169

(ii) Price risk

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

(iii) Cash flow and interest rate risk

The Company's exposure to market risk for changes in interest rate relates primarily to the Company's debt obligations. The Company's policy is to manage its interest cost using negotiated variable rates resulting in cash flow and interest rate risk. In principle, interest on loans is at 8.34% over the Secured Overnight Financing Rate (SOFR). The local loan facilities have been drawn with interest rates ranging from 12.87% to 16.26%.

At 31 May 2023, if the Interest rate would decrease/increase by 1% of total borrowing with all other variables held constant, pre-tax profit for the year would have been increased/decreased by Ushs 6,415 million (31 December 2022: Ushs 6,288 million) mainly as a result of interest rate change.

b) Credit risk

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

As independent credit ratings of customers is not available. The credit control function assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual credit limits are set based on internal or external factors including a percentage of the security deposit made or in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Barring and denial of services is enforced for those customers that have not paid within the required time.

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

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Credit risk (continued)

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

Other financial instruments and cash deposits

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

There are collateral/security deposits held whose fair value is the cash amount paid which is equivalent to Ushs 4,331 million (31 December 2022: Ushs 4,391 million) and whose credit quality of assets is not past due. All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow.

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

The amounts disclosed in the breakdown below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Notes to the Interim Condensed Financial Statements for the Five Months Ended 31 May 2023

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

c) Liquidity risk (continued)

At 31 May 2023	<1 year	1–2 years	>2 years	Total
	UGX 'Mn	UGX 'Mn	UGX 'Mn	UGX 'Mn
Financial assets				
Trade and other receivables	92,114	-	-	92,114
Cash and cash equivalents	11,066	-	-	11,066
	103,180	-	-	103,180
Financial liabilities				
Trade and other payables	114,734	-	-	114,734
Derivative instruments	518			518
Borrowings	403,372	186,430	139,168	728,970
Lease liabilities	171,698	166,730	506,875	845,303
Other liabilities	8,498	4,290	153,780	166,568
Total financial liabilities	698,820	357,450	799,823	1,856,093
Net liquidity gap	(595,640)	(357,450)	(799,823)	(1,752,913)
At 31 December 2022				
Total financial assets	119,957	-	-	119,957
Total financial liabilities	743,312	358,255	781,465	1,883,032
Net liquidity gap	(632,355)	(358,255)	(781,465)	(1,763,075)

During the five months ended 31 May 2023, the Company earned a net profit of Ushs 127,816 million (Five months ended 31 May 2022: Ushs 138,839 million). As at that date, the Company was in a net current liability position of Ushs 595,640 million (Dec 2022: Ushs 623,355 million) as indicated above. The Company's business runs on a majorly cash model (pre-paid revenue) hence has the capability to generate sufficient operating cashflows to meet all its obligations as they fall due. The net operating cash inflow for the period ended year ended 31 May 2023 was Ushs 310,013 million (Year ended December 2022: Ushs 702,844 million) The operating cashflows combined with sufficient approved external sources of financing (overdraft facilities) as at 31 May 2023 provide sufficient liquidity to the Company to meet all obligations as they fall due.

Notes to the Interim Condensed Financial Statements for the Five Months Ended 31 May 2023

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**d) Capital management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maximize returns for Shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new capital or sell assets or change who holds the risks and benefits of the assets say through leasing or consignment stock arrangements to reduce debt. The Company monitors capital and its objective is to increase the percentage of Equity held to Debt and thus improving on gearing ratio over time.

The Company monitors capital using a leverage ratio, which is EBITDA divided by net debt. Net debt is calculated as loans and borrowings (including lease obligations) less cash and cash equivalents.

The leverage ratio as at 31 May 2023 and 31 December 2022 was as follows

	31 May 2023	31 December 2022
	UGX 'Mn	UGX 'Mn
Total borrowings	641,527	628,835
Total lease obligation	772,021	690,844
Less: cash and cash equivalents	(11,066)	(35,204)
Net Debt	1,402,482	1,284,475
EBITDA	377,097	888,009
Leverage ratio (%)	0.27	0.69

4 REVENUE

	1 January 2023 to 31 May 2023	1 January 2022 to 31 May 2022
	UGX 'Mn	UGX 'Mn
Service revenues	707,291	654,996
Sale of products	4,993	2,805
	712,284	657,801

Notes to the Interim Condensed Financial Statements for the Five Months Ended 31 May 2023

5 INVENTORIES

	31 May 2023	31 December 2022
	UGX 'Mn	UGX 'Mn
Telephones and accessories	2,589	8,580
Sim cards and scratch cards	3,824	3,914
	6,413	12,494
Less: stock provision	(3,797)	(7,047)
	2,616	5,447
Stock provision		
Opening balance	7,047	932
Additions	1,748	11,406
Utilisations	(4,998)	(5,291)
Closing balance	3,797	7,047

Notes to the Interim Condensed Financial Statements for the Five Months Ended 31 May 2023

6 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery UGX 'Mn	Buildings and leasehold improvements UGX 'Mn	Office equipment and Furniture UGX 'Mn	Computer UGX 'Mn	Vehicle UGX 'Mn	Total UGX 'Mn	Capital work in progress UGX 'Mn	Grand total UGX 'Mn
COST								
At 1 January 2023	1,579,834	27,539	46,487	188,912	2,920	1,845,692	40,930	1,886,622
Additions	-	-	-	-	-	-	108,431	108,431
Transfers from assets under construction	103,965	209	3,790	6,380	427	114,771	(114,771)	-
At 31 May 2023	1,683,799	27,748	50,277	195,292	3,347	1,960,463	34,590	1,995,053
ACCUMULATED DEPRECIATION								
At 1 January 2023	941,280	20,066	35,461	172,012	1,883	1,170,702	-	1,170,702
Charge for the period	51,996	446	2,949	4,905	166	60,462	-	60,462
At 31 May 2023	993,276	20,512	38,410	176,917	2,049	1,231,164	-	1,231,164
NET CARRYING AMOUNT								
At 31 May 2023	690,523	7,236	11,867	18,375	1,298	729,299	34,590	763,889
At 31 December 2022	638,554	7,473	11,026	16,900	1,037	674,990	40,930	715,920

Notes to the Interim Condensed Financial Statements for the Five Months Ended 31 May 2023

7 CASH AND CASH EQUIVALENTS

	31 May 2023	31 May 2022
	UGX 'Mn	UGX 'Mn
Cash and bank balances	11,066	6,726
Overdraft	(273,817)	(76,581)
	(262,751)	(69,855)

8 Related Party Transactions and Balances

The Company is 100% owned by Bharti Airtel Uganda Holdings BV (BAUHBV) incorporated in Netherlands. The purchases mainly consist of network equipment including related software & services. The purchases and sales are recharges for expenses incurred on behalf of the counter party.

Name of related party	Relationship to Company	31 May 2023	31 May 2022
Purchase of goods and services		UGX 'Mn	UGX 'Mn
Airtel (Seychelles) Limited	Fellow subsidiary	4	-
Airtel Congo DRC S. A.	Fellow subsidiary	33	26
Airtel Malawi Public Limited Company	Fellow subsidiary	3	1
Airtel Mobile Commerce Uganda Limited	Fellow subsidiary	35,324	65,941
Airtel Networks Kenya Limited	Fellow subsidiary	177	734
Airtel Networks Limited (Nigeria)	Fellow subsidiary	10	5
Airtel Networks Zambia Plc	Fellow subsidiary	3	3
Airtel Rwanda Limited	Fellow subsidiary	88	86
Airtel Tanzania Public Limited Company	Fellow subsidiary	41	34
Airtel Tchad S. A.	Fellow subsidiary	1	-
Bharti Airtel Limited	Step up parent	1,082	1,032
Bharti Airtel UK Limited	Fellow subsidiary	19	24
Centum Learning Limited	Fellow subsidiary	50	55
Airtel Africa (UK) Limited	Step up parent	3,187	3,439
Network I2I Limited	Step up parent	68	89
		40,090	71,469

Notes to the Interim Condensed Financial Statements for the Five Months Ended 31 May 2023

8 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Name of related party	Relationship to Company	31 May 2023	31 May 2022
Sale of goods and services		UGX 'Mn	UGX 'Mn
Airtel Congo DRC S. A.	Fellow subsidiary	1,128	606
Airtel Malawi Public Limited Company	Fellow subsidiary	4	4
Airtel Mobile Commerce Uganda Limited	Fellow subsidiary	10,384	14,398
Airtel Networks Kenya Limited	Fellow subsidiary	329	226
Airtel Networks Limited (Nigeria)	Fellow subsidiary	57	15
Airtel Networks Zambia Plc	Fellow subsidiary	2	4
Airtel Rwanda Limited	Fellow subsidiary	706	57
Airtel Tanzania Public Limited Company	Fellow subsidiary	17	15
Airtel Tchad S. A.	Fellow subsidiary	1	9
Bharti Airtel Limited	Step up parent	2,755	2,800
Bharti Airtel UK Limited	Fellow subsidiary	888	433
Airtel Africa (UK) Limited	Step up parent	-	35
Singtel Singapore	Fellow subsidiary	1	-
		16,272	18,602

Notes to the Interim Condensed Financial Statements for the Five Months Ended 31 May 2023

8 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Name of related party	Relationship to Company	31 May 2023	31 Dec 2022
Receivable from related parties		UGX 'Mn	UGX 'Mn
Airtel Congo DRC S. A.	Fellow subsidiary	7,422	2,626
Airtel Congo S. A.	Fellow subsidiary	113	112
Airtel Gabon S.A	Fellow subsidiary	-	-
Airtel Malawi Public Limited Company	Fellow subsidiary	645	640
Airtel Networks Kenya Limited	Fellow subsidiary	1,525	1,872
Airtel Networks Limited (Nigeria)	Fellow subsidiary	525	286
Airtel Rwanda Limited	Fellow subsidiary	24,967	24,407
Airtel Tanzania Public Limited Company	Fellow subsidiary	1,201	1,219
Airtel Tchad S. A.	Fellow subsidiary	9	9
Bharti Airtel International Netherlands BV	Step up Parent	966	3,736
Bharti Airtel Limited	Step up Parent	11,032	4,258
Bharti Airtel UK Limited	Fellow subsidiary	25,122	18,392
Bharti Hexacom Limited	Fellow subsidiary	-	1
Singtel Singapore	Fellow subsidiary	3	2
Total		73,530	57,560

The receivables from related parties are included in the trade receivables in the condensed statement of financial position

Notes to the Interim Condensed Financial Statements for the Five Months Ended 31 May 2023

8 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

		31 May 2023	31 Dec 2022
		UGX 'Mn	UGX 'Mn
Payables to related parties			
Airtel (Seychelles) Limited	Fellow subsidiary	5	3
Airtel Madagascar	Fellow subsidiary	1	-
Airtel Mobile Commerce Uganda Limited	Fellow subsidiary	980	24,902
Airtel Networks Zambia Plc	Fellow subsidiary	23	11
Airtel Tanzania Public Limited Company	Fellow subsidiary	-	-
Bharti Airtel Services Limited	Fellow subsidiary	77	76
Centum Learning Limited	Fellow subsidiary	151	83
Airtel Africa (UK) Limited	Step up Parent	7,750	6,459
Network I2I Limited	Step up Parent	1,763	1,350
Singtel Singapore	Fellow subsidiary	-	20
Nxtra Data Limited	Fellow subsidiary	116	116
Total		10,866	33,020

The payables from related parties are included in the trade payables in the condensed statement of financial position

Notes to the Interim Condensed Financial Statements for the Five Months Ended 31 May 2023

9 SHARE CAPITAL AND SHARE PREMIUM

The total number of authorised shares is 28,800,000 out of which 14,400,000 are ordinary shares with a par value of Ushs 100 and 3,232,087 ordinary shares with a par value of Ushs 1,000. A total of 11,167,913 are preference shares at a par value of Ushs 1,000 each.

Details are shown below:

	31 May 2023	31 December 2022
	UGX 'Mn	UGX 'Mn
Authorised share capital:		
14,400,000 ordinary shares of Ushs 100	1,440	1,440
3,232,087 ordinary shares of Ushs 1,000	3,232	3,232
11,167,913 preference shares of Ushs 1,000	11,168	11,168
	15,840	15,840
a) Ordinary shares issued and fully paid:		
14,080,010 ordinary shares of Ushs 100 each	1,408	1,408
b) Share premium		
6,080,000 ordinary shares of Ushs 100 each issued at a premium of Ushs 900 in October 1994	5,472	5,472
8,000,000 ordinary shares of Ushs 100 each issued at a premium of Ushs 1,332 in September 2000	10,656	10,656
	16,128	16,128

10 Commitments and Contingencies**a) Capital commitments**

Capital commitments of Ushs 81,912 million (2022: Ushs 108,637 million) represent the unexecuted capital contracts as at 31 May 2023. These are contracts between Airtel Uganda Limited and its vendors for the provision of material for capital expenditure.

	31 May 2023	31 December 2022
	UGX 'Mn	UGX 'Mn
Within one year	81,912	108,637

Notes to the Interim Condensed Financial Statements for the Five Months Ended 31 May 2023

b) Legal and Tax proceedings

The value of legal and tax proceedings against the Company were as follows:

	31 May 2023	31 December 2022
	UGX 'Mn	UGX 'Mn
Legal proceedings	4,969	5,328
Tax proceedings	1,489	1,489
Total	6,458	6,817

11 DIVIDENDS

The profit for the period amounted to Ushs 127,816 million (Five months ended 31 May 2022: Ushs 138,839 million). During the 5 months period ended 31 May 2023 the directors recommended interim dividends on 26 May 2023 amounting to Ushs 38,080 million (Five months ended 31 May 2022: Ushs 83,072 million). The interim dividends per ordinary share declared during the year was Ushs 2,705.

	2023	2022
	UGX 'Mn	UGX 'Mn
At 1 January	-	-
Final dividend for FY22	99,264	132,000
Interim dividend for FY23	38,080	83,072
Dividend paid	(137,344)	(132,000)
At 31 May	-	83,072

12 EARNINGS PER SHARE

The details used in the computation of basic EPS and diluted EPS based on the share structure are shown below:

	1 January 2023 to 31 May 2023	1 January 2022 to 31 May 2022
	UGX 'Mn	UGX 'Mn
Net profit attributable to ordinary equity holders of the Company (UGX 'Mn) (a)	127,816	138,839
Weighted average number of ordinary shares outstanding during the year ('000) (b)	14,080	14,080
Impact of share split ('000) (c)	1,393,921	1,393,921
Total issued shares – post split ('000) (d)	1,408,001	1,408,001
Basic and diluted earnings per share (a)/(d)	91	99

IAS 33 requires that when the number of ordinary shares increases as a result of a share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted

Notes to the Interim Condensed Financial Statements for the Five Months Ended 31 May 2023

retrospectively, if these changes occur after the reporting period but before the financial statements are authorised for issue. Therefore, the earnings per share computation has been adjusted for the share split disclosed in note 13.

13 EVENTS AFTER REPORTING DATE

On 22 May 2023, the Directors of the Company resolved to increase the authorised share capital of 28,800,000 out of which 14,400,000 are ordinary shares with a par value of Ushs 100 and 3,232,087 ordinary shares with a par value of Ushs 1,000, 11,167,913 are preference shares at a par value of Ushs 1,000 each to Ushs 40,000,000,000 divided into 40,000,000,000 ordinary shares of Ushs 1. The registration of the resolution with the Uganda Registration Services Bureau was completed on 23 June 2023 and therefore, the share split and increase in share capital were affected in the month ending 30 June 2023.

During the same meeting, the Directors resolved to re-register the Company as a public company in the names of Airtel Uganda Limited.



14 Legal Opinion

Legal Opinion



Advocates, Solicitors & Legal Consultants

Chambers : Radiant House,
Plot 20, Kampala Rd
Postal : P.O. Box 2344,
Kampala, Uganda
Telephone : + 256 414 233 770
Email : kats@kats.co.ug
Website : www.kats.co.ug

KS/G/22/4220

29 August 2023

Lead Transaction Adviser,
Absa Bank Uganda Limited,
Plot 2/4 Hannington Road,
KAMPALA – UGANDA

RE: LEGAL OPINION ON THE OFFER OF 20% OF THE SHARES OF AIRTEL UGANDA LIMITED TO THE PUBLIC AND LISTING OF THE COMPANY'S SHARES ON THE MAIN INVESTMENT MARKET SEGMENT OF THE UGANDA SECURITIES EXCHANGE

We refer to the proposed sale of 8,000,000,000 ordinary shares equivalent to 20% of the ordinary shares of Airtel Uganda Limited which are held by Bharti Airtel Uganda Holdings BV (hereafter referred to as, "the Selling Shareholder") under the provisions of the Companies Act, No. 1, 2012 (as amended) (the "Companies Act"), the Capital Markets Act, Cap 84 (as amended), the Capital Markets (Prospectus Requirements) Regulations SI 84-2 (as amended) and the Uganda Securities Exchange Listing Rules, 2021.

14.1 Background

Katende, Ssempebwa and Company Advocates ("KATS") has been appointed to act as the legal adviser in relation to:

- 14.1.1** the offer for sale (the "Offer") by Bharti Airtel Uganda Holdings B.V. of 8,000,000,000 ordinary shares with a par value of UGX 1 each held by the Selling Shareholder in the issued share capital of Airtel Uganda Limited ("Airtel Uganda" or the "Issuer" or the "Company") at an offer price of UGX 100 per share (the "Offer Shares"); and
- 14.1.2** the listing of Airtel Uganda's issued share capital on the Main Investment Market Segment of the Uganda Securities Exchange ("USE") (the "Listing") upon the terms and conditions of the Offer set out in Section 16 of the Prospectus.

Terms defined in the Prospectus have the same meaning in this legal opinion unless otherwise stated or the context requires.

14.2 Documents Reviewed

This opinion is based on our examination of copies of the following key documents:

- 14.2.1** the certificate of incorporation upon re-registration dated 23 June 2023 registration number 80010000251875;
- 14.2.2** the certificate of incorporation of the Company dated 17 July 1992;
- 14.2.3** the certificate of change of name from Clovergem Celtel Limited to Celtel Limited dated 4 December 1995;
- 14.2.4** the certificate of change of name from Celtel Limited to Celtel Uganda Limited dated 23 September 2004;
- 14.2.5** the certificate of change of name from Celtel Uganda Limited to Airtel Uganda Limited dated 8 September 2010;
- 14.2.6** the certificate of registration of the business name Zain Uganda dated 22 May 2008;
- 14.2.7** the certificate of amalgamation number VO1104;
- 14.2.8** the registered amended memorandum of association of the Company dated 22 May 2023 (the "Memorandum");
- 14.2.9** the registered amended articles of association of the Company dated 10 July 2023 (the "Articles");
- 14.2.10** the registered ordinary resolution of the General Meeting of Airtel Uganda dated 26 November 2021 approving the Offer and Listing;
- 14.2.11** the registered special resolution of the Shareholders of Airtel Uganda dated 22 May 2023:
 - a) approving the Prospectus;
 - b) approving the amendment of the Company's Memorandum and Articles;
 - c) approving the re-registration of the Company as a public limited liability company from a private limited liability company;
 - d) authorising the alteration of the Company's share capital by conversion of the preference shares into ordinary shares, subdivision of the entire authorised share capital of the Company into a single class of ordinary shares with a uniform par value of UGX 1 and increase of the authorised share capital of the Company; and
 - e) authorising the capitalisation of the share premium account and part of the distributable retained earnings to pay up for ordinary shares to be issued as fully paid-up bonus shares to the existing members of the Company;

- 14.2.12** the registered special resolution of the Shareholders of Airtel Uganda dated 10 July 2023;
- 14.2.13** the registered special resolution of the Shareholders of Airtel Uganda dated 16 August 2023;
- 14.2.14** the registered resolutions of the Board of Directors of Airtel Uganda dated 22 May 2023 proposing the approval of the following corporate actions by the members of the Company:
- a) approval of the Prospectus;
 - b) approval of the amendment of the Company's Memorandum and Articles;
 - c) approval of the re-registration of the Company as a public limited liability company from a private limited liability company;
 - d) approval of the alteration of the Company's share capital by conversion of the preference shares into ordinary shares, subdivision of the entire authorized share capital of the Company into a single class of ordinary shares with a uniform par value of UGX 1 and increase of the authorized share capital of the Company; and
 - e) approval of the capitalization of the share premium account and distributable retained earnings to pay up for ordinary shares to be issued as fully paid-up bonus shares to the existing members of the Company.
- 14.2.15** the registered board resolution of Airtel Uganda dated 10 July 2023 approving the Prospectus and other matters related to the Initial Public Offer and Listing;
- 14.2.16** a registered return of allotment of shares to the existing shareholders dated 22 May 2023 (Company Form 10);
- 14.2.17** a duly registered Notice of Increase of Capital dated 22 May 2023 (Company Form 12)
- 14.2.18** a duly registered Notice of Consolidation, Subdivision, Redemption of Shares, or Conversion of Stock into Shares dated 22 May 2023 (Company Form 11)
- 14.2.19** a duly registered Declaration of Compliance with the requirements for re-registration of a private company as a public company (Company Form 3);
- 14.2.20** shareholder certificates;
- 14.2.21** Notice of Beneficial Owners Particulars;
- 14.2.22** a letter of no – objection to the Transaction from the Uganda Communications Commission (“UCC”) dated 29 May 2023;
- 14.2.23** a letter of the Capital Markets Authority of Uganda dated 15 August 2023 approving the Prospectus;
- 14.2.24** a letter from the Uganda Securities Exchange dated 3 August 2023 approving the Listing;
- 14.2.25** the Prospectus;

14.2.26 the National Telecommunications Operator Licence dated 1 July 2020 held by the Company (the "NTO Licence");

14.2.27 all advisor contracts and the share registrar contract; and

14.2.28 all other documents referred to expressly or by implication and other documents reasonably necessary for the provision of this Opinion.

(the Documents listed in this paragraph 14.2, results of all searches conducted by KATS at the relevant public registries and all other documents reviewed by KATS as a part of the due diligence process and in connection with this Opinion, being referred to together as the "Documents")

14.3 Assumptions, Disclaimers and Limitations:

14.3.1 In preparing this opinion, we have assumed each of the following:

14.3.1.1 that all the information provided to us by Airtel Uganda, its officers and other advisers is true, accurate, complete, and up to date;

14.3.1.2 the genuineness of all signatures on all documents and the completeness and conformity to the original documents of all copies submitted to us;

14.3.1.3 that the documents, agreements and all other relevant documents have been duly authorised and duly executed and delivered by the parties to those documents (other than the Company);

14.3.1.4 all documents submitted to us as originals are authentic and complete;

14.3.1.5 all signatures, stamps and seals on the Documents submitted to us are genuine;

14.3.1.6 all documents, agreements and other memoranda submitted to us have been duly authorised and duly executed;

14.3.1.7 the governmental authorities and regulatory bodies which granted approval for the Transaction and the Prospectus were properly constituted in accordance with applicable laws, regulations, and rules, were duly authorised to grant the approvals they granted and acted within their respective mandates;

14.3.1.8 all approvals relevant to the Transaction and the Prospectus have not been amended, cancelled, or withdrawn and are in full force and effect;

14.3.1.9 the obligations of all parties (other than the Company) to the Documents, are binding on such parties;

14.3.1.10 the resolutions of the existing shareholders and of the Board referred to in paragraph 14.2 above were validly passed and have not been amended or rescinded; that they are complete and accurate and remain in full force and effect and that all signatures on the originals of such resolutions are genuine and were not fraudulently or otherwise irregularly obtained;

14.3.1.11 the amended Memorandum and the Articles of the Company provided to us for purposes of this Opinion are in full force and effect; and

14.3.1.12 no law or regulation of a jurisdiction other than Uganda affects the opinions set out below; and

14.3.1.13 that the results of all searches conducted by KATS at the relevant public registries are accurate, up to date and conclusive.

14.3.2 With respect to matters of fact material to the opinions and statements and assumptions set out in this Opinion, we have relied upon oral or written statements and representations of the Company and its officers and advisers, and information contained in the Documents.

14.4 Opinion

14.4.1 This Opinion is confined to matters of Ugandan law as at the date of this Opinion and is governed by and should be construed in accordance with the laws of Uganda. In addition, the opinions expressed herein are based on:

14.4.1.1 the information contained in the Documents and that provided by the Company's officers and advisers;

14.4.1.2 a search at the Registry of Companies at the Uganda Registration Services Bureau conducted by KATS on 7 August 2023;

14.4.1.3 search reports from the KCCA Zonal Office of the Ministry of Lands, Housing and Urban Development Registry dated 7 August 2023;

14.4.1.4 a search at the High Court, Court of Appeal and Supreme court registries conducted by KATS on 7 August 2023;

14.4.1.5 a search at the Intellectual Property Registry at the Uganda Registration Services Bureau conducted by KATS on 7 August 2023; and

14.4.1.6 a legal due diligence conducted by us on the affairs of the Company as of 7 August 2023, subject to the assumptions set out in paragraph 14.3. above and the qualifications set out in paragraph 14.5 below, we are of the following opinions.

14.4.2 Status of the Company

14.4.2.1 The Company is a public company limited by shares incorporated in Uganda initially as a private limited company and re-registered as a public company on 23 June 2023 under the Companies Act under registration number 80010000251875.

14.4.2.2 The Company changed its name from Clovergem Celtel Limited to Celtel Limited, Celtel Uganda Limited and subsequently Airtel Uganda Limited in 1995, 2004 and 2010 respectively. In 2008, the Company registered "Zain Uganda" as a business name and traded using this name until 2010. The changes of name and acquisition of business name were duly completed in accordance with the requirements of the Companies Act.

14.4.2.3 The Company amalgamated with Warid Telecom Uganda Limited in 2014 leaving Airtel Uganda Limited as the surviving entity. Consequently, all assets and liabilities of Warid Telecom Uganda Limited were absorbed into Airtel Uganda and the Company was issued with Amalgamation Certificate no. VO1104 by the companies' registry. The amalgamation was duly completed in accordance with the requirements of the Companies Act.

14.4.2.4 The Company has power to execute, deliver, exercise, and perform its obligations pursuant to the Transaction and such execution, delivery and performance does not and will not result in any violation

by the Company of any provision of the memorandum or the articles or the provision of any law or regulation having the force of law in Uganda and applicable to the Company.

- 14.4.2.5 A search conducted by KATS at the Uganda Registration Services Bureau revealed that no insolvency procedures in the form of voluntary winding-up, liquidation, receivership, or administration by or against the Company, or any composition with creditors by the Company had been commenced as against the Company.
- 14.4.2.6 It is therefore our opinion that the Company is in good standing.

14.5 The Transaction

- 14.5.1 The execution, delivery and performance of the Transaction has been duly authorised by the requisite corporate actions and as such, the execution, delivery, and performance shall not result in any violation by the Company of any term of its Memorandum and Articles or of any law or regulation having the force of law in Uganda and applicable to the Transaction.
- 14.5.2 That furthermore the sale of the Offer Shares has been duly authorised by the Company and the Selling Shareholder and when the transfers of the Offer Shares have been duly effected by the Selling Shareholder and duly delivered to and paid for by the respective purchasers in accordance with the terms and conditions of the Offer, the transfers will constitute valid, legally binding and unconditional obligations of the Selling Shareholder in accordance with their terms, except as the obligations may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally and by general principles of equity.
- 14.5.3 When paid for, the Offer Shares will not be bound by any pre-emptive rights or other similar rights and will not be subject to any pledge, lien or encumbrance, security interest or claim.
- 14.5.4 No consents, licences, approvals, authorisations of any governmental or other authority or agency in Uganda are required by law in connection with the execution, delivery, and performance of the Transaction by the Company, except as indicated in paragraphs 14.5.1 and 14.5.2 of this Opinion.
- 14.5.5 All agreements and contracts required for the performance of the Transaction such as the contract with the share registrar are available and may be inspected at Airtel Uganda's registered office.

14.6 Share Capital and Shareholding

- 14.6.1 The Company increased its share capital from UGX 15,840,000,000 divided into 15,840,000,000 ordinary shares of UGX 1 to UGX 40,000,000,000 divided into 40,000,000,000 shares of UGX 1 by the creation of 24,160,000,000 ordinary shares of UGX 1 following a special resolution dated 22 May 2023. The increase of share capital was completed in accordance with the requirements of the Companies Act and the Company's Memorandum and Articles.

14.6.2 The authorised share capital of the Company is UGX 40,000,000,000 divided as follows:

Share type	Number of shares	Value per share (UGX)
Ordinary Shares	40,000,000,000	1
Total	40,000,000,000	1

14.6.3 The issued share capital of the Company is UGX 40,000,000,000 divided as follows:

Shareholder	Number of ordinary shares	Nominal value of the ordinary shares held (UGX)	Percentage held of issued share capital
Bharti Airtel Uganda Holdings B.V.	39,999,972,000	39,999,972,000	99.99993%
Bharti Airtel Africa B.V.	28,000	28,000	0.00007%
Total	40,000,000,000	40,000,000,000	100%

14.6.4 The Company does not have any unissued shares.

14.6.5 The Company's issued and paid-up share capital is compliant with the requirements of the Uganda Securities Exchange Listing Rules, 2021 (the "USE Listing Rules") and has received all necessary authorisations. Accordingly, the shareholding of the Company as at the date of the Prospectus is as represented in 14.6.3 hereof.

14.6.6 The Offer Shares shall rank *pari passu* (on equal footing) with all other existing shares in the issued share capital of the Company, including the right to participate in full in all dividends and other distributions declared or made in respect of such share capital.

14.7 Licences

14.7.1 Airtel Uganda holds the NTO Licence which authorises it to establish, install, operate, maintain, lease, and sell telecommunications systems and provide telecommunications services as detailed in the NTO Licence in Uganda.

14.7.2 The NTO Licence is for a period of 20 years with effect from 1 July 2020 to 30 June 2040 and can be renewed for a further ten (10) years. The NTO Licence is the Company's primary Licence to operate and is valid and effective as of the date of the Prospectus.

14.7.3 As of the date of the Prospectus, the Company has the right, granted by UCC, to use the radio frequency spectrum currently in use by it for the provision of the services covered by the NTO Licence. The spectrum authorisation is valid for the duration of the NTO Licence.

14.7.4 To the extent required for the maintenance of its assets and the conduct of its business as a whole, the Company is in material compliance with all applicable laws.

14.7.5 All Licences and consents required by the Company to conduct its business as currently conducted have been duly obtained and are current.

14.8 Ownership of Fixed Assets

- 14.8.1** Airtel Uganda is the registered proprietor of the land and buildings comprised in the following properties:
- a) Leasehold Register Volume 2788 Folio 11, Clement Hill Road, Plot 16A, land at Kampala, Kampala City being a leasehold interest granted by the Kampala District Land Board. This lease is for a term of 97 years from 1 July 1991. This property houses the Company's headquarters;
 - b) Leasehold Register Volume KCCA498 Folio 1 Kataza Close II Plot 20 land at Kataza Close 11, Nakawa Division being a leasehold interest granted by the Kampala District Land Board. This lease is for a term of 49 years from 1 December 2004;
 - c) Leasehold Register Volume KCCA491 Folio 24, Kataza Close 2 Plot 16 land at Kataza Close 2, Kampala City, being a leasehold interest granted by the Kampala District Land Board. This lease is for a term of 49 years from 1 March 2005;
 - d) Leasehold Register Volume KCCA497 Folio 25 Kataza Close 2 Plot 17 land at Kataza Close 2, Kampala City, being a leasehold interest granted by the Kampala District Land Board. This lease is for a term of 49 years from 1 April 2005; and
 - e) Leasehold Register Volume KCCA494 Folio 17 Kataza Close 2, Plot 18 – 19, Kampala City, being a leasehold interest granted by the Kampala District Land Board. This lease is for a term of 49 years from 1 April 2005.
- 14.8.2** Celtel Limited (Airtel Uganda's predecessor in title) is the registered proprietor of the land and buildings comprised in Leasehold Register Volume 2415 Folio 4, Jinja Road, Plot 40 land at Jinja Road, Kampala City being a leasehold interest granted by the Kampala District Land Board. This lease is for a term of 47 years from 1 August 1995.
- 14.8.3** We have conducted independent searches with the KCCA Zonal Office of the Ministry of Lands and Urban Development Registry and obtained search reports dated 7 August 2023 and based on the same we confirm that the title of Airtel Uganda (and Celtel Limited as the case maybe) to the aforementioned properties was valid at the date of the searches.
- 14.8.4** The Company's proprietorship of the land listed in paragraphs 14.8.1 and 14.8.2 is compliant with the provisions of the Constitution of the Republic of Uganda 1995 (as amended) and the Land Act, Cap. 227 of the laws of Uganda (as amended) regarding the ownership of land by non-citizens.
- 14.8.5** The certificates of title for the land referred to in paragraphs 14.8.1 and 14.8.2 above are validly issued by the Commissioner for Land Registration in accordance with the Registration of Titles Act Cap. 230 of the laws of Uganda and the Land Act, Cap. 227 of the laws of Uganda (as amended) and are validly subsisting for the terms stated (unless and until otherwise renewed for a further term). The relevant lease agreements have been duly authorised, executed and delivered and authorised by all necessary action of the Company and constitute legal, valid, and binding obligations of the Company and the granting authorities.
- 14.8.6** No security interest has been created over the said land referred to in paragraph 14.8.1 above in favour of any person or entity, and there are no caveats or other adverse interests registered against the land.
- 14.8.7** Airtel Uganda owns moveable assets such as plant and machinery, furniture and equipment as detailed in the asset register kept at the Company's premises, which asset register is available for inspection.

- 14.8.8** Airtel Uganda holds certificates of ownership with respect to the movable assets for which a registration framework exists under Ugandan law.

14.9 Material Borrowings

- 14.9.1** The Company has entered into loan agreements with the following financial institutions:

- a) Absa Bank Group;
- b) Absa Bank Uganda Limited;
- c) Standard Chartered Bank;
- d) Stanbic Bank Uganda Limited;
- e) United Bank of Africa;
- f) Citibank Uganda; and
- g) dfcu Bank Uganda,

to finance licence purchase and renewal payments, expand Airtel Uganda's spectrum, capital expenditure, working capital requirements and to refinance the Company's existing financial indebtedness.

- 14.9.2** The Company has an overdraft facility with the Selling Shareholder to meet ongoing funding requirements. As at the date of this opinion, there are no outstanding financial obligations under this facility.

- 14.9.3** The Company has an unsecured revolving credit facility of up to UGX 75,000,000,000 from AMCUL to meet any purpose authorised by Airtel Uganda's Memorandum and Articles and towards ongoing funding requirements as per Airtel Uganda's business plan(s). As at the date of this opinion, the outstanding financial obligations under this facility totalled UGX 20,000,000,000.

- 14.9.4** Save for the Subordination Agreement in favour of Absa Bank Group, a corporate guarantee by the Selling Shareholder in favour of Citibank Uganda and a Letter of Comfort by Bharti Airtel International (Netherlands) B.V. in favour of dfcu Bank, the credit facilities are locally unsecured.

- 14.9.5** The borrowings do not contravene the provisions of the Memorandum or the Articles.

- 14.9.6** As of the date of this Opinion, no default has been declared by any of the lenders under any of the credit facility agreements.

14.10 Material Litigation

- 14.10.1** Airtel Uganda is not involved in any legal or arbitration proceedings which individually or in totality:

- a) may have or have during the twelve (12) months preceding the date of the Prospectus, had a material effect on the Issuer's business and assets or the Issuer's overall viability as a going concern;
- b) would have a material effect on the financial position of the Issuer; or
- c) will have any impact or material adverse effect on the Transaction.

- 14.10.2** As of the date of this Opinion, the Company is involved in the following significant litigation:

Airtel Uganda Limited vs Uganda Revenue Authority TAT No. TAT 135 of 2023.

The Uganda Revenue Authority (URA) carried out an audit on Airtel Uganda for the period July 2019 to June 2021 with respect to over-the-top (OTT) tax and issued an assessment of UGX17,653,137,002 alleging that the Company under-declared 88,265,685 OTT accesses for the period July 2019 to June 2021. Airtel Uganda objected to the assessment however URA maintained the assessment in its objection decision hence the appeal to the Tax Appeals Tribunal filed by the Company on 10 August 2023. The Company has several grounds of appeal including that URA, in its analysis, did not distinguish between attempted accesses and actual successful accesses, the audit methodology applied by URA did not follow any accepted validation standards and URA miscalculated unique accesses declared by Airtel Uganda in its return by using calendar days instead of 24 hours, among others.

As at the date of the Prospectus, the Company has obtained an interim order to stay enforcement of the assessment by URA on condition that the Company pays the mandatory 30% of the tax in dispute.

14.10.3 Further, none of the Directors or senior executives of Airtel Uganda:

- a) is or has been the subject of a filing of a petition under any bankruptcy law. Similarly, no entity in which any Director or senior executive has been a partner, or company in which any Director or senior executive has been an executive officer, is or has been the subject of a filing of a petition under any bankruptcy or insolvency law; or

has been convicted in a criminal proceeding in the last 10 years preceding the date of this Prospectus or is a named subject of a ruling of a court of competent jurisdiction or any governmental body, that permanently or temporarily prohibited him or her from acting as a director or employee of any company or engaging in any type of business practice or activity; or has been sanctioned or suspended by the UCC, the Company's principal regulator, or deemed not to be a fit and proper person to act as a director or senior executive of the Company by the UCC.

14.11 Material Contracts

14.11.1 The Company has not entered into any material contracts (including related party contracts), which are not disclosed in the Prospectus, and is not in material breach of any material contract to which it is party.

14.11.2 The following material contracts are valid and available for inspection:

- a) Service Agreement for the provision of Airtel Mobile Cash Collection Services between Airtel Mobile Commerce Uganda Limited and Airtel Uganda 22 January 2012;
- b) Memorandum of Understanding between Airtel Mobile Commerce Uganda Limited and Airtel Uganda dated 22 January 2021;
- c) Managed Support Services Agreement between Airtel Uganda and Airtel Mobile Commerce Uganda Limited dated 1 January 2021;
- d) Agreement for mobile payment services between Airtel Uganda and Airtel Mobile Commerce Uganda Limited dated 22 January 2021;
- e) Trademark License Agreement between Bharti Airtel International (Netherlands) B.V and Airtel Uganda dated 27 September 2018;
- f) Amended and Restated Unstructured Supplementary Service Data (USSD) and Short Message Service (SMS) Agreement between Airtel Mobile Commerce Uganda Limited and Airtel Uganda dated 18 July 2022;
- g) Framework Loan Agreement between Bharti Airtel Uganda Holdings B.V and Airtel Uganda dated 15

- April 2016 (as amended on 29 August 2017 and 29 October 2021);
- h) Framework Loan Agreement between Bharti Airtel Uganda Holdings B.V and Airtel Uganda dated 15 April 2016 (as amended on 29 August 2017 and 29 October 2021);
 - i) Master Tower Space Use Agreement between Warid Telecom Uganda Limited (now Airtel Uganda) and ATC Uganda Limited dated 16 September 2012 (effective 16 September 2022);
 - j) Master Tower Services Agreement between Ubuntu Towers Uganda Limited and Airtel Uganda dated 9 November 2022;
 - k) Contracts for the supply of equipment and network support services executed between various related parties and ZTE Corporation ("ZTE") for the Affiliates including Airtel Uganda;
 - l) Contracts for the supply of equipment and network support services executed between various related parties and Nokia Solutions and Networks Branch Operations OY for the Affiliates including Airtel Uganda;
 - m) Contracts for the supply of equipment and network support services executed between various related parties and Huawei International Co. Ltd for the Affiliates including Airtel Uganda;
 - n) Contracts for the provision of Fiber Maintenance Services between Bandwidth and Cloud Services Group Ltd and Airtel Uganda;
 - o) Brand Endorsement Agreement between K2 Telecom Limited, the Kingdom of Buganda represented by Buganda Investments and Commercial Undertakings Limited and Airtel Uganda effective 1st August 2021;
 - p) Sponsorship Agreement between Airtel Uganda and Majestic Brands Limited effective 5th December 2022; and
 - q) Intercompany Loan Agreement between Airtel Mobile Commerce Uganda Limited and Airtel Uganda effective 30 June 2023.

14.12 Shareholders Agreements

- 14.12.1** There are no shareholders agreements in place as between the existing shareholders, with respect to the Company.

14.13 Subsidiaries and Affiliates

- 14.13.1** The Company has no subsidiaries.

- 14.13.2** The Company has two affiliates namely, Airtel Mobile Commerce Uganda Limited and Airtel Telesonic Uganda Limited, which are both ultimately owned by Airtel Africa plc.

a) Airtel Mobile Commerce Uganda Limited ("AMCUL")

- aa) AMCUL is a private limited liability company registered under the laws of Uganda. Its registration number is 80010003488648.
- bb) AMCUL is duly licenced under the National Payment Systems Act, 2020 to provide mobile commerce services in Uganda.
- cc) AMCUL provides mobile financial services in compliance 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.

b) Airtel Telesonic Uganda Limited

Airtel Telesonic Uganda Limited is a private limited liability company incorporated under the laws of Uganda on 9 September 2022. Its registration number is 80020003812558. Once it becomes operational, the company's main business will include the building, installation, maintenance and leasing of communications infrastructure including fibre, ducts, bandwidth and related infrastructure services to telecom operators, wholesale customers, global carriers and other customers who have such requirement primarily in Uganda.

On 25 November 2022, Airtel Telesonic applied to the Uganda Communications Commission for a National Infrastructure Services Provider (NPIP) Licence. Following review by UCC, the license was published in June 2023 and the terms of the NPIP license agreement are currently under negotiation by Airtel Telesonic and UCC. It is estimated the NPIP Licence will be issued to Airtel Telesonic by the end of August and not later than October 2023.

14.14 Compliance

We are of the opinion that the Prospectus is in material compliance with the provisions of the following laws:

- 14.14.1** Capital Markets Authority Act, Cap. 84, as amended by the Capital Markets Authority (Amendment) Act, 2011 and the Capital Markets Authority (Amendment) Act, 2016 ("CMA Act");
- 14.14.2** Capital Markets (Prospectus Requirements) Regulations, 1996 (Statutory Instrument 84-2), as amended by the Capital Markets (Prospectus Requirements) (Amendment) Regulations, 1999, the Capital Markets (Prospectus Requirements) (Amendment) Regulations, 2001 the Capital Markets (Prospectus Requirements) (Amendment) (No. 2) Regulations, 2001 and the Capital Markets Authority (Prospectus Requirements) (Amendment) Regulations, 2008.
- 14.14.3** USE Listing Rules, 2021; and
- 14.14.4** has been approved by the CMA in accordance with the CMA Act and Section 60 (a) of the Companies Act, and the USE in accordance with the USE Listing Rules.
- 14.14.5** The Prospectus includes statements made by us, KATS, as the Legal Adviser and Ernst & Young as the Reporting Accountants, as experts for purposes of Section 90M (1) (h) of the CMA Act. Ernst & Young and ourselves have given and have not, prior to the date of the Prospectus, withdrawn our consent to the issue of the Prospectus containing the statements by us in the form and context in which they are included.

14.15 Qualifications

The opinions expressed herein are subject to the qualifications below:

- a) we are not liable for any inaccuracies in this Opinion resulting from the actions and/or omissions and/ or willful misstatements or misrepresentations on the part of Airtel Uganda and/or any of its Directors, officers, representatives or agents in the Documents which may have taken place, or which may have been made in connection with the preparation and/or rendering of this Opinion.
- b) any views which are expressed in respect of or on the basis of, any law, statute, regulation, or similar rules are expressed in respect of that instrument as it is in force at the date of this Opinion.
- c) the opinions expressed herein relate to the laws of Uganda as currently applied and interpreted by the Ugandan courts and are limited to questions arising under the laws of Uganda. We do not purport to have investigated the laws of any jurisdiction other than

Uganda, or to express any opinion on any question arising under the laws of any other jurisdiction or the applicability or effect of the laws of any other jurisdiction to the Transaction; and

- d) except as explicitly stated herein, we express no opinion on matters of fact.

14.16 Conclusion

Subject to the above, we are of the opinion that there are no other material facts with regard to the legal status of the Issuer and the Transaction. Save for the corporate governance requirements for which Airtel Uganda has applied for an extension of time within which to comply per Section 10 (Governance and Management), we are of the opinion that the Transaction is in material compliance with all applicable laws of Uganda and has received all necessary authorisations.

14.17 Effective Date

This Opinion is governed by the laws of the Republic of Uganda and relates to the law of the Republic of Uganda as applied by the courts of the Republic of Uganda as at the date of this opinion. We express no opinion on the laws of any other jurisdiction.

14.18 Reliance

- a) This Opinion is rendered only to you and is solely for your benefit in connection with the Transaction.
- b) It is rendered in accordance with the terms and subject to the conditions of our engagement by Airtel Uganda.
- c) This opinion may not be relied upon by you for any other purpose, or furnished to, quoted to, or relied upon by any other person except with our prior written consent.
- d) For the avoidance of any doubt, our professional obligations in connection with this opinion are solely to Airtel Uganda, we do not owe any duty of care to any other person.
- e) The issuance of this opinion shall not be taken as an implication that we owe a fiduciary duty of care or a contractual duty of care to any person who is not our client.
- f) We assume no responsibility to update this opinion as of any date subsequent to the date of this opinion or of advising you of any changes with respect to any matters described in this opinion that may occur subsequent to the date of this opinion.

14.19 Consent

We hereby give and have not prior to the date of this Prospectus withdrawn our consent to the issue of the Prospectus containing our legal opinion and the statements by us in the form and context in which they are included.

Yours faithfully,



MESSRS. KATENDE, SSEMPBWA & COMPANY.
Advocates, Solicitors and Legal Consultants
Per: Sim Katende, Partner.

14.20 Extracts from the Articles of Association

Extracts on Shares and Share Capital of the Company

14.20.1 Nature of the Company

Airtel Uganda Limited is a public company and accordingly, the right to transfer shares and other securities in the Company is not restricted; the number of members of the Company may be more than one hundred (100) and the Company may invite the public to subscribe for any shares or debentures of the Company.

14.20.2 Share Capital

The share capital of the Company is **UGX 40,000,000,000 (Ugandan Shillings Forty Billion)** divided into **40,000,000,000** ordinary shares of **UGX 1 each**.

14.20.3 Classes of shares:

14.20.3.1 The Company may, subject to the provisions of the Companies Act and save as restricted by any agreement among the members:

- a) Subject and without prejudice to any rights attached to any existing shares, issue any share with such rights or restrictions as the Company may by ordinary resolution determine; and
- b) with the sanction of a special resolution, issue preference shares, which are to be redeemed or are liable to be redeemed at the option of the Company. The terms and manner of redemption shall be provided for by alteration of the Articles;

PROVIDED ALWAYS that the Company may not issue any share unless it is fully paid up and the Company has received in full all money (including the nominal amount and any premium) due in respect of it.

Unless the shareholders otherwise agree, unissued shares shall be offered to existing shareholders of the company pro rata or in proportion to their then existing holdings of shares unless issued for the acquisition of assets, and any part of such offering not taken up by any shareholder shall be offered to the other shareholders pro rata to their then existing holding of shares.

14.20.4 Variation of Rights

14.20.4.1 The Company shall have the power to issue different classes of shares. Any shares in the Company, may notwithstanding any special rights previously conferred on the shareholders, be issued with such preferred, deferred, or other special rights or such restrictions in regard to dividends, voting, return of capital or otherwise as the Company may from time to time by special resolution determine

14.20.4.2 Subject to the provisions of the Companies Act, if at any time the share capital is divided into different classes of shares, the rights attached to any class unless otherwise provided by the terms of issue of the shares of that class may, whether or not the Company is being wound up, be varied, either:

- 14.20.4.2.1 With the consent in writing of the Holders of at least 75% of the issued Shares of that class, which are fully consent shall be in hard copy form or in electronic form sent to such address (if any) for the time being specified by or on behalf of the Company for that purpose, or in default of such specification to the office, and may consist of several documents, each executed or

authenticated in such manner as the Board may approve by or on behalf of one or more Holders, or a combination of both or;

- 14.20.4.2.2 With the sanction of a special resolution passed at a separate general meeting of the Holders of the Shares of the class, but not otherwise.

14.20.5 If at any time, the capital of the Company is divided into different classes of shares, unless otherwise expressly provided by the rights attached to any share or class of shares, those rights shall be deemed to be varied by:

14.20.5.1 the reduction of the capital paid up on that Share or class of Shares otherwise than by a purchase or redemption by the Company of its own Shares; or

14.20.5.2 the allotment of another Share ranking in priority for payment of a dividend or in respect of capital or which confers on its Holder voting rights more favourable than those conferred by that Share or class of Shares, but shall not be deemed to be varied by:

14.20.5.2.1 the creation or issue of another Share ranking equally with, or subsequent to, that Share or class of Shares or by the purchase or redemption by the Company of its own Shares; or

14.20.5.2.2 the Company permitting, in accordance with the Regulations, the holding of and transfer of title to Shares of that or any other class in uncertificated form by means of a relevant system.

14.20.5.3 Shares in each class shall rank in pari passu with all Shares of the particular class.

14.20.6 Lien on shares

The Company shall have a first and paramount lien on every share which is not yet fully paid up, for all money, whether presently payable or not, called or payable at a fixed time in respect of that share, and the Company shall also have a first and paramount lien on all shares (including fully paid shares) registered in the name of any person for all monies presently payable by him or his estate to the Company. The Company's lien on a share shall extend to all and any dividends payable in respect thereof.

14.20.6.1 Notwithstanding the above provision, the Board may at any time waive any lien or declare any share to be wholly or in part exempt from the above provision on lien.

14.20.6.2 The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien in accordance with the SCD Share Transfer frame work under the SCD Act, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of 14 days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder of such share, or any person lawfully claiming under him.

14.20.6.3 For purposes of giving effect to such sale, the Board may authorise a person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer, and the purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceeding in reference to the sale.

14.20.6.4 The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any,

shall subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

14.20.7 Calls on shares

- 14.20.7.1 The Board may from time to time make calls upon the members in respect of any unpaid shares and each member shall subject to receiving at least a 14 days' written notice specifying the time of payment, pay to the company at the time so specified, the amount called on his shares.
- 14.20.7.2 For purposes of the above provision, a call shall be deemed to have been made at the time when the Board resolution authorising the same has been passed. The Board resolution in respect of such call shall specify whether the amount under the call shall in respect of an unpaid share should be made in full or in instalments. A call on shares may, in the same manner it was made be revoked or postponed as the Board may determine.
- 14.20.7.3 Where shares in the company are jointly owned by holders, the joint shareholders shall be jointly and severally liable to pay all calls in respect thereof.
- 14.20.7.4 In the event that a sum called in respect of a share is not paid before or on the day appointed for the payment thereof, the person from whom the sum is due shall pay interest upon the sum at a rate to be determined by the Board, payable from the day appointed for the payment thereof to the time of the actual payment, but the Board shall be at liberty to waive payment of such interest wholly or in part.

14.20.8 Transfer of Shares

- 14.20.8.1 The provisions of the Articles relating to the transfer and transmission of shares shall be subject to the SCD Act.
- 14.20.8.2 There shall be no restriction on the transfer of shares in the Company.
- 14.20.8.3 All transfers of shares in the Company shall be conducted within the SCD Share Transfer Framework under the SCD Act. Subsequently, the name of the purchaser shall be entered in the register of members in respect of the share(s) transferred.
- 14.20.8.4 There will be no requirement for the Company to issue a certificate of share ownership to any purchaser of shares in the Company.

14.20.9 Transmission of Shares

- 14.20.9.1 Upon the death of a member, the survivors, where the deceased was a joint holder of shares, and his legal personal representatives, where he was a sole or only surviving holder of shares, shall be the only persons recognised by the Company as having any title to his interest in those shares; but the estate of a deceased holder shall remain liable in respect of any share jointly held by him.
- 14.20.9.2 A person becoming entitled to a share in consequence of the death or bankruptcy of a member or otherwise by operation of law may, upon producing such evidence of title as may be required by the directors, elect either to be registered himself as the holder of the share by giving to the Company notice signed by him that he so elects, or to have some other person registered as the holder by executing an instrument of transfer of the share to that person. All the provisions of these Articles relating to the transfer of shares shall apply to the notice or the instrument of transfer as if it were an instrument of transfer executed by the member and his death or bankruptcy had not

occurred and the notice or instrument of transfer were an instrument of transfer signed by such member.

- 14.20.9.3 A person becoming entitled to a share in consequence of the death or bankruptcy of a member or otherwise by operation of law shall have the rights to which he would be entitled if he were the registered holder of the share, except that, before being registered as the holder of the share, he shall not be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

14.20.10 Register of members and shares

- 14.20.10.1 Proof of ownership of shares in the Company shall be evidenced by a statement of account from the respective members' SCD securities accounts.
- 14.20.10.2 Notwithstanding the above provision, the Directors shall cause to be kept a Register of the members and there shall be entered therein the particulars required under the Act.
- 14.20.10.3 Subject to the provisions of the Act, if the Directors consider it necessary or appropriate, the Company may establish and maintain a branch register of members at such location outside Uganda as the directors think fit and the Board may make and vary such regulations as it may think fit for the keeping of such register.
- 14.20.10.4 The Company shall not be bound to register more than four persons as the joint holders of a share(s). Delivery of a certificate to one of several joint holders shall be sufficient delivery to all the holders.

14.20.11 Forfeiture of shares

- 14.20.11.1 If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
- 14.20.11.2 The notice shall name a further day (not earlier than the expiration of 14 days from the date of service of the notice) on or before which the payment is required by the notice is to be made and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.
- 14.20.11.3 If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a Board resolution to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
- 14.20.11.4 A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board deems fit and at any time before a sale or disposition the forfeiture may be cancelled on such terms as may be determined by the Board.
- 14.20.11.5 A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the company all money which, at the date of forfeiture, was payable by him or her to the company in respect of the shares, together with interest thereon, from and including the date of forfeiture to and including the date of

payment, at such rate as the Board shall determine. The Member's liability shall cease if and when the Company shall have received payment in full of such money in respect of the shares.

- 14.20.11.6 A statutory declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.
- 14.20.11.7 The Company may receive the sale proceeds, if any, given for the share on any sale or disposition thereof and may execute or authorise any person to execute a transfer of the share in favour of the person to whom the share is sold or disposed of and the purchaser named therein shall thereupon be registered as the holder of the share, and he or she shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
- 14.20.11.8 The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any such shares which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

14.20.12 Alteration of Capital

- 14.20.12.1 The Company may, alter its capital in accordance with the Act and Law including:
- a) by ordinary resolution, increase its share capital by such sum, divided into shares of such amount, as the resolution prescribes;
 - b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - c) sub-divide all or any of its shares into shares of smaller amount than that fixed by the memorandum of association;
 - d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; and
 - e) by special resolution, reduce its share capital, capital redemption reserve fund or share premium account in any share.
- 14.20.12.2 The resolution by which any share is sub-divided may determine that, as between the shares resulting from the sub-division, any share shall have preference or restriction as compared to another as the Company has power to attach to unissued shares.
- 14.20.12.3 Where any newly created shares are created for the purpose of offering the same for subscription to existing members by way of a rights issue, the newly created shares shall be offered to the existing members in proportion to the existing members' prevailing shareholding.
- 14.20.12.4 Any newly created shares may be offered at par or at a premium.
- 14.20.12.5 The newly created shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.

- 14.20.12.6 Subject to the Articles of Association herein, the Company may by ordinary resolution:
- a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - b) Sub-divide its existing shares, or any of them, into shares of smaller amounts than is fixed by the memorandum of association subject, to the provisions of the Companies Act, 2012; and
 - c) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any persons.
- 14.20.12.7 Whenever, as a consequence of the said consolidation of shares, any members would become entitled to fractions of a share, the Board may, on behalf of those members, sell the shares representing the fractions for the best price reasonably obtainable to any person, and distribute the net proceeds of sale in due proportion among those members, and the Board may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of the purchaser.
- 14.20.12.8 The purchaser shall not be bound to see to the application of the purchase money nor shall his or her title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

Extracts on conduct of General Meetings of the Company

14.20.13 General Meetings

- 14.20.13.1 The board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the provisions of the Act.
- 14.20.13.2 All general meetings other than annual general meetings shall be called **extraordinary general meetings**.
- 14.20.13.3 The directors may, whenever they think fit, convene a general meeting and extraordinary general meetings shall also be convened on requisition or, in default, may be convened by the requisitionists, as provided for in the Act.
- 14.20.13.4 Subject to the Act, an extra ordinary general meeting may be convened on requisition of two (2) or more members holding not less than 10% of the issued share capital of the Company.
- 14.20.13.5 Annual and extra ordinary general meetings shall be held at such times and places within Uganda or by any other applicable means, including electronic means, as the Board shall, from time to time, appoint a:
- a) physical meeting at such place as the Board may determine;
 - b) virtual meeting using electronic means (including video-conferencing and tele-conferencing); or
 - c) hybrid meeting comprising partly physical and partly virtual meeting as set out in paragraphs (a) and (b) above.
- 14.20.13.6 All provisions herein relating to general meetings and extraordinary general meetings shall apply to virtual and hybrid meetings in the same way as they would apply to physical meetings, with the necessary modifications. Any reference to the performance of an act by physical or other

means, shall, in addition, permit the performance of that act by electronic means, and the articles shall be interpreted constructively to achieve this purpose.

14.20.14 Notice of General Meeting

- 14.20.14.1 The annual general meeting and an extraordinary general meeting for the passing of a special resolution shall be called by at least twenty-one (21) clear days' notice and all other extraordinary general meetings shall be called by fourteen (14) clear days' notice. The accidental omission to give notice of any meeting to members shall not invalidate any resolution passed at any such meeting.
- 14.20.14.2 Every notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time and place of the meeting and the general nature of the business to be transacted. Subject to the provisions of these Articles and to any restrictions imposed on any shares to the extent that they are not contrary to any provision of the Act, the notice shall be given in the manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under these Articles, entitled to receive such notice from the Company, provided that subject to the provisions of the Act a meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in this article be deemed to have been duly called if it is so agreed.
- 14.20.14.3 In the case of a meeting called as the annual meeting, by all the members entitled to attend and vote thereat; and
- 14.20.14.4 In the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five (95%) in nominal value of the shares giving that right.
- 14.20.14.5 Where deemed appropriate by the Directors, the notice for a general meeting along with any documents to be considered at such meeting shall be circulated to the members by electronic means and such notice shall be published in accordance with any applicable laws and delivered to any regulatory authority or body to which the notice should be delivered in accordance with the applicable laws, including Listing and Membership Committee of the USE.

14.20.15 Proceedings at General Meetings

- 14.20.15.1 The business to be conducted at the annual general meeting of the Company shall include the following standard ordinary business:
- a) consideration and adoption of the company's audited financial statements for the given financial year which statements shall have been sent to the shareholders at least 21 days before the date of the meeting;
 - b) consideration and adoption of the Board's recommendation on the declaration of a dividend for the given financial year;
 - c) appointment and re-election, as the case may be, of Directors; and
 - d) appointment and re-appointment, as the case may be, of the external auditors of the company.
- 14.20.15.2 All other business to be conducted at the annual general meeting of the Company other than the matters mentioned herein above, or at an extraordinary general meeting of the Company, shall be deemed to be special business.

- 14.20.15.3 The voting threshold for special business shall either be an ordinary resolution or a special resolution, as applicable, in accordance with the requirements under the Companies Act and these Articles of Association.
- 14.20.15.4 No business shall be transacted at any general meeting unless a quorum is present. Unless otherwise agreed by the members, a quorum shall be constituted by the attendance of members holding together at least fifty-one percent (51%) of the issued share capital of the Company. Once a quorum is established, all the members constituting the quorum must be present at the meeting to hear any matter that must be considered at the meeting.
- 14.20.15.5 If a quorum is not present within thirty (30) minutes from the time appointed for the meeting or if during the meeting a quorum ceases to be present, the meeting shall stand adjourned for a period of ten (10) Business Days at the same time and place. At the adjourned meeting, any simple majority of the members present in person or by proxy shall constitute a quorum and if no such quorum is present the adjourned meeting shall be dissolved.
- 14.20.15.6 The chairperson of the Board of directors or, in his absence or if there be no such chairperson, a director nominated by the directors shall preside as chairman at every general meeting; but if neither such chairperson nor such a director is present within five minutes after the time appointed for the meeting and is willing to preside, the directors present shall elect one of their member to be chairperson or, if there is only one director present who is willing to preside, he shall be chairperson. If no director who is willing to preside is present within five (5) minutes after the time appointed for the meeting, the members present and entitled to vote shall elect one of their number to be chairperson.
- 14.20.15.7 The chairperson of the meeting may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time or sine die and from place to place. No business shall be truncated at an adjourned meeting except business which might properly have been transacted at the meeting from which the adjournment took place.
- 14.20.15.8 If a meeting is adjourned for fourteen (14) days or more or sine die, at least seven (7) clear days' notice specifying the time and place of the adjourned meeting and the general nature of the business to be transacted shall be given. Otherwise notice of an adjourned meeting need not be given.
- 14.20.15.9 A Director may, notwithstanding that he is not a member, attend and speak at any general meeting.
- 14.20.15.10 If an amendment proposed to a resolution shall be allowed or ruled out of order by the chairperson of the meeting in good faith, any error in the ruling shall not invalidate the proceedings on the substantive resolution. An amendment to a special resolution (except an amendment to correct a patent clerical error) shall not be allowed.
- 14.20.15.11 A resolution put to the vote of a general meeting shall be decided on a show of hands unless, before or on the declaration of the result of the show of hands, a poll is demanded by:
- (1) The chairperson of the meeting; or
 - (2) One member having the right to vote at the meeting.
- 14.20.15.12 Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairperson of the meeting that a resolution has been carried either unanimously or by a

particular majority, or lost or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

- 14.20.15.13 A poll demanded on the election of a chairperson of the meeting or on the question of an adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either immediately or at such time (being not more than thirty days after the poll was demanded) and place as the chairperson of the meeting directs. The demand for a poll shall not prevent the continuance of a meeting for the truncation of any business other than that on which the poll has been demanded.
- 14.20.15.14 A poll shall be taken in such manner as may be directed by the chairperson of the meeting, who may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 14.20.15.15 The demand for a poll may be withdrawn before the poll is taken only with the consent of the chairperson of the meeting. If the demand is so withdrawn, the meeting shall continue as if it had not been made and its withdrawal shall not invalidate the result of a show of hands declared before the demand was made.
- 14.20.15.16 If a poll is not taken immediately and if the time and place at which it is to be taken are not announced at the meeting at which it was demanded, seven (7) clear days' notice of the time and place shall be given. Otherwise notice of a poll need not be given.
- 14.20.15.17 A resolution in writing signed by or on behalf of every member who would be entitled to vote at a general meeting of the Company (or the holders of a particular class of shares of the Company) at which such resolution was to be proposed shall be as valid and effective as if it had been passed at a general meeting of the Company (or of such holders) duly convened and held, and may consist of several instruments in the like form, each signed by or on behalf of one or more members. A telex, facsimile message or cable (or any other message sent by electronic means), sent by or at the direction of a member shall be deemed to be document signed by him for the purpose of this article.

14.20.16 Votes of Members

- 14.20.16.1 Subject to any rights or restrictions attached to any shares, on a show of hands every member who is present in person shall have only one vote (notwithstanding that he may also be present in some other capacity, except as chairperson) and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.
- 14.20.16.2 In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the meeting shall not be entitled to a casting vote in addition to any other vote he may have.
- 14.20.16.3 If two (2) or more joint holders of a share tender a vote in respect of the share (whether in person or by proxy), the vote so tendered by the first named of those holders in the register of members in respect of the share shall be accepted to the exclusion of any other vote so tendered.
- 14.20.16.4 If an order has been made by court of competent jurisdiction (whether in Uganda or elsewhere) for the appointment of a receiver or other persons to exercise powers with respect to the property or affairs of a member on the ground (however formulated) of mental disorder, the receiver or other persons may on behalf of that member exercise the right of voting (in person or by proxy) at a general meeting. Such evidence of the appointment as the Directors may require shall be deposited at the place specified for the deposit of instruments of proxy for use at the meeting

not less than forty-eight (48) hours before the time appointed for the meeting or adjourned meeting at which the right to vote is to be exercised, and in default the right shall not be exercisable.

- 14.20.16.5 Unless the Directors otherwise determine, a member shall not be entitled to vote on a poll (either in person or by proxy) in respect of any share if at the time the poll was demanded a call or other sum presently payable on the share is unpaid. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.
- 14.20.16.6 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote in dispute is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive.
- 14.20.16.7 A vote or a poll demanded by a proxy or by the authorised representative of a corporation shall not be invalidated by the previous termination of his authority unless notice of the termination has been received by the Company at the office or at the place specified for the deposit of instruments of proxy for use at the meeting not less than three hours before the time appointed for the meeting or adjourned meeting at which the vote is cast or the poll demanded or (in the case of a vote cast at a poll not taken on the day it was demanded) the time appointed for taking the poll.

14.20.17 Proxies

- 14.20.17.1 A member who is entitled to attend a meeting and vote at a general meeting may appoint one or more persons to act as his proxy to attend, speak and vote in his or her stead. The said proxy need not be a member of the Company.
- 14.20.17.2 The instrument appointing a proxy shall be in writing and shall be under the hand of the appointer or of his agent duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or of an agent duly authorised in writing, instruments of proxy need not be witnessed.
- 14.20.17.3 To be valid, the instrument appointing a proxy and the authority (if any) under which it is signed, or a copy of authority certified notarially or in such another way approved by the directors, shall be deposited at the office or at such other place in Uganda as is specified in, or in any document accompanying, the notice convening the meeting not (in case of a poll taken more than forty-eight (48) hours after it was demanded) the time appointed for taking the poll at which it is to be used.
- 14.20.17.4 Instruments of proxy shall be in common form or in such other form as the board may approve and the board may, if it thinks fit, send out with the notice of any meeting forms for instruments of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for adjournment of the meeting as for the meeting to which it relates.
- 14.20.17.5 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the office (or such other place in Uganda as may be specified for the delivery of instruments of proxy in the

notice convening the meeting or other document sent therewith) at least one hour at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.

Extracts on Board of Directors

14.20.18 Board and Directors

- 14.20.18.1 There shall be a Board of Directors for the Company which shall be accountable for the performance and affairs of the Company.
- 14.20.18.2 Unless otherwise determined by the Company by ordinary resolution in a general meeting, the number of directors shall be 5 (minimum) to 11 (maximum).
- 14.20.18.3 The Board shall be composed of a balance of executive and non-executive directors.
- 14.20.18.4 The Chairperson of the Board shall be an independent non-executive Director and shall be elected by the Directors from among their number.
- 14.20.18.5 Any person who is eligible, may be appointed to be a Director of the Company; by ordinary resolution of the members, or by a decision of the Directors to fill a vacancy as an addition to their number, subject to the Directors' appointment of a director, being confirmed at the Company's next annual general meeting.

14.20.19 Appointment and Removal of Directors

- 14.20.19.1 The Company may from time to time in a general meeting by ordinary resolution appoint and remove a director on such terms as it deems fit.
- 14.20.19.2 The Company may from time to time by special resolution increase or reduce the number of directors.
- 14.20.19.3 If the number of Directors falls below the minimum provided hereunder, the remaining Directors shall only act for the purpose of filling vacancies on the Board or calling a general meeting of the members for the purpose of appointing Directors to the Board.

14.20.20 Alternate Directors

- 14.20.20.1 A director (other than an alternate director) may appoint any other director or any other person to be his alternate director and may remove from office an alternate director so appointed by him. The appointment of an alternate director shall ipso facto cease if the director appointing him ceases to be a director.
- 14.20.20.2 Every alternate director shall be entitled to receive (unless he is absent from Uganda, on any day and has given to the Secretary notice of his intention to be absent from Uganda, for any period including such day and has not revoked such notice) notice of meetings of the directors and of any committee of the directors of which the director appointing him is a member and to attend and vote (and, if he is already a director, shall have an additional vote in his capacity as alternate director) as a director at any such meeting at which the director appointing him is not personally present and generally to perform all the functions of a director in the absence of the director appointing him, but he shall not be entitled to receive any remuneration from the Company for

his service as an alternate director but shall be entitled to reimbursement of expenses as if he were a director.

- 14.20.20.3 Save as otherwise provided in these Articles, an alternate director shall be deemed for all purposes to be a director, alone responsible for his own acts and defaults, and not the agent of the director appointing him.
- 14.20.20.4 Any appointment or removal of an alternate director shall be made by notice signed by the director making it and deposited at the office or tendered at a meeting of the board, or in any other manner approved by the directors.

14.20.21 Managing Director

- 14.20.21.1 The Board may from time to time appoint one person to the office of Managing Director or such period and upon such terms as it thinks fit and subject to the applicable laws and contract for such director, revoke such appointment.
- 14.20.21.2 The said Managing Director shall be a member of the Board. The Managing Director shall be entitled to receive such remuneration as the Board may determine.
- 14.20.21.3 The Board may entrust to and confer upon a Managing Director any of the powers exercisable by it (other than the reserved matters) upon such terms and conditions and with such restrictions as it thinks fit.
- 14.20.21.4 The directors may in the manner provided for under the applicable laws appoint any person to any executive office with the Company for such period and on such terms as they think fit and may revoke any such appointment but without prejudice to any claim for breach of contract between him and the Company.
- 14.20.21.5 The company shall be required to put in place a succession plan for the Managing Director and the executive management.

14.20.22 Directors' Benefits/ Remuneration

- 14.20.22.1 Subject to any agreement among the members, the directors shall be entitled to such remuneration as may be voted to them by the Company by ordinary resolution and any further remuneration shall (unless otherwise determined by the resolution by which it is voted) be divided amongst the directors as they shall agree or, failing agreement, equally. The directors' remuneration shall accrue from day to day.
- 14.20.22.2 Subject to any agreement among the members, a director shall be entitled to be paid all reasonable travelling, hotel and other expenses properly incurred by him in connection with the discharge of his duties as a director.
- 14.20.22.3 Subject to any agreement among the members, a director who holds an executive office or who serves on any committee or who otherwise performs services which, in the opinion of the directors, are outside the scope of the ordinary duties of a director may be paid such extra remuneration, whether by way of salary, commission, participation in profits or otherwise, as a disinterested quorum of the directors may think fit. However, this Article shall not apply to a Group Director.

- 14.20.22.4 The directors may pay, or agree to pay, gratuities, pensions and other retirement, superannuation, death or disability benefits to any employee or former employee to his spouse or former spouse and to any of his dependants and may contribute to any such benefits.
- 14.20.22.5 Notwithstanding the above provisions, the directors shall not alter their remuneration, except by an ordinary resolution passed at the general meeting.

14.20.23 Proceedings of Directors

- 14.20.23.1 The Board of directors shall meet at least once every three (3) months.
- 14.20.23.2 The quorum for a meeting of the board shall be seven (7) directors including at least three directors appointed by the majority shareholders holding 51% of the shares, present in person or by the telephone or other system of telecommunication by virtue of which all such participants are able to hear and speak to each other, provided that if within 30 minutes of the time fixed for a meeting of the board a quorum is not present that meeting of the board shall stand adjourned until the same time and place on the tenth (10th) Business Day following the relevant meeting and at such adjourned meeting of the board any two (2) directors (or their alternates) present in person shall constitute a quorum.
- 14.20.23.3 At each meeting of the board, the director or directors (or their alternates) present representing each of the members shall between themselves (whether or not all of the directors representing that party are present) have a total number of votes equal to the number of shares registered in the name of that party. Questions arising at any meeting shall (unless otherwise provided in these Articles or in any agreement among the members) be decided by a majority of votes determined in accordance with this article.
- 14.20.23.4 In case of equality of votes, the chairperson of the meeting shall not have a second or casting vote. In such event, the meeting shall be adjourned to allow more members of the Board to attend and cast their vote on the matter in contention.
- 14.20.23.5 At the request of a director, the Secretary shall, convene a meeting of the directors. It shall be necessary to give notice of a meeting to a director who is absent from or does not reside in Uganda.
- 14.20.23.6 The continuing directors or director may act, notwithstanding a vacancy in their body. But if the number of directors is less than the number fixed as their quorum, the continuing directors or director may act for the purpose only of appointing an additional director or additional directors or of convening a general meeting.
- 14.20.23.7 The board shall elect one of their members to act as chairperson. Such chairperson may be removed and replaced by the board and shall not have a casting vote. The chairperson shall preside at all meetings of the directors, but if no such chairperson is elected or it at any meeting the chairperson is not present within five (5) minutes after the time appointed for the meeting, the directors present may choose one of their number to preside as chairperson of the meeting.
- 14.20.23.8 A resolution in writing signed by all the directors for the time being shall be as effective as a resolution passed at a meeting of the directors duly convened and held, and may consist of several documents in the like form, each signed by one or more directors, but no purported resolution shall be valid if it is signed by an alternate director in the stead of his or her appointer. A telex, facsimile message or cable (or any other message sent by electronic means) sent by or at the direction of a director shall be deemed to be a document signed by him for the purpose of this article.

- 14.20.23.9 All acts done by a meeting of the directors or of a committee of the directors or by a person acting as a director shall, notwithstanding that it is afterwards discovered that there was a defect in the appointment of any director or that any of them was disqualified or had vacated office or was not entitled to vote, be valid provided that such acts are subsequently ratified by the rightful directors.
- 14.20.23.10 Each director and alternate director shall give to the Company notice of an address in Uganda or elsewhere for service of notice of meetings of the board.
- 14.20.23.11 The board shall not later than thirty (30) days before the beginning of each financial year of the Company, consider and seek approval of an annual business budget setting out, inter alia, the proposed operating expenses and capital expenditure of the Company for the following financial year. In the event the board cannot agree the annual business budget before the commencement of the relevant financial year such budget shall be the same as the budget for the immediately preceding twelve-month (12-month) period.

14.20.24 Borrowing Powers

- 14.20.24.1 The directors may from time to time, but subject to the Act, exercise all or any of the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to give guarantees mortgage or charge its undertaking, property and uncalled capital or any part thereof for such purposes.
- 14.20.24.2 The directors may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and, in particular, by the issue of debentures, debenture stock, bonds or other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
- 14.20.24.3 Debenture, debenture stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
- 14.20.24.4 Any debentures, debenture stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption surrender drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of directors and otherwise.
- 14.20.24.5 The directors shall cause a proper register to be kept, in accordance with the provisions of the Act, of all mortgages and charges therein specified and otherwise.
- 14.20.24.6 If the Company issues a series of debentures or debenture stock not transferable by delivery, the directors shall cause a proper register to be kept of the holders of such as debentures in accordance with the provisions of the Act.
- 14.20.24.7 Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge, and shall not be entitled, by notice to the members or otherwise, to obtain priority over such prior charge.

14.20.25 Board Committees

- 14.20.25.1 The Board's authority may be delegated to management and board committees but such delegated authority shall remain the responsibility of directors.
- 14.20.25.2 The Board shall establish and maintain such committees as it considers necessary for the discharge of its functions and shall, at all times, maintain at a minimum the following committees:
- a) an audit committee consisting of a majority of independent and non-executive directors;
 - b) a nominations committee consisting of a majority of non-executive directors, and
 - c) a remuneration committee consisting of a majority of independent non-executive directors,
- provided that such committees report to the Board.
- 14.20.25.3 Notwithstanding the above, the Board may merge the nomination committee and remuneration committee into a single committee.
- 14.20.25.4 Committees to which the directors delegate any of their powers must follow procedures, which are based as far as they are applicable on those provisions of the Articles which govern taking of decisions by directors.

14.20.26 Company Secretary

- 14.20.26.1 The Directors shall, subject to the provisions of the Act, appoint a Secretary on such terms as they think fit and may, without prejudice to any claim for breach of contract between the Company and him or her, remove the Secretary from office. The directors may also appoint any other person, either general or specially, to perform all or any of the duties of the Secretary.
- 14.20.26.2 No person shall be appointed or hold office as a Secretary who is not the holder of the qualification required by law for that particular office.
- 14.20.26.3 A provision of the Act or these Articles requiring or authorising a thing to be done by or to a director and the secretary shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, the Secretary.

14.20.27 Dividends

- 14.20.27.1 The Company may, by ordinary resolution, declare dividends, but no dividend shall exceed the amount recommended by the directors. In recommending the amount to be paid, the Board shall act in accordance with the Company dividend policy in force from time to time.
- 14.20.27.2 The directors may pay interim dividends if it appears to them that the dividends are justified by the profits available for distribution. While the preferential dividend on any share is in arrears, no interim dividend shall be paid on any other share ranking subsequently for dividend.
- 14.20.27.3 No dividend shall be paid otherwise than out of profits. Subject to any rights attached to any share and subject to the terms of allotment of any share, all dividends shall be appointed and

paid *pro rata* according to the amounts paid up on the shares (otherwise than in advance of calls) during any part or parts of the period in respect of which the dividend is paid.

- 14.20.27.4 If the resolution of the Company in general meeting or a meeting of the directors declaring or paying dividend on any shares provides that it shall be paid to members registered as the holders of those shares at a specified time, the dividend shall be payable to those members accordingly.
- No dividend payable on a share shall (subject to the terms of creation and allotment of the share) bear interest against the Company.
- 14.20.27.5 Any dividend interest or other sum payable in cash in respect of Shares, may be paid by electronic funds transfer into a bank account nominated by the Holder of the Share or, in the case of joint Holders, to any one of the joint Holders or to such person as the Holder or joint Holders or the person entitled to the Share may direct in writing, or via an electronic money payment system to a mobile telephone number nominated in writing by the Holder or joint Holders of the Share(s) or any other money transfer or remittance that may be elected by the Holder or joint Holders of the Shares and accepted by the Board.
- 14.20.27.6 Every such electronic transfer shall be made payable to the order of the person to whom it is sent or to such person as the Holder or joint Holders may direct in writing and payment by electronic funds transfer shall be a good discharge by the Company of its obligation to pay the Holder(s) of the Share(s). Every such electronic funds transfer shall be sent at the risk of the person entitled to the money represented hereby.
- 14.20.27.7 Any one joint holder of a share may give an effectual receipt for any dividend payment on the share.
- 14.20.27.8 The Company shall not be bound to accept or act upon any waiver of the whole or any part of any dividend.
- 14.20.27.9 All dividends which remain unclaimed for a period of three (3) may, if the directors so resolve, be invested or otherwise made use of by the directors for the benefit of the Company. All other monies due to Members shall be held by the Company in trust indefinitely until they are lawfully claimed by the Member or his or her nominee or personal representative. No interest shall bear interest as against the Company.
- 14.20.27.10 Where for any reasonable cause, it is impracticable for a general meeting to be convened for the purpose of approving a distribution recommended by the Directors, the Directors may make such distribution to the Members on such terms as they deem appropriate provided that the Directors seek the ratification of such distribution at the next general meeting of the Company.

14.20.28 Accounting Records and Audit

- 14.20.28.1 The board shall cause to be kept accounting records to give a true and fair view of the state of the Company's affairs to show and explain its transactions, in accordance with the Act.
- 14.20.28.2 The accounting records shall be kept at the office or, subject to the Act, at such other place or places as the board may think fit and shall always be open to inspection by the officers of the Company. No member (other than an officer of the Company) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the board.
- 14.20.28.3 The books of accounts to be kept by the company shall be in respect of the following:
- a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

- b) all sales and purchases of goods by the company, and
- c) the assets and liabilities of the company.

14.20.28.4 The Board shall in accordance with the provisions of the Companies Act cause to be prepared and to be laid before the annual general meeting such profit and loss accounts, balance sheets, group accounts and reports as are referred to under the Act.

14.20.28.5 Auditors shall be appointed and their duties regulated in accordance with the provisions of the Act and the Accountants Act 2013 as amended from time to time. Auditors shall be appointed by the Members and their remuneration fixed by the Company in a general meeting provided always that in respect of any particular year, the Company in a general meeting may delegate the fixing of such remuneration to the directors.



15 Other General Information

15.1 Expenses of the Offer

The estimated costs of the Offer are as set out in the table below:

Table 29: Expenses of the Offer

UGX'mn

Expense	Total expense	Share due to Selling Shareholder	Share due to Airtel Uganda
Transaction Advisor Fee*	6,400	6,400	-
Placement Fee	12,000	12,000	-
Receiving Bank Fee	1,174	1,174	-
Legal Adviser	935	935	-
Stamp Duty & Registration Fee to URA	408	408	-
Initial USE Listing Fee	1,000	1,000	-
Reporting Accountant	257	257	-
Share Registrar	150	150	-
CMA Approval Fees	1,600	1,600	-
USE Approval Fees	4	4	-
Public Relations Consulting	662	662	-
Advertising Firm Fees	268	268	-
Retail Offer Marketing Costs	866	866	-
SCD Registrars	45	45	-
Total	25,769	25,769	-

* Fees are based on success, are variable, and are as follows: Lead Transaction Advisor (UGX'mn 4,800) and Lead Sponsoring Broker (UGX'mn 1,600).

Notes:

- Estimated to the nearest UGX 1,000,000.
- The Placement Fee is 1.5% which is payable by the Selling Shareholder from the gross proceeds of the Offer.
- The expenses of the Offer amount to approximately 3% of the Offer size.
- Where applicable, the expenses disclosed above are to be shared by the Selling Shareholder and the Company in the indicated proportion.
- In accordance with 7.15.3 (Application fee payable to the SCD), the Company will pay the USE processing fee of UGX 5,000 on behalf of all Applicants. However, it is difficult to estimate the total amount of this expense as the number of applicants cannot be accurately determined prior to closing of the Offer.

Based on the above expenses and subject to Note e) above, the net consideration to be received by the Selling Shareholder equates to UGX 774,230million.

15.2 Consents and Registration of Prospectus

This Prospectus includes information and material given in compliance with the requirements of the CMA Act, the USE Listing Rules and the Companies Act, and has been approved and signed by the Directors. In particular:

- a) the UCC has provided a no-objection letter to the Offer and Listing, and the Prospectus has been submitted to the UCC;
- b) the Prospectus has been approved by CMA, and the Admission of the Company's shares for Listing on the MIMS has been approved by USE;
- c) the Lead Transaction Adviser, Lead Sponsoring Broker, the Legal Adviser, and the Reporting Accountants have given and have not, prior to registration, withdrawn their written consents to act in the capacities stated, and to their names being stated in this Prospectus;
- d) the Registrar of Companies has registered the Prospectus;
- e) the Reporting Accountants, Ernst & Young Uganda, as registered with the Institute of Certified Public Accountants of Uganda, whose report is included in this Prospectus, have given and have not, prior to registration, withdrawn their written consent to the inclusion of their report in the form and context in which it appears;
- f) the Legal Adviser as to Ugandan law, Katende, Ssempebwa & Company Advocates, licenced by the Law Council in the Ministry of Justice and Constitutional Affairs, whose opinion is included in this Prospectus, has given and has not, prior to registration, withdrawn its written consent to the inclusion of its opinion in the form and context in which it appears; and
- g) no approval for the distribution of this Prospectus in any other jurisdiction where such approval may be required has been obtained. This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

15.3 Documents Available for Inspection

The following documents, copies or summaries thereof, will be available for inspection at the Company's registered office during the Offer Period:

- a) the amended memorandum and articles of association of Airtel Uganda and copies of any resolutions or statements bearing on the amended memorandum and articles of association;
- b) copies of the related party contracts and material business contracts set out in Section 9.15 (Related Party Contracts) and Section 9.16 (Material Business Contracts) above;
- c) the Reporting Accountant's Report, which is included in Section 13 above;
- d) the Legal Opinion, which is included in Section 14 above;
- e) the written consents of the Lead Transaction Adviser, Lead Sponsoring Broker, the Legal Adviser, and Reporting Accountants to act in those capacities, to the inclusion of their names and to the inclusion of their opinions or reports, as applicable, in this Prospectus;
- f) no-objection letter from UCC relating to the Offer and Listing;
- g) the approval of CMA relating to the Offer and Listing;
- h) the approval of USE relating to the Offer and Listing;
- i) applicable directors service contracts;
- j) UCC's latest annual compliance report on the Company; and
- k) the latest valuations of the Company's real estate.



16 Terms and Conditions of the Offer

The following defined terms in Section 4 (Definitions) are used in this Section 16 and are reproduced below for ease of reference:

"Applicant" means a legal entity or natural person who applies for Offer Shares in accordance with the process set out in this 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;

"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;

"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;

"Eligible Airtel Uganda Customer(s)" 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 Airtel Uganda's customer database;

"Force majeure event" means an event beyond the control of the Company, which prevents the Company from complying with any of its obligations under this Prospectus, including but not limited to an act of God (such as, but not limited to, fires, explosions, earthquakes, drought, tidal waves and floods), war, hostilities (whether war be declared or not), invasion, act of foreign enemies, mobilisation, requisition, or embargo, rebellion, revolution, insurrection, or military or usurped power, or civil war; riot, commotion, strikes, go slows, lock outs or disorder, epidemic, pandemics, acts or threats of terrorism;

"Foreign Investors" means Retail Investors and Professional Investors who are not Ugandan or from other East African countries;

"Incentive Shares" means, as determined pursuant to the terms and conditions in Section 16.9 (Incentive Shares) of this Prospectus;

"Material adverse event" means a material adverse change in or effect on the business, operations, financial condition, assets or liabilities of the Company taken as a whole and any material adverse change in the market conditions and investor sentiment or regulatory environment including the occurrence of any event or circumstance that, in the reasonable opinion of the Company, is likely to materially and adversely affect the Company's ability to obtain sufficient subscription for its Initial Public Offering;

"m-IPO Platform" means the channel through which Eligible Airtel Uganda Customers can open a SCD Account and apply for Offer Shares using either the USSD Code *185*85#, as more particularly described in Section 16 (Terms and Conditions) of this Prospectus;

"NIN" means a national identification number issued by NIRA;

"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, and following which the Selling Shareholder will allocate the Sale Shares and the Incentive Shares on a basis that addresses oversubscription as described in more detail in Section 16.7 (Allocation Policy) and Section 16.9 (Incentive Shares);

"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;

"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 (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;

“**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 16.8 (Sale Shares) of this Prospectus, and which allocation may or may not result in a cash refund pursuant to Section 16.6.6 (Refund of excess Application funds);

“**Ugandan**” means a natural person who is a citizen of Uganda or a corporate entity incorporated under the laws of, and domiciled in, Uganda; and

“**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.

16.1 Times and Dates of the Opening and Closing of the Offer

The Offer will open at 10:00 a.m. on 30 August 2023 and will close at 4:00 p.m. on 13 October 2023. The Offer Period is subject to amendment and extension if proposed by the Selling Shareholder and consented to by the CMA and the USE. Any such amendment or extension will be announced publicly through a press statement.

16.2 Particulars of the Offer

An offer of 8,000,000,000 Offer Shares is being made at a price of UGX 100 per Offer Share, payable in full on Application upon the terms and conditions set out in this Prospectus. The Offer Shares constitute 20% of the issued share capital of the Company. Following the successful completion of the Offer, at least 20% of the Offer Shares must be held by public shareholders, and the public shareholders must at the very least be 500 in number.

The funds raised through the sale shall accrue to the Selling Shareholder, net of related expenses.

Applications for Offer Shares are irrevocable and may not be withdrawn once received.

Oversubscription in terms of the Offer will result in Applicants not necessarily being allocated all of the Offer Shares for which they applied. Please refer to the Allotment Policy in Section 16.7 (Allocation Policy) of this Prospectus.

The Selling Shareholder and Lead Transaction Adviser reserves the right to accept or reject any Application in terms of the Offer, either in whole or in part, or to accept some Applications in full and others in part, in such manner as it may determine in its sole and absolute discretion.

Without limiting this discretion, the following will likely disqualify an Applicant:

- a) if you do not make payment for the full quota of Offer Shares applied for in time and in accordance with this Prospectus;
- b) if your Application is not completed properly or is incomplete;
- c) if you do not apply for the minimum number of Offer Shares referred to under Section 16.3 (Minimum Individual and Aggregate Application) of this Prospectus;
- d) if your Application and payment in full in respect of the Offer Shares applied for is not received by 4:00 p.m. on the Closing Date;
- e) if all the required supporting documents to your Application are not submitted;
- f) if any information in your Application cannot be verified for know-your-customer or anti-money laundering verification due diligence purposes;

- g) if you are not a Qualifying Applicant; or
- h) if you make any false or untrue statements in your Application.

16.3 Minimum Individual and Aggregate Application

An announcement regarding the results of the Offer and the basis on which allocations were made will be published by 30 October 2023, which date is subject to amendment in the event that the Selling Shareholder seeks and obtains CMA and USE approval for a change in the Offer timetable. Application has been made to the USE for the listing of all the issued Shares of the Company on the Main Investment Market Segment of the USE. Admission to the Official List of the USE is expected to become effective on 31 October 2023. Funds paid in respect of any Application accepted will be returned if the Listing does not become effective.

The minimum number of Offer Shares for which Application must be made is 2,500 Offer Shares. Applications for greater than this minimum must be in multiples of 500 Offer Shares with no limit to the number of Offer Shares that an Applicant can apply for subject to the Allocation Policy.

In the event that aggregate Applications for Offer Shares representing at least 20% of the Offer (approximately 1,600,000,000 Offer Shares) are not received, the Selling Shareholder may suspend the Offer and refund all funds received from Applicants. If taking this course of action, the Selling Shareholder will consult with and seek prior regulatory consent as required.

The USE Listing Rules require that immediately following the Offer, at least 20% of the Shares shall be held by not less than 500 shareholders excluding Directors and employees. In the event that the minimum float and the minimum number of public shareholders is not achieved, a waiver of the USE Listing Rules requirement regarding the minimum float or the minimum number of public shareholders (as applicable) may be sought from USE to proceed with the Listing notwithstanding any shortfall.

16.4 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.

16.5 Where to Obtain a Prospectus and Application Form

The Prospectus is available by electronic download at the following link: www.airtel.co.ug

Application Forms are available as set out in Section 17.1 below.

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 Section 17.3 below.

16.6 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.

16.6.1 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>.

16.6.2 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 Section 17.3, can assist the Applicant to complete and submit Applications on a dedicated broker interface on the USE Easy-Portal.

16.6.3 How to apply – submission of Application Form

Application Forms can be obtained from any Authorised Selling Agent. A sample Application Form is provided in Section 17.1 to this Prospectus.

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 Section 17.3 of this 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 16.6.8 to 16.6.10 of this Prospectus.

Counterfoils torn from the bottom of Application Forms will be issued to Applicants as receipts. All Applications received from a single Applicant will be aggregated and treated as a single application in terms of the Offer.

All alterations on the Application Form, other than the deletion of alternatives, must be authenticated by the full signature of the Applicant(s).

The Selling Shareholder and Lead Transaction Adviser reserve the right to accept any Application, in whole or in part, even if the Application is incomplete or incorrectly completed. Applicants are not allowed to apply for Offer Shares in a nominee capacity and must disclose the names and address of their principals and the number of Offer Shares applied for on behalf of each principal.

Applications may be made in the names of the executor or administrator of the estate of a deceased person or a guardian of a minor. The capacity of such Applicant should be indicated on the Application Form. Applicants may be required to provide evidence of their authority or capacity to sign an Application Form.

16.6.4 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.

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, for payments made via Airtel Money, a daily transactional limit of UGX 10 million - 20 million will apply, in line with the terms and conditions applicable to Airtel Money available at <https://www.airtel.co.ug/termcondition>.

The use of a bank guarantee is only permitted for Professional Investors as defined in Section 4. Professional Investors will not be required to provide direct payment on application. Payment for the Offer Shares applied for by Professional Investors will be made upon allocation and in any event within two (2) working days of the announcement of allocation results. By submitting an Application Form, each Professional Investor binds itself irrevocably to the Selling Shareholder to pay in full the value of Sale Shares allocated to that Professional Investor.

16.6.5 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.

16.6.6 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 16.8 (Sale Shares) of the 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.

If the amount of the Application divided by the Offer Price does not result in a whole number of the Offer Shares, only the number of allocated Offer Shares that are rounded down to match the Application amount will be accepted. The unutilised amount will be refunded to the Applicant.

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.

16.6.7 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 16.6.8 below;
- b) USE Easy Portal <https://scd.use.or.ug> as detailed in Section 16.6.9 below; and
- c) through an Authorised Selling Agents as detailed in Section 16.6.10 below.

16.6.8 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 Section 17.3;
- 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.

16.6.9 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.

16.6.10 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 Section 17.3. 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.

SCD Account application process for individuals

- a) Individual SCD Account Opening, an applicant will submit duly completed and signed SCD 1a account opening forms together with a copy of his/her identification document (national IDs for EastAfricans and passports for foreigners) to the Authorised Selling Agents ("ASA"). In addition, the applicant will submit three (3) recent colour passport size photograph of himself/herself.
- b) For joint accounts, in addition to submitting a duly completed SCD 1a opening form, each signatory will be required to submit a duly completed and signed SCD Form 1a; a copy of the valid identification documentation and three (3) recent colour passport size photographs.
- c) For Minors accounts, the parent(s) will hold the shares in trust for the minor and will be required to submit a duly completed and signed SCD Form 1a, a copy of the valid identification documentation, birth certificate and three (3) recent colour passport size photographs for both the child and parent.

SCD Account application process for Companies, SACCOS, Investment Clubs and Partnerships or other entities

- a) The signatories or directors will submit duly completed and signed SCD 1b account opening forms. In addition, they will submit copies of their identification (national IDs for EastAfricans and passports for foreigners) and three (3) recent colour passport size photographs.
- b) The following additional documents will be required:
 - i. Certified copy of certificate of incorporation, memorandum and articles of association and Form 20 (Particulars of Directors) or the latest annual return for companies;
 - ii. Certificate of registration for SACCOS;
 - iii. Registered Constitution for Investment clubs;
 - iv. Registered Partnership deed for Partnerships ; and
 - v. Registered board resolution approving the opening of the SCD account and naming at least two (2) signatories to the account. These signatories are the only one authorised to give any instructions relating to the account.
- c) The ASA shall ensure full disclosure of applicant's relevant information; verify the accuracy thereof and client's signature.
- d) The ASA will then go ahead to create the account using the SCD system. A unique code will be generated and written on the form.
- e) The SCD form will then be submitted to the Uganda Securities Exchange for approval. A copy of the forms will be made available to the applicant.
- f) All above subject to ASA additional requirements. Any activation request that is rejected by the USE shall be communicated immediately by either the USE or the Authorised Selling Agent and the documentation returned giving reasons for the rejection within two (2) days.

Share application process

- a) Pre-Existing Investors will be able to access their SCD account to apply for shares through:
 1. Through the m-IPO platform.

Step 1: Dial *185*85# on your mobile phone device.

Step 2: Select the option to Apply for Airtel Uganda Shares.

Step 3: Enter your valid National Identification Number

Step 4: Input the amount of shares you wish to apply for.

Step 5: The Applicant will be promoted to select their broker of choice.

Step 6: Input your customer PIN to confirm the transaction.

Step 7: Once complete, a SMS will be sent confirming the successful application for shares. A follow-up SMS will be received from the USE to confirm the provision of shares.

Mobile Money Transaction Limits subject to Mobile Money Carrier's restrictions

Maximum Single Transaction	UGX 5,000,000
Maximum Daily Transfer	UGX 20,000,000
Maximum Daily Account Balance	UGX 20,000,000

2. Through USE "Easy portal", self-assisted option

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: Click "Link/Create SCD account".

Step 7: Select "I have an account".

Step 8: Fill in your SCD account number and registered email address or phone number used to open the SCD account and select "Link".

Step 9: You will be successfully linked, Click Ok to redirect to your profile.

Step 10: Click "IPO" on the dashboard display.

Step 11: Select "Apply for IPO".

Step 12: Full in SCD number, your details are auto-populated.

Step 13: Enter the number of shares you're applying for. The number of shares must total to the amount deposited with a receiving bank of your broker.

Step 14: Amount due is auto calculated.

Step 15: Select payment option "bank".

Step 16: Submit application for verification and authorisation.

Step 17: Application is approved by authorised personnel of your broker / authorised selling agent.

Step 18: Application is complete and will be batched and submit to the Registrar.

3. Through USE “Easy portal”, broker assisted option:

Step 1: Confirm receipt of investors application funds in the authorised selling agent account at the receiving bank.

Step 2: Authorised personnel logs onto the USE Easy Portal at <http://scd.use.or.ug>

Step 3: Enter login credentials.

Step 4: One-Time pin dialogue box is displayed.

Step 5: Check email and enter one-time pin into the dialogue box.

Step 6: Click submit.

Step 7: Click “IPO” on the dashboard display.

Step 8: Select “Apply for client”

Step 9: Fill in SCD number, the client details are auto-populated.

Step 10: Enter the number of shares the client is applying for. The number of shares must be aligned with the offer minimum and multiples threshold.

Step 11: Amount due is auto calculated.

Step 12: Select payment option “bank”.

Step 13: Submit application for second verification.

Step 14: Application is approved by another authorised personnel of the authorised selling agent.

Step 15: Application is complete pending batching.

16.7 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.

16.8 Sale Shares

As mentioned in Section 16.2 (Particulars of the Offer) above, the Selling Shareholder and Lead Transaction Adviser reserve the right to accept or reject any Application for Offer Shares, either in whole or in part, or to accept some Applications in full and others in part, in such manner as it may determine in its sole and absolute discretion.

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 16.7 (Allocation Policy) and other allocation principles discussed elsewhere in this Prospectus; and
- c) allocation of Incentive Shares as determined in Section 16.9 (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, as provided for in Section 16.6.6 (Refund of excess Application funds) of this Prospectus.

The Offer Shares allocated for cash in terms of this Section 16.8 against an Application represent a determination by the Selling Shareholder and Lead Transaction Adviser of the number of Sale Shares sold and delivered to an Applicant. For the avoidance of doubt, allocated Sale Shares form part of the Offer Shares, and allocation of Sale Shares correspondingly reduces the Offer Shares available for allocation.

16.9 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	Additional 1 incentive shares for every 100 Sale Shares allocated, In addition to the 5 Incentive Shares indicated above

to 18.5mn shares through m-IPO	
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.

16.10 Additional Terms and Conditions

The Authorised Selling Agents in respect of the Offer are listed in Section 17.3 of this Prospectus.

No Application will be considered unless made and submitted through the Application procedure set out in Section 16.6 (Application Procedure) of this Prospectus and otherwise fulfils the conditions stated in this Prospectus. The right is reserved to accept or reject any Application in whole or in part.

Commissions at a specified rate on the proceeds of the Offer will be paid to the Authorised Selling Agents on allocations made through and attributable to a specified Authorised Selling Agent.

The Selling Shareholder, Lead Transaction Adviser, and Lead Sponsoring Broker shall have the right at any time and from time to time to take any action they consider reasonably necessary to correct any errors or omissions which may occur under or in connection with the Offer and is authorised by each Applicant to take such steps. Although the Selling Shareholder, Lead Transaction Adviser, and Lead Sponsoring Broker accepts no obligation to do so, this right includes the right to correct payment errors and/to reverse allocations of Offer Shares which are allocated and/or issued to an Applicant because of another Applicant using an incorrect payment reference, and to transfer and/or issue the relevant Offer Shares to the intended Applicant. This paragraph applies notwithstanding anything to the contrary in the Prospectus.

16.11 Acceptance and Settlement

The Selling Shareholder and Lead Transaction Adviser reserve the right to reject any incomplete Application not complying in all respects with the terms and conditions set out in this Prospectus.

Upon acceptance of Applications, the Selling Shareholder will, as soon as possible after the Offer closes, allocate the Offer Shares, and thereafter, the number of Offer Shares allocated to each Applicant will be credited onto the Qualifying Applicant's SCD Account following allocation.

In the case of an unsuccessful, or partly successful, Application, the full or surplus Application funds will be refunded by electronic funds transfer to the bank account, or Airtel Money to the mobile money account, of the Applicant concerned provided during the Application process set out in Section 16.6.6 (Refund of excess Application funds) of this Prospectus.

By submitting an Application, an Applicant agrees to accept the transfer of such number of Offer Shares (not exceeding the number applied for) as shall be allocated to the Applicant upon the terms and conditions of this Prospectus and subject to the terms of the Company's amended memorandum and articles of association, and agrees that the Company may enter the Applicant's name and particulars in the register of members of the Company as the holder of such Offer Shares.

No securities shall be allocated on the basis of this Prospectus later than six (6) months after its date of issue.

16.12 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.

16.13 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 in Section 17.3 of this 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.

16.14 Representations and Warranties

By completing and submitting an Application by whatever means, each Applicant (or "you") warrants and represents as follows to the Company, the Directors and the Selling Shareholder:

- a) that you have full legal capacity and are duly authorised to contract and, having read and understood the Prospectus, you agree to be bound by the terms and conditions of the Prospectus and you irrevocably apply for the number of Offer Shares set out in your Application;
- b) that you are a Qualifying Applicant (or that the person on whose behalf you are applying is a Qualifying Applicant) and that all of the information provided by you in the Application (and any supporting documents) is complete, true and correct in all respects;
- c) that the money you use for your payment for Offer Shares is not the proceeds of unlawful activities constituting a crime or a contravention of any laws, whether in Uganda or in any other jurisdiction. In this respect, you specifically acknowledge that the Company and the Selling Shareholder reserve the right to decline to process any Application where the source of funds supporting it is considered to be

suspicious in the sole opinion of the Company and the Selling Shareholder (and acting on the advice of the Lead Transaction Adviser, Lead Sponsoring Broker and Lead Receiving Bank). Further, that the Company and the Selling Shareholder shall report any suspicious transaction to the relevant authorities in Uganda or in other jurisdiction;

- d) you acknowledge that the Company and the Selling Shareholder will rely on the truthfulness and completeness of the information provided and statements made by you when making its decision to allocate Offer Shares to you;
- e) you agree that the Company and the Selling Shareholder are entitled to verify your details and that you are obliged to assist in such verification promptly when requested to do so;
- f) that by opening an SCD Account and applying for Offer Shares through the m-IPO platform, you consent (in terms of the Data Protection and Privacy Act, 2019) to the transfer of your relevant personal information from the Company to the SCD, the Selling Shareholder, the Lead Transaction Adviser, the Lead Sponsoring Broker and the Share Registrar and to the use of that information for all purposes necessary for the allotment of Offer Shares to you and crediting of those Offer Shares onto your SCD Account;
- g) you acknowledge that the Company and the Selling Shareholder or other persons may have claims and rights against you because of the details that you put in your Application, and providing false information could be a criminal offence;
- h) your application for (and holding of) Offer Shares does not and will not contravene any applicable law or regulation or result in a breach of or default under any agreement or other instrument to which you are a party or by which you are bound;
- i) that in making your application, you are not relying on any information or representation concerning the Company or the Selling Shareholder not contained in this Prospectus as at the Prospectus issue date. You agree that no person responsible for the Prospectus or any part of it will have liability for any such other information or representation;
- j) you warrant and represent that if you submit an Application and are not the Qualifying Applicant, you have authority to do so on behalf of the Qualifying Applicant;
- k) that if the Qualifying Applicant is other than a natural person and you submit the Application on behalf of the Qualifying Applicant, you have authority to do so on behalf of the Qualifying Applicant; and you acknowledge that the Prospectus is legally binding on and enforceable against you.

16.15 Amendment to Terms and Conditions

The Selling Shareholder and Lead Transaction Adviser reserves the right to alter, relax or waive any of the terms and conditions with respect to the making of Applications as the Selling Shareholder, in its sole discretion, may deem fit.

16.16 Right to Suspend the Offer

Subject to the consent of the UCC, CMA and the USE, the Selling Shareholder reserves the right to suspend the Offer prior to the Closing Date in the event of the occurrence of a Material Adverse or Force Majeure event.

The occurrence of a Material Adverse or Force Majeure event shall be assessed in the sole discretion of the Selling Shareholder. Where the Prospectus is suspended, all Applications funds received from Applicants shall be refunded within thirty (30) working days from the effective date of the suspension.

16.17 Governing Law

This 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.



17 Appendix

17.1 Application Form

Airtel Uganda Limited (“Company”)

(incorporated in Uganda under the Companies Act, 2012 with registration number 80010000251875)

INITIAL PUBLIC OFFER OF SHARES

In respect of an Offer for sale of 8,000,000,000 Shares with a par value of UGX 1 each in the Company at a price of UGX 100 per Share (the “Offer Shares”). Offer opens at 10:00 a.m. on 30 August 2023 and closes at 4:00 p.m. on 13 October 2023.

Applicants will be bound by the terms and conditions of application for the Offer Shares contained in Section 16 of the Prospectus dated 29 August 2023 and issued by the Company (“Terms and Conditions”), as well as the instructions for completion of the Application Form. Applicants are therefore required to read the Prospectus before making an Application.

The Selling Shareholder reserves the right to accept or reject any Application, in whole or in part, particularly if the instructions that are set out in the Prospectus and below are not complied with.

APPLICANT’S STATEMENT

By signing the Application Form overleaf, I/we the Applicant(s) herein state that:

- (A) I/we have read the Terms and Conditions and agree to be bound by them.
- (B) I/we are over 18 years of age.
- (C) I/we agree to accept the number of Offer Shares applied for in this Application or any smaller number of Offer Shares as may be allocated by the Selling Shareholder, subject to and in accordance with the Terms and Conditions.
- (D) I/we authorise the Company to enter my/our name(s) in the register of members of the Company as holder(s) of the Offer Shares allocated to me/us subject to the amended memorandum and articles of association of the Company.
- (E) I/we authorise the Company to share my/our name(s), identification details and other information submitted as part of this Application with the SCD for purposes of crediting the Offer Shares allocated to me/us on my/our SCD Account.
- (F) I/we authorise the Selling Shareholder to allocate/transfer the Offer Shares allocated to me/us, and to pay any refunds due upon receipt of the Application Form or after the Closing Date on any Oversubscription of Offer Shares or otherwise as specified in this Application Form, in accordance with the Terms and Conditions.
- (G) In consideration of the Selling Shareholder agreeing to accept this Application Form, I/we agree that my/our Application for Offer Shares detailed in this Application Form is irrevocable and shall upon acceptance by the Selling Shareholder constitute a contract which shall be binding on me/us upon delivery of this Application Form to the Authorised Selling Agent.
- (H) I/we represent and warrant that, except in cases where I am/we are Licenced to apply for and hold shares for other persons or hold shares as trustee, I/we apply for the Offer Shares on my/our account, will be the beneficial owner of the Offer Shares allocated to me/us, have not represented myself/ourselves as a different person in any other application or applied for the Offer Shares under a different name, and I am/we are not applying for the Offer Shares on the instructions of any other person and I/we have not instructed any other person to apply for the Offer Shares as my/our nominees.
- (I) Where I am/we are Licenced to apply for the Offer Shares on behalf of other persons as trustee, I/we represent and warrant that I am/we are not making multiple Applications for myself/ourselves or any

other person, I am/we are not applying as nominee or trustee of any person whom I/we know to have applied under any other name, through any other nominee or for a beneficial owner more than once.

(J) I/we acknowledge that the Selling Shareholder and/or the Authorised Selling Agents reserve the right to reject any application found to be in contravention of these declarations.

(K) I/we confirm that all information provided by me/us on the Application Form is true and that we have read and understood the General Guidelines for the completion of this Application Form provided in this Application Form.

APPLICATION FORM

1. SCD ACCOUNT NUMBER (Mandatory for all applicants)

SCD Account number:	
SCD Agent/Broker Code (if known):	

2. Applicant Details

Individual	
First name:	
Surname:	
Other name:	
Physical address:	
Email address:	
Mobile telephone number:	
Passport or national identification number:	
Citizenship: Ugandan, other East African or foreigner:	
Residence: resident or non-resident:	
Tax status in Uganda: whether tax exempt or not tax exempt (tax exempt person to attach a copy of a current tax exemption letter or certificate):	
Whether Airtel Uganda employee (Yes/No):	

Joint – Applicant 1

First name:	
Surname:	
Other name:	
Physical address:	
Email address:	
Mobile telephone number:	
Passport or national identification number:	
Citizenship: Ugandan, other East African or foreigner:	
Residence: resident or non-resident:	
Tax status in Uganda: whether tax exempt or not tax exempt (tax exempt person to attach a copy of a current tax exemption letter or certificate):	
Whether Airtel Uganda employee (Yes/No):	

Joint – Applicant 2

First name:	
Surname:	
Other name:	
Physical address:	
Email address:	
Mobile telephone number:	
Passport or national identification number:	
Citizenship: Ugandan, other East African or foreigner:	
Residence: resident or non-resident:	
Tax status in Uganda: whether tax exempt or not tax exempt (tax exempt person to attach a copy of a current tax exemption letter or certificate):	
Whether Airtel Uganda employee (Yes/No):	

Note: Each joint Applicant must provide full details

Corporate/Institution

Name:	
Incorporation or registration number:	
Country of incorporation or registration:	
Physical address:	
Email address:	
Telephone number:	

Corporate/Institution

Passport or national identification number:	
Citizenship: Ugandan, other East African or foreigner:	
Residence: resident or non-resident:	
Tax status in Uganda: whether tax exempt or not tax exempt (tax exempt person to attach a copy of a current tax exemption letter or certificate):	
Name of authorised representative(s):	
Mobile or telephone number of authorised representative(s):	
Mandate resolution authorising application for Offer Shares and designating the authorised representative(s) (certified copy to be enclosed):	

3. Offer shares and payment details

Number of Offer Shares applied for:		
Price per Offer Share:		
Total amount payable for the Offer Shares applied for (UGX):		
Method of payment: Airtel money, bank deposit, banker's cheque, electronic funds transfer (EFT) or real time gross settlement (RTGS) (evidence of payment must be attached):		
For payment by EFT, RTGS, banker's cheque or bank guarantee:	Name of bank:	
	Branch:	
	SWIFT code:	
	EFT/RTGS/banker's cheque number:	
	Amount (UGX):	
	Bank guarantee:	
	Bank guarantee and reference number:	

4. Refund / Dividend payment details

Payment by bank transfer	Name of bank:	
	Name of Branch:	
	Account name:	
	Account number:	
	Currency:	
	SWIFT code:	

Payment by Airtel money	Mobile telephone number:	
-------------------------	--------------------------	--

5. Signature

By ticking the box below, I/we confirm that I/we have received a copy of the Prospectus and that I/we have read and are aware of its contents:

I/we have received a copy of the Prospectus and I/we are aware of its contents:	
---	--

Name(s):	
Signature(s):	
Stamp/Seal:	

6. Authorised Selling Agent Stamp

--

7. Acknowledgement receipt

Applicant name(s):	
Date:	
SCD Account number:	
Number of Offer Shares applied for:	
Amount paid (UGX):	

This receipt is evidence that an Application Form has been submitted to the selected Authorised Selling Agent. It should be kept secure and must be produced when making an enquiry regarding the Application. The receipt is NOT evidence of an Application or funds received by the Receiving Bank. Credits of allocated Offer Shares to SCD Accounts and refund of excess Application funds, as applicable, will be available from 30 October 2023. Shares will be listed on the USE on 31 October 2023.

8. General guidelines for completion of the application form

- Please use an original Application Form bearing a serial number only. Photocopies or scans will not be accepted.
- Please complete the Application Form in legible capital letters with only black or blue ink.
- Your Application is made exclusively on the basis of the Terms and Conditions of Application set out in Section 16 of the Prospectus. Please read these carefully.
- Your Application Form must be received in its entirety, duly signed, and accompanied by payment by way of cash deposit slip, banker's cheque, EFT or RTGS confirmation of the value of the Offer Shares applied for. In the case of Professional Investors, Application Forms may be accompanied by a duly executed and valid on-demand bank guarantee from a Licenced commercial bank in Uganda as is specified in Section 16.6.4 (Payment Terms) of the Prospectus so that it is received no later than 4:00 p.m. on the Closing Date.

- e) Any alteration on the Application Form (other than deletion of alternatives) must be authenticated by the full signature of the Applicant(s).
- f) The duly completed Application Form may be sent or hand delivered to any of the Authorised Selling Agents to be received by 4.00 p.m. on the Closing Date.
- g) Payments via Airtel money must be made from the Airtel money account of the Applicant(s) and the transaction reference number written in the space provided on this Application Form.
- h) Payments made by way of banker's cheque must be payable in favour of Airtel Uganda Share Offer Account and crossed 'Account Payee' only. The Applicant's name(s), national identification number or passport number, mobile telephone number, Application Form serial number and signature **MUST** be written in the space available for that purpose at the back of the cheque. Amounts in excess of UGX 10 million must be paid via EFT or RTGS to the accounts set out below and the confirmation receipt must be attached to the Application Form.

Bank:	
Bank branch:	
Account name:	
Account number:	
SWIFT code:	

- a) Applications will only be considered to be complete when the relevant banker's cheque has been honoured or the EFT or RTGS payment received in cleared funds (net of any applicable bank charges which shall be for the Applicant's account) into the payee account or are accompanied by bank guarantees (as may be applicable in the case of Professional Investors). Any applicable bank and other charges will for the Applicant's account.
- b) Professional Investors are not required to provide cash payment on Application. Payment for the Offer Shares applied for by Professional Investors will be made upon allocation and within two (2) working days of the announcement of allocation results.
- c) Applications may only be submitted via the Authorised Selling Agents listed in the Prospectus.
- d) Applications by Retail Investors who are corporate entities must be signed by two (2) directors or one (1) director and the company secretary and the company seal or stamp must be affixed in the space provided. For corporate entities which are not companies, Applications must be signed by two (2) individuals who are appointed or otherwise authorised by written law to act as binding representatives of that that entity. The Company reserves the right to call for documents or other evidence in proof of a person's authority to sign the Application Form in a representative capacity.
- e) Offer Shares allocated to an Applicant will be credited to the Applicant's SCD Account. No physical share certificates will be issued.
- f) All Applicants are required to provide a copy of their valid national identification document or certificate of incorporation or registration (as applicable) in support of their Applications.
- g) Applicants must indicate their Ugandan tax status as provided for in the Application Form and where exempted from tax, the Applicant must attach a certified true copy of the current tax exemption certificate or letter.
- h) Other than the receipt referred in paragraph 7 of this Application Form, no other receipts will be issued in respect of any direct payments made.
- i) Please note that incomplete and/or missing bank account details may result in the Application Form being rejected with no further liability to the Selling Shareholder, the Company or its Directors.

- j) Refunds will only be made by EFT or Airtel money if the Applicant has provided complete and correct bank or Airtel money account details in paragraph 4 of the Application Form. In the event that the Application Form contains incorrect bank or Airtel money account details, any refunds will be paid by cheque in the name provided in the Application Form.
- k) Any refunds by cheque shall be forwarded to the Authorised Selling Agent indicated on the Application Form and the Applicant shall, upon being notified of the refund having been made, be responsible for collecting the cheque from such Authorised Selling Agent.
- l) Applications may also be rejected in accordance with the reasons set out in Section 16.2 (Particulars of the Offer) of the Prospectus.
- m) This Application Form, when completed, together with payment, as provided in the Prospectus, should be submitted to any branch of the Authorised Selling Agent indicated in the Appendix of the Prospectus by 4:00 p.m. on the Closing Date.






9. Other conditions

- a) In case of any inconsistency between the contents of this Application Form and the Prospectus, the contents of the Prospectus shall prevail.
- b) Persons into whose possession this Application Form may come are required to observe the restrictions contained in the Prospectus.
- c) Terms defined in the Prospectus shall bear the same meaning herein unless otherwise indicated.
- d) The Selling Shareholder reserves the right to accept or reject any Application, in whole or in part, particularly if the instructions set out in the Prospectus and this Application Form are not complied with.
- e) A deceased person's estate, a trust or partnership that is not registered cannot apply for Offer Shares. Executors, trustees of trusts that have not been incorporated and individual partners may apply in their own names.
- f) No alterations of the Application Form will be allowed.
- g) Presentation of banker's cheques for payment or receipt of funds transferred by Airtel money, EFT or RTGS, shall not amount to acceptance of the Application.
- h) An Application Form will be rejected if the Application does not comply with the requirements of the Prospectus including where:
 - it is incomplete, inconsistent, or inaccurate with respect to the instructions as provided in the Prospectus and Application Form;
 - it is not signed by the Applicant (s);
 - the Application funds received by the Authorised Selling Agent or Receiving Bank are insufficient;
 - it contains more than one Authorised Selling Agent stamp;
 - Application funds were correctly received but the Application Form is incorrect or missing;
 - there are any alterations that are not permitted or countersigned as the case may be;
 - there are differences in the name on the Application Form, the national identification card, passport bio-data page and the SCD Account information;
 - a copy of a valid national identification card, passport bio-data page, company incorporation or registration or incorporation certificate is not attached to the Application Form; or
 - on the available evidence, the Applicant is not eligible to participate in the Offer.
- i) The Application Form and Application funds should be received by the Authorised Selling Agent or the Receiving Bank by 4:00 p.m. on the Closing Date, and neither the Selling Shareholder, Airtel Uganda nor






any of the Authorised Selling Agents shall be under any liability whatsoever should an Application Form not be received by this date.

- j) This Application Form and the accompanying Prospectus are governed by and shall be construed in accordance with the laws of Uganda.
- k) Once made, an Application is irrevocable and may not be withdrawn.
- l) For purposes of the SCD, shareholder related correspondence, refund and dividend processing and tax payments, the particulars of the joint applicant whose name appears first will ordinarily be used.

17.3 Authorised Selling Agents

<p>Authorised Selling Agents</p>	 <p>CRESTEDCAPITAL a trade name of Crested Stocks & Securities Ltd. MEMBERS OF THE UGANDA SECURITIES EXCHANGE</p>	<p>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</p>
	 <p>Chipper</p>	<p>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</p>
	 <p>DYER & BLAIR INVESTMENT BANK WE KNOW. YOU KNOW.</p>	<p>Dyer & Blair Uganda Limited Rwenzori House, Ground Floor, Lumumba Avenue, Kampala, Uganda Telephone: +256 414 233 050 Email: uganda@dyerandblair.com</p>
	 <p>Sbg Securities Uganda Limited A member of Standard Bank Group</p>	<p>SBG Securities Uganda Limited Crested Towers, 4th Floor, Plot 17, Hannington Road, Kampala, Uganda Telephone: +256 312 224 965 Email: sbgstrading@standardbank.com</p>
	 <p>UAP OLDMUTUAL</p>	<p>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</p>

17.4 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

17.5 List of Tables

Tables	
Table 1	Offer timetable
Table 2	Shareholding Immediately before the Offer
Table 3	Shareholding after the Offer
Table 4	Summary of statement of comprehensive income
Table 5	Summary of balance sheet
Table 6	Summary of cash flow statement
Table 7	Dividend history
Table 8	Summary of forecast
Table 9	<i>Pro forma</i> impact on shareholding structure
Table 10	Key statistics of the Offer
Table 11	Key dates and times
Table 12	Detailed overview of NTO Licence
Table 13	Airtel Uganda spectrum allocation
Table 14	Public library locations
Table 15	Airtel Uganda adopted schools
Table 16	Health support
Table 17	Ezyagric partnership
Table 18	Airtel Uganda share capital structure
Table 19	Borrowings of Airtel Uganda
Table 20	Airtel Uganda capital expenditure
Table 21	Immovable property
Table 22	Details of Airtel Uganda directors
Table 23	Executive directors' remuneration
Table 24	Airtel Uganda senior management team
Table 25	Key economic indicators
Table 26	Select Ugandan economic data
Table 27	Significant auxiliary regulation
Table 28	Key mobile telecommunications operators
Table 29	Expenses of the Offer
Table 30	Incentive share allocation

17.6 List of Figures

Figures	
Figure 1	History of Airtel Uganda
Figure 2	Trend of Net Revenue Performance for June to July in the last five years
Figure 3	CPI Inflation
Figure 4	Budget balance as % of GDP
Figure 5	Comparison of Inflation
Figure 6	Real GDP growth
Figure 7	Real GDP per capita growth
Figure 8	Quarter to quarter change in seasonally and trend adjusted GDP
Figure 9	GDP and sectoral value-added year-on-year percentage change
Figure 10	UGX/ USD exchange rate
Figure 11	Growth of the real effective exchange rate and components
Figure 12	Ugandan population growth by location
Figure 13	Uganda mobile market trends, 2021 - 2031



airtel

A REASON TO **IMAGINE**

Airtel Uganda, Airtel House,
Clement Hill Road, P. O. Box 6771,
Kampala, Uganda