

**AIRTEL UGANDA LIMITED**

**ANNUAL REPORT  
AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2025**

**AIRTEL UGANDA LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**AIRTEL UGANDA LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**COMPANY INFORMATION**

**REGISTERED OFFICE AND PRINCIPAL  
PLACE OF BUSINESS**

Airtel Uganda Limited  
16A Clement Hill Road  
P.O. Box 6771  
Kampala, Uganda

**COMPANY SECRETARY**

Godfrey Bakibinga  
Airtel Uganda Limited  
16A Clement Hill Road  
P.O. Box 6771  
Kampala, Uganda

**COMPANY SOLICITORS**

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

Verma & Partners  
3<sup>rd</sup> Floor, FIL Courts  
88 Luthuli Avenue, Bugolobi  
P.O. Box 7595  
Kampala, Uganda

Lex Uganda Advocates & Solicitors  
8th floor communications house  
1 Colville Street  
P.O. Box 22490  
Kampala, Uganda

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

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

Birungyi, Barata & Associates  
14 Archer Road, Kololo  
P.O. Box 21086  
Kampala, Uganda

TARA Advocates  
Interservice Tower, Level 2  
Lumumba Avenue  
P.O. Box 2787  
Kampala, Uganda

AF Mpanga Advocates  
4th Floor, DFCU Tower  
26 Kyadondo Road, Nakasero  
P.O. Box 1520  
Kampala, Uganda

**AIRTEL UGANDA LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**COMPANY INFORMATION (CONTINUED)**

**BANKERS**

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

Stanbic Bank Uganda Limited  
10<sup>th</sup> Floor, Short Tower  
17 Hannington Road  
Crested Towers  
Kampala, Uganda

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

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

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

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

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

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

Diamond Trust Bank  
17-19 Kampala Road  
P.O. Box 7155  
Kampala, Uganda

Bank of Africa  
23 Lugogo By-Pass, Kampala  
P.O. Box 2750  
Kampala, Uganda

**AUDITORS**

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

## AIRTEL UGANDA LIMITED

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

#### DIRECTORS' REPORT

The directors submit their report together with the audited financial statements of Airtel Uganda Limited for the year ended 31 December 2025, in accordance with Companies Act, Cap. 106 which discloses the state of financial affairs of Airtel Uganda Limited ("the Company").

#### PRINCIPAL ACTIVITIES

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

#### FINANCIAL RESULTS

	2025 Ushs million	2024 Ushs million
Profit before taxation	639,910	451,736
Taxation charge	<u>(193,049)</u>	<u>(134,996)</u>
<b>Profit for the year</b>	<b><u>446,861</u></b>	<b><u>316,740</u></b>

The profit for the year amounted to Ushs 446,861 million (2024: Ushs 316,740 million). The Directors declared interim dividends for the year ended 31 December 2025 amounting to Ushs 304,000 million (2024: 215,000 million) (refer note 33 of the financial statements).

Further, the Directors recommend a final dividend of Ushs 142,000 million at a rate of Ushs. 3.55 per share making a total dividend for the year of Ushs 446,000 million (2024: 315,000 million) at a rate of Ushs 11.15 per share for the year ended 31 December 2025 (2024: Ushs 7.88 per share).

Subject to the approval of the shareholders at the AGM, the final dividend will be paid on or before 29 April 2026 to the shareholders on the register at the close of business on 8 April 2026. This final dividend is not included as a liability in the Financial Statements.

#### RESERVES

The reserves of the Company are set out on page 13 in the statement of changes in equity.

#### DIRECTORS

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

Hannington Karuhanga	- Non-Executive Director
Soumendra Sahu	- Executive Director
Alok Bafna	- Non-Executive Director (Resigned on 26 <sup>th</sup> August 2025)
Rama Krishna Lella	- Non-Executive Director (Resigned on 26 <sup>th</sup> August 2025)
Apoorva Mehrotra	- Non-Executive Director
Keith Kalyegira	- Non-Executive Director
Suzan Kitariko Mweheire	- Non-Executive Director
Alice Kariuki	- Non-Executive Director (Appointed on 27 <sup>th</sup> August 2025)
Neeraj Jain	- Non-Executive Director (Appointed on 27 <sup>th</sup> August 2025)

**AIRTEL UGANDA LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**DIRECTORS' REPORT (CONTINUED)**

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

**SHAREHOLDING**

The shareholding of the Company as at 31 December 2025 is as follows

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

**AUDITORS**

Deloitte & Touche, Certified Public Accountant of Uganda, have expressed their willingness to continue in office in accordance with the provisions of Section 163 (1) and (2) of the Companies Act, Cap. 106 of the Laws of Uganda.

**BY ORDER OF THE BOARD**

**Secretary**

*20 February* 2026

**Kampala**

**AIRTEL UGANDA LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

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

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

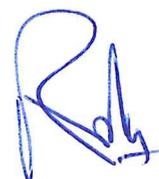
The Directors accept responsibility for the year's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board and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

In preparing the financial statements, the directors have assessed the Company's ability to continue as a going concern and disclosed under note 6, as applicable, matters relating to the use of the going concern basis of preparation of the financial statements. The directors hereby report that nothing has come to their attention to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

The financial statements of Airtel Uganda Limited were approved and authorized for issue by the Board of Directors on **20 February 2026** and signed on its behalf by:



**Soumendra Sahu**  
Director



**Hannington Karuhanga**  
Chairman

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AIRTEL UGANDA LIMITED

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Airtel Uganda Limited set out on pages 11 to 61, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Airtel Uganda Limited as at 31 December 2025, and of its financial performance and cash flows for the year then ended and are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act Cap. 106 of the Laws of Uganda.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Guidelines issued by the Institute of Certified Public Accountants of Uganda. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audit of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Uganda. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

#### Key audit matters

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



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

**INDEPENDENT AUDITOR’S REPORT  
TO THE SHAREHOLDERS OF AIRTEL UGANDA LIMITED (CONTINUED)**

**Key audit matters**

<b>Recognition of revenue from contracts with customers</b>	<b>How our audit addressed the matter</b>
<p>Recognition of revenue from contracts with customers.</p> <p>The recognition of revenue from contracts with customers is considered a key audit matter in telecom companies due to its complexity, contractual dynamics and control environment.</p> <p>Furthermore, we considered revenue recognition as a key audit matter because the entity’s revenue recognition process relies on the use of multiple, and in some cases complex, information technology systems to apply distinct tariff structures and pricing models to the company’s products and services.</p> <p>As disclosed in notes 7(a) of these financial statements, the company earned Ushs 2,233 billion (2024: Ushs 1,978 billion) revenue with customers.</p>	<ul style="list-style-type: none"> <li>• Used internal IT specialists to test the IT environment in which the billing systems reside, including interface controls between different IT applications.</li> <li>• Tested the relevant controls over (a) approvals and maintenance of new tariff plans in the billing system and (b) authorization of the rate changes and the maintenance of such rates in the billing systems.</li> <li>• Tested the accuracy and completeness of key information used within relevant controls (“IUC”) either through testing controls around the IUC or directly testing the IUC.</li> <li>• Obtained and substantively tested samples of CDR (call detail records) rating validations performed by revenue assurance to test the accuracy of both revenue streams and the resolution of exceptions noted, if any. Sample tested the accuracy of tariffs set up in the system.</li> <li>• Performed independent call testing with the objective of ensuring the accuracy of plans by ensuring that a sample of each major tariff has been tested and that the rates set up in the system are accurate.</li> <li>• Obtained and tested the accuracy of the reconciliation between the Intelligent Network (IN) billing system and the general ledger (the manual revenue reconciliation process).</li> <li>• Assessed the adequacy and appropriateness of disclosures for compliance with the accounting standards.</li> </ul> <p>Based on the procedures described above, our audit evidence was consistent with the revenue recognized in the financial statements in accordance with IFRS 15. We also found the disclosures to be adequate and appropriate.</p>

**Other information**

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

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AIRTEL UGANDA LIMITED (CONTINUED)**

### **Responsibilities of the directors for the financial statements**

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

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF AIRTEL UGANDA LIMITED (CONTINUED)**

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

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

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

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

**Report on other legal requirements**

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

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account have been kept by the Company so far as appears from our examination of those books; and
- (iii) The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

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

*Deloitte & Touche*

**Certified Public Accountant of Uganda**

*20 February* 2026

**Kampala**

*Paul Ssali*

**Paul Ssali  
Partner**



**AIRTEL UGANDA LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	2025 Ushs millions	2024 Ushs millions
<b>Income</b>			
Revenue	7	2,232,897	1,978,815
Other income	7(b)	16,839	7,683
		<b>2,249,736</b>	<b>1,986,498</b>
<b>Expenses</b>			
Network operating expenses	8(a)	(353,605)	(334,080)
Access charges		(105,052)	(104,809)
Licence fees and spectrum usage charges		(50,056)	(46,771)
Employee benefit expenses	8(b)	(93,701)	(88,978)
Sales and marketing expenses	8(c)	(246,745)	(227,215)
Other operating expenses	8(d)	(167,417)	(191,106)
Impairment reversal/(loss) on financial assets		2,196	(1,109)
Depreciation and amortisation	9	(386,171)	(363,310)
		<b>(1,400,551)</b>	<b>(1,357,378)</b>
<b>Operating profit</b>		<b>849,185</b>	<b>629,120</b>
Finance income	10(a)	13,577	14,969
Finance costs	10(b)	(222,852)	(192,353)
<b>Profit before tax</b>		<b>639,910</b>	<b>451,736</b>
Income tax expense	11(a)	(193,049)	(134,996)
<b>Profit for the year</b>		<b>446,861</b>	<b>316,740</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>35</b>	<b>62</b>	<b>32</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>446,923</b>	<b>316,772</b>
<b>Basic and diluted earnings per share (UShs)</b>	<b>34</b>	<b>11.2</b>	<b>7.9</b>

**AIRTEL UGANDA LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2025**

<b>ASSETS</b>	<b>Note</b>	<b>2025</b> <b>Ushs millions</b>	<b>2024</b> <b>Ushs millions</b>
<b>Non-current assets</b>			
Property plant and equipment	12	833,946	845,455
Capital work-in-progress	12	88,418	29,145
Right of use asset	13	1,137,307	1,082,205
Intangible assets	15	369,810	387,887
Other non-current assets	16	86,831	60,251
		<b>2,516,312</b>	<b>2,404,943</b>
<b>Current assets</b>			
Inventories	17	3,662	3,027
<b>Financial assets</b>			
Trade receivables	18	74,032	75,235
Cash and cash equivalents	19	27,199	9,443
Derivative financial assets	29	1,433	-
Others	20	13,160	10,883
Income tax asset (net)	11(b)	-	13,478
Other current assets	16	100,384	88,521
		<b>219,870</b>	<b>200,587</b>
<b>TOTAL ASSETS</b>		<b>2,736,182</b>	<b>2,605,530</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	22	40,000	40,000
Retained earnings		145,262	102,401
Other reserves	35	173	111
<b>TOTAL EQUITY</b>		<b>185,435</b>	<b>142,512</b>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	23	189,579	258,717
Lease liabilities	24	1,108,508	1,063,657
Others	25	135,978	141,782
Deferred revenue	26	8,054	9,534
Provisions	27	2,011	2,391
Deferred tax liabilities	11(c)	140,182	132,340
		<b>1,584,312</b>	<b>1,608,421</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	23	455,438	394,773
Lease liabilities	24	151,537	125,274
Trade payables	28	168,400	181,067
Derivative financial liabilities	29	-	3,549
Others	25	71,026	47,005
Deferred revenue	26	27,204	29,464
Provisions	27	10,621	14,692
Income tax payable (net)	11(b)	17,652	-
Other current liabilities	30	64,557	58,773
		<b>966,435</b>	<b>854,597</b>
<b>TOTAL LIABILITIES</b>		<b>2,550,747</b>	<b>2,463,018</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,736,182</b>	<b>2,605,530</b>

The financial statements on pages 11 to 61 were approved for issue by the Board of Directors on **20 February 2026** and signed on its behalf by:

  
**Soumendhra Sahu**  
Director

  
**Hannington Karuhanga**  
Chairman

**AIRTEL UGANDA LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2025**

Particulars	Share Capital	Retained	Other	Grand total
	Ushs millions	earnings	comprehensive	Ushs millions
		Ushs millions	income	
			Ushs millions	
<b>At 1 January 2024</b>	<b>40,000</b>	<b>86,661</b>	<b>79</b>	<b>126,740</b>
Profit for the period	-	316,740	-	316,740
Dividend - Final dividend FY23 (Refer to note 33)	-	(86,000)	-	(86,000)
Dividends – Interim dividend FY24 (Refer to note 33)	-	(215,000)	-	(215,000)
Other comprehensive income	-	-	32	32
<b>At 31 December 2024</b>	<b>40,000</b>	<b>102,401</b>	<b>111</b>	<b>142,512</b>
<b>At 1 January 2025</b>	<b>40,000</b>	<b>102,401</b>	<b>111</b>	<b>142,512</b>
Profit for the period	-	446,861	-	446,861
Dividend - Final dividend FY24 (Refer to note 33)	-	(100,000)	-	(100,000)
Dividends – Interim dividend FY25 (Refer to note 33)	-	(304,000)	-	(304,000)
Other comprehensive income	-	-	62	62
<b>At 31 December 2025</b>	<b>40,000</b>	<b>145,262</b>	<b>173</b>	<b>185,435</b>

**AIRTEL UGANDA LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	2025 Ushs millions	2024 Ushs millions
<b>OPERATING ACTIVITIES</b>			
Profit before tax		639,910	451,736
<b>Adjustments for:</b>			
Depreciation and amortisation	9	386,171	363,310
Interest income	10(a)	(2,283)	(626)
Unrealised foreign exchange gain	10(a)	(11,294)	(14,343)
Interest on borrowings	10(b)	89,687	93,433
Interest on lease liabilities	10(b)	106,562	72,211
Interest on spectrum liabilities	10(b)	10,083	10,929
Movement in provision for trade receivables	18	(2,196)	1,305
Movement in provision for inventory obsolescence	17	(497)	(78)
Asset write off	12	5,939	217
<b>Operating cash flow before changes in working capital</b>		<b>1,222,082</b>	<b>978,094</b>
(Increase)/decrease in inventories	17	(138)	496
(Increase)/decrease in trade receivables	18	998	19,224
Increase in other financial and non-financial assets	16, 20	(39,878)	(414)
Decrease in trade payables	28	(15,095)	(12,574)
Decrease in deferred revenue	26	(3,740)	(1,155)
Increase in other financial, provisions and non-financial liabilities	25, 27, 29, 30	3,209	7,200
<b>Net cash generated from operations before tax</b>		<b>1,167,438</b>	<b>990,871</b>
Income tax paid	11(d)	(154,077)	(110,916)
<b>Net cash generated from operating activities (a)</b>		<b>1,013,361</b>	<b>879,955</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment & capital work in progress	12	(229,121)	(235,861)
Purchase of intangible assets and intangible assets under development		(11,194)	-
Interest received	10(a)	2,283	626
<b>Net cash flows used in investing activities (b)</b>		<b>(238,032)</b>	<b>(235,235)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from borrowings	23	205,000	35,000
Repayment of borrowings	23	(39,545)	(105,451)
Interest on borrowings		(89,111)	(94,071)
Repayment of lease liabilities	24	(132,886)	(144,161)
Interest paid on lease liabilities	24	(106,562)	(72,211)
Payment of spectrum liabilities	25	(5,609)	(6,715)
Interest paid on spectrum liabilities	25	(10,083)	(10,929)
Dividend paid	33	(404,006)	(301,009)
<b>Net cash flows used in financing activities (c)</b>		<b>(582,802)</b>	<b>(699,547)</b>
<b>Net movement in cash and cash equivalents during the year (a+b+c)</b>		<b>192,527</b>	<b>(54,827)</b>
Cash and cash equivalents as at beginning of the year		(351,746)	(296,919)
<b>Cash and cash equivalents as at end of the year</b>	<b>19</b>	<b>(159,219)</b>	<b>(351,746)</b>

## **AIRTEL UGANDA LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **1. CORPORATE INFORMATION**

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

#### **2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS**

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

No new IFRS issued during the year are applicable to the Company.

During the current year, the Company has applied amendments to IFRSs issued by the IASB, that are mandatorily effective for the current year. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. The list of newly issued amendments is as follows:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability: Effective 1 January 2025, the amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' relating to lack of exchangeability are applicable. These amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.  
The Company has evaluated the applicability of the amendment in the standard in the jurisdictions it which it operates, and the Company believes that the IAS 21 amendment's requirements are not met for the said jurisdictions.

##### **2.2 New and amended standards in issue but not yet effective**

At the date of authorisation of these financial statements, the Company has not applied the following new and amended IFRS Accounting Standards that have been issued effective for annual periods beginning on or after 1 January 2026.

- Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments
- Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity
- Annual IFRS improvement Volume 11 which includes Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash Flows.
- Amendment to IAS 21 - Translation to a Hyperinflationary Presentation Currency
- IFRS 18 - Presentation and Disclosure in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures

## **AIRTEL UGANDA LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

#### **2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS**

##### **2.2 New and amended standards in issue but not yet effective**

The amendments to IFRS 9, IFRS 7 and Annual Improvements are effective for annual periods beginning on or after 1 January 2026 whilst Amendment to IAS 21, IFRS 18 and IFRS 19 are effective for annual periods beginning on or after 1 January 2027.

The Company is in the process of assessing the impact of IFRS 18 and amendments relating to IFRS 7 and IFRS 9 on the Company's financial statements and will present the impact, when available.

The amendments relating to Annual improvements are not expected to have a material impact on the Company's financial reporting on adoption.

Further, the Company's equity instruments are publicly traded, hence the requirements under IFRS 19 are not applicable. Also, the amendments to IAS 21 are not applicable to the Company.

#### **3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

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

##### **(a) Basis of preparation**

The Financial Statements of Airtel Uganda Limited have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act Cap. 106, of the Laws of Uganda. The Financial Statements are presented in Uganda Shillings, and all values are rounded to the nearest millions except when otherwise indicated.

For purposes of reporting under the Companies Act Cap. 106 of the Laws of Uganda, the Balance Sheet in these Financial Statements is represented by the Statement of Financial Position and the Profit and Loss account is represented by the statement of profit or loss and other comprehensive income.

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

##### **(b) Basis of measurement**

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

##### **Fair value measurement**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(b) Basis of measurement (Continued)**

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

The three levels of the fair value hierarchy are described below:

- Level 1 – Fair values derived on the basis of quoted (unadjusted) prices for identical assets or liabilities in active markets.
- Level 2 – Fair values derived on the basis significant inputs other than quoted prices within level 1 that are directly or indirectly observable; and
- Level 3 – Fair values derived on the basis valuation techniques that used significant inputs that are not based upon observable market data (unobservable inputs).

**(c) Revenue recognition**

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(c) Revenue recognition (Continued)**

**Service revenue**

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

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

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

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

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

Subscription charges are recognised over the subscription pack validity period.

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

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

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

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

**Equipment sales**

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

**Costs to obtain or fulfil a contract with a customer**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(d) Functional currency and translation of foreign currencies**

**Functional and presentation currency**

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

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

**Transactions and balances**

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

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

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

**(e) Property, plant and equipment ('PPE') and Capital work-in-progress ('CWIP')**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Property, plant and equipment ('PPE') and Capital work-in-progress ('CWIP') (Continued)

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

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

Categories	Period (Years)
Buildings and leasehold improvements	Period of lease or 10-20 (as applicable, whichever is less)
Plant and Machinery (including passive infrastructure)	3-25
Computer	3-5
Furniture & fixture and Office Equipment	1-5
Motor vehicles	5

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

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

(f) Intangible assets

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

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

Intangible assets that are acquired in a business combination are initially recognised at fair value at the acquisition date. Other intangible assets are recognised at cost which includes its purchase price and cash price equivalent of deferred payments beyond normal credit terms,

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(f) Intangible assets (Continued)**

if any. Intangible assets with definite useful life are carried at cost less accumulated amortisation and any impairment losses. Amortisation is computed using the straight-line method over the expected useful life.

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

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

**Software**

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

**Licences (including spectrum)**

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

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

**Internally-generated intangible assets – research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(f) Intangible assets (Continued)**

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

**Other acquired intangible assets**

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

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

**Derecognition of intangible assets**

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

**(g) Accounting for leases**

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

**Company as a lessee**

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(g) Accounting for leases (Continued)**

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

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

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

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

**Company as a lessor**

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

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

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

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

**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.

## AIRTEL UGANDA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

#### 3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

##### (h) Inventories

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

##### (i) Cash and cash equivalents

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

##### (j) Provisions

###### General

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

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

###### Provision for legal, tax and regulatory matters

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

##### (k) Employee benefits

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

## AIRTEL UGANDA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

#### 3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

##### (k) Employee benefits (Continued)

###### Defined contribution plans

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

###### i) Provident fund

The Company contributes to the Staff Provident Fund. Under this voluntary scheme, the employee contributes 5% of their basic salary while the employer contributes 5% of each employee's basic salary. There is an option for employees to contribute over and above the mandatory 5% upto maximum of 15%. The minimum total remittance to the fund per month in respect of each employee is 10%. The contribution is charged to the statement of comprehensive income in the year in which it is incurred.

###### ii) National Social Security Fund

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

###### Defined benefit plans

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

Defined benefit costs are split into the following categories:

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

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

###### Other long-term employee benefits

The employees of the Company are entitled to compensated absences. Compensated absences benefit comprises encashment and the availing of leave balances that were earned by the employees over the period of past employment.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(k) Employee benefits (Continued)**

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

**Employee Stock Option Plan (ESOP)**

Employees (including senior executives) of the Company have received remuneration from the intermediate parent company in the form of share-based payments, whereby employees render services as consideration for equity instruments. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The company recognizes the expense over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, with corresponding credit taken to payables since the cost will be subsequently reimbursed to the parent.

**(l) Income tax**

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

**Current tax**

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

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

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

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

**3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(l) Income tax (Continued)**

**Deferred tax**

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

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

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

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

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

**(m) Borrowing Cost**

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

**(n) Financial instruments**

**Recognition, classification and presentation**

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

The Company classifies its financial assets into the following categories:

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(n) Financial instruments (Continued)**

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

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

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

**Measurement - Non-derivative financial instruments**

**(i) Initial measurement**

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit and loss.

**Difference between fair value at initial recognition and transaction price**

The transaction price is generally the best evidence of the financial instrument's initial fair value. However, it is possible for an entity to determine that the instrument's fair value is not the transaction price. The difference (if any) between the transaction amount and the fair value is accounted for as follows:

- The difference is recognised in the profit and loss only if fair value is evidenced by a quoted price in an active market for an identical asset or liability (level 1 input) or based on a valuation technique that uses only data from observable markets.
- In all other cases, an entity recognises the instrument at fair value and defers the difference between the fair value at initial recognition and the transaction price in the statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(n) Financial instruments (Continued)**

**(ii) Subsequent measurement - financial assets**

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

**Financial assets measured at amortised cost**

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

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

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

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

**Impairment**

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

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

**(iii) Subsequent measurement - financial liabilities**

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

**Measurement - derivative financial instruments**

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

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(n) Financial instruments (Continued)**

**(iv) Derecognition**

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

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

**Goodwill**

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

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

**Property, plant and equipment, Right-of-use assets, Intangible assets and intangible assets under development (Continued)**

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

**Reversal of impairment losses**

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

**(p) Asset Retirement obligation (ARO)**

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

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

**(q) Investment property**

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

**(r) Statement of cash flow**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**(s) Share capital and Share premium**

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

**(t) Current versus non-current classification**

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

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

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

A liability is classified as current when it is expected to be settled in the Company's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period, or the Company does not have the right to defer the settlement of the liability at the end of the reporting period for at least 12 months after the reporting period.

**(u) Contingencies**

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

**(v) Dividends**

Dividends to shareholders of the company are deducted from retained earnings and recognised as a liability, in the year in which the dividends are approved by the shareholders. Interim dividends are deducted from the retained earnings when they are paid.

**(w) Earnings Per Share**

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

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

**4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

**(a) Key sources of estimation uncertainty**

**Income taxes**

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

**Contingent liabilities and provisions**

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

**Inventory obsolescence**

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

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

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

**Separating lease and non-lease components**

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

**Determining the incremental borrowing rate for lease contracts**

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

**Determining the lease term**

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

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

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

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

**Determining the lease term (Continued)**

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

**5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

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

Details of key risks as applicable to the company are summarized below;

**a) Market risk**

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

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

**(i) Foreign exchange risk**

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

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**a) Market risk (Continued)**

**(i) Foreign exchange risk (Continued)**

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.

The company's exposure to foreign currency risk at the end of the reporting period, is as follows:

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
<b>Assets</b>		
Cash and cash equivalents	6,985	3,728
Trade receivables	61,726	73,995
Other receivables	25,163	1,885
<b>Total assets</b>	<b>93,874</b>	<b>79,608</b>
<b>Liabilities</b>		
Trade payables	102,059	70,684
Lease liabilities	756,662	723,563
Other financial liabilities	134,839	142,414
<b>Total liabilities</b>	<b>993,560</b>	<b>936,661</b>
<b>Net USD exposure</b>	<b>(899,686)</b>	<b>(857,053)</b>

At 31 December 2025, if the Uganda Shilling had weakened/strengthened by 5% to Ushs/USD 3,802 and 3,440 respectively against the US Dollar with all other variables held constant, as opposed to the exchange rate prevailing as at year end (Ushs/USD 3,621), profit for the year would have been as follows.

	<b>Increase/decrease in the value of Ushs vs. USD</b>	<b>Effect on profit before tax Ushs millions</b>	<b>Effect on Profit after tax and equity Ushs millions</b>
Net effect based as at	5%	(44,984)	(31,489)
31 December 2025	-5%	44,984	31,489
	<b>Increase/decrease in the value of Ushs vs. USD</b>	<b>Effect on profit before tax Ushs millions</b>	<b>Effect on Profit after tax and equity Ushs millions</b>
Net effect based as at	5%	(42,853)	(29,997)
31 December 2024	-5%	42,853	29,997

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**a) Market risk (Continued)**

**(ii) Cash flow and interest rate risk**

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

At 31 December 2025, if the Interest rate had decreased/increased by 1% of total borrowing with all other variables held constant, pre-tax profit for the year would have increased/decreased by Ushs 6,450 million (2024: Ushs 6,535 million) mainly as a result of interest rate change.

**(iii) Price risk**

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

**(b) Credit risk**

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

**Trade receivables**

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

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

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

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

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**5. 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.

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

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
Bank balances	7,832	6,190
Balance held in wallets	19,367	3,253
Trade receivables	17,143	21,135
Leaseline receivables	5,119	6,144
Roaming receivables	5,184	5,637
Amounts due from related parties	61,721	60,341
Other financial assets	13,160	10,883
	<b>129,526</b>	<b>113,583</b>

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

	<b>Not Past Due</b>		<b>Past Due</b>		<b>Total</b>	<b>Impairment</b>	<b>Net</b>
	<b>Less than 30 days</b>	<b>30 to 60 days</b>	<b>60 to 90 days</b>	<b>Above 90 days</b>			
	<b>Ushs</b>	<b>Ushs</b>	<b>Ushs</b>	<b>Ushs</b>	<b>Ushs</b>	<b>Ushs</b>	<b>Ushs</b>
	<b>millions</b>	<b>millions</b>	<b>millions</b>	<b>millions</b>	<b>millions</b>	<b>millions</b>	<b>millions</b>
<b>31 December 2025</b>	40,398	2,981	8,007	50,941	102,327	(15,135)	87,192
<b>31 December 2024</b>	14,341	4,124	2,724	82,951	104,140	(18,022)	86,118

**Collateral**

There are collateral/security deposits held whose fair value is the cash amount paid which is equivalent to Ushs 4,386 million (2024: Ushs 4,245 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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**5. 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 and overdraft from both domestic and international banks at an optimised cost. For details on borrowings refer to Note 23.

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

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

	<1 year	1-2 years	>2 years	Total
<b>At 31 December 2025</b>	<b>Ushs millions</b>	<b>Ushs millions</b>	<b>Ushs millions</b>	<b>Ushs millions</b>
<b>Financial assets</b>				
Trade receivables	74,032	-	-	74,032
Other receivables	13,160	-	-	13,160
Cash and cash equivalents	27,199	-	-	27,199
<b>Total financial assets</b>	<b>114,391</b>	<b>-</b>	<b>-</b>	<b>114,391</b>
<b>Financial liabilities</b>				
Trade payables	168,400	-	-	168,400
Borrowings	496,547	182,974	33,164	712,685
Lease liabilities	270,859	221,322	1,434,459	1,926,640
Other financial liabilities	71,026	4,364	131,614	207,004
<b>Total financial liabilities</b>	<b>1,006,832</b>	<b>408,660</b>	<b>1,599,237</b>	<b>3,014,729</b>
<b>Net liquidity gap</b>	<b>(892,441)</b>	<b>(408,660)</b>	<b>(1,599,237)</b>	<b>(2,900,338)</b>
<b>At 31 December 2024</b>				
	<b>&lt;1 year</b>	<b>1-2 years</b>	<b>&gt;2 years</b>	<b>Total</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>	<b>Ushs millions</b>	<b>Ushs millions</b>
<b>Financial assets</b>				
Trade receivables	75,235	-	-	75,235
Other receivables	10,883	-	-	10,883
Cash and cash equivalents	9,443	-	-	9,443
<b>Total financial assets</b>	<b>95,561</b>	<b>-</b>	<b>-</b>	<b>95,561</b>
<b>Financial liabilities</b>				
Trade payables	181,067	-	-	181,067
Borrowings	438,570	159,125	137,767	735,462
Lease liabilities	244,360	208,385	1,376,844	1,829,589
Other financial liabilities	47,005	4,429	137,353	188,787
<b>Total financial liabilities</b>	<b>911,002</b>	<b>371,939</b>	<b>1,651,964</b>	<b>2,934,905</b>
<b>Net liquidity gap</b>	<b>(815,441)</b>	<b>(371,939)</b>	<b>(1,651,964)</b>	<b>(2,839,344)</b>

## AIRTEL UGANDA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

#### 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### (c) Liquidity risk (Continued)

The company's business runs on a majority cash model (pre-paid revenue) hence has the capability to generate sufficient operating cashflows to meet all its obligations as they fall due. The operating cashflows combined with sufficient headroom available through external sources of financing (overdraft facilities) as at 31 December 2025 provide sufficient liquidity to the Company to meet all obligations as they fall due.

##### (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 liabilities less cash and cash equivalents.

The leverage ratios at 31 December 2025 and 31 December 2024 were as follows:

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
Total borrowings	645,017	653,490
Total lease obligation	1,260,045	1,188,931
Less: Cash and cash equivalents	(27,199)	(9,443)
<b>Net Debt</b>	<b>1,877,863</b>	<b>1,832,978</b>
EBITDA	1,235,356	992,430
Leverage ratio (x)	<b>1.5</b>	<b>1.8</b>

#### 6. GOING CONCERN

During the year ended 31 December 2025, the Company reported a net profit of Ushs 446,861 million (2024: Ushs 316,740 million). As at 31 December 2025, the Company had retained earnings of Ushs 185,435 million (2024: Ushs 142,512 million) and net current liabilities of Ushs 746,565 million (2024: Ushs 654,010 million).

The Directors are of the opinion that the Company is a going concern on the basis that the Company:

- a) Will continue to generate cash inflows from operations of at least the amount projected in the management's annual operating plan. The generation of sufficient cash flows from operations is driven by and is dependent on management achieving operational targets on subscriber numbers, churn rate and average revenue per user; and
- b) Will obtain funding from third parties including banks.

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**6. GOING CONCERN (CONTINUED)**

The Directors are confident that the funds described above will be available to the Company to support it to discharge obligations as required and therefore consider it appropriate to prepare the financial statements on a going concern basis.

**7. REVENUE**

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
Service revenues	2,230,790	1,974,807
Sale of products	2,107	4,008
	<u><b>2,232,897</b></u>	<u><b>1,978,815</b></u>

**(a) SERVICE REVENUE**

Airtime revenue	914,492	878,562
Value added services and data revenue	1,176,027	961,019
Interconnect revenue	112,381	116,957
Roaming revenue	27,890	18,269
	<u><b>2,230,790</b></u>	<u><b>1,974,807</b></u>

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

Performance Obligations that are unsatisfied (or partially unsatisfied) amounting to Ushs 35,258 million as at 31 December 2025 (Ushs 38,998 million as at 31 December 2024), of which Ushs 27,204 million will be satisfied over a period of one year and the remaining Ushs 8,054 million over 6 years 3 months (revenue of Ushs 1,480 million to be recognised on annual basis). Revenue recognised that was included in the deferred revenue balance at the beginning of the year is Ushs 29,464 million (2024: Ushs 29,085 million). Total unbilled as at 31 December 2025 is Ushs 9,085 million (2024: Ushs 10,880 million).

**(b) OTHER INCOME**

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
Miscellaneous income	16,839	7,683
	<u><b>16,839</b></u>	<u><b>7,683</b></u>

**8 (a) NETWORK OPERATING COSTS**

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
Site running expenses	257,443	245,020
Network support and maintenance	80,805	76,103
Internet access and bandwidth	15,357	12,957
	<u><b>353,605</b></u>	<u><b>334,080</b></u>

**AIRTEL UGANDA LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****8 (b) EMPLOYEE BENEFIT EXPENSES**

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
Salaries	73,725	72,417
Defined contribution plan	6,827	6,552
Defined benefit plan	684	584
Staff welfare expenses	9,562	9,127
Others	2,903	298
	<b>93,701</b>	<b>88,978</b>

**8 (c) SALES AND MARKETING**

Sales and distribution expense	223,092	205,681
Marketing expenses	23,653	21,534
	<b>246,745</b>	<b>227,215</b>

**8 (d) OTHER OPERATING EXPENSES**

Cost of goods sold	5,869	5,335
Office repair and maintenance	5,544	8,075
Legal and professional fees	58,520	62,020
Rates and taxes	12,839	12,308
Content cost	60,354	75,911
IT expenses	5,515	7,563
Travel and conveyance	10,042	10,335
Customer care expenses	2,527	1,839
Charitable donation	1,752	18
Auditor's remuneration	891	817
Others	3,564	6,885
	<b>167,417</b>	<b>191,106</b>

Auditor's remuneration for the year ended 31 December 2025 includes Ushs 37 million (2024: Ushs 39 million) for non-audit services paid to Deloitte & Touche in respect of the review of the Condensed Interim Financial Statements for the entity.

**9. DEPRECIATION & AMORTISATION**

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
Depreciation on property, plant and equipment (Note 12)	187,751	176,258
Depreciation of right of use assets (Note 13)	158,136	153,647
Amortization of intangible assets (Note 15)	40,284	33,405
	<b>386,171</b>	<b>363,310</b>

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**10. FINANCE INCOME / COSTS**

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
<b>(a) Finance income</b>		
Interest income on deposits	1,644	256
Interest income on others	639	370
Net unrealised exchange gain	11,294	14,343
	<u>13,577</u>	<u>14,969</u>
<b>(b) Finance costs</b>		
Interest on borrowings	89,687	93,433
Interest on lease liabilities	106,562	72,211
Interest on deferred spectrum	10,083	10,929
Net realised exchange loss	14,956	14,181
Other finance charges	1,564	1,599
	<u>222,852</u>	<u>192,353</u>

**11. TAXATION**

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

<b>Income tax expense</b>		
Current tax expense	184,250	94,972
Deferred tax expense	8,451	38,293
Current tax expense – Rental Income	373	515
Tax effect of prior year adjustments		
- Current tax expense	584	7,357
- Deferred tax expense	(609)	(6,141)
	<u>193,049</u>	<u>134,996</u>

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

<b>Profit before tax</b>	<b>639,910</b>	<b>451,736</b>
Enacted tax rates in Uganda	30%	30%
Tax expense	191,973	135,521
Effect of:		
Tax effect of prior year adjustments	(24)	(1,215)
Expense not deductible	1,100	690
	<u>193,049</u>	<u>134,996</u>

**(b) Income tax (liability)/asset (net)**

Income tax payable of Ushs 17,652 million (2024: Income tax recoverable of Ushs 13,478 million).

Opening balance	13,478	5,406
Tax paid	154,077	110,916
Income tax expense	(185,207)	(102,844)
	<u>(17,652)</u>	<u>13,478</u>

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**11. TAXATION (CONTINUED)**

**(c) Deferred income tax**

The Company has a net deferred tax liability of Ushs 140,182 million (2024: deferred tax liability Ushs 132,340 million) arising from accelerated tax depreciation and other temporary differences.

	<b>At 01-Jan-25 Ushs million</b>	<b>Movement for the year Ushs million</b>	<b>At 31-Dec-25 Ushs million</b>
Accelerated tax depreciation	125,453	1,911	127,364
Unrealised exchange (loss)/gain	(548)	3,128	2,580
Other temporary differences	7,435	2,803	10,238
<b>Net deferred tax liability</b>	<b>132,340</b>	<b>7,842</b>	<b>140,182</b>

	<b>At 01-Jan-24 Ushs million</b>	<b>Movement for the year Ushs million</b>	<b>At 31-Dec-24 Ushs million</b>
Accelerated tax depreciation	119,638	5,815	125,453
Unrealised exchange (loss)/gain	(623)	74	(548)
Other temporary differences	(18,827)	26,262	7,435
<b>Net deferred tax liability</b>	<b>100,188</b>	<b>32,152</b>	<b>132,340</b>

**(d) Income tax paid**

	<b>2025 Ushs millions</b>	<b>2024 Ushs millions</b>
<b>Income taxation paid</b>		
Current tax – Rental income	(275)	(513)
Withholding tax paid	(2,404)	(3,868)
Advance tax paid	(151,398)	(106,493)
Final tax paid	-	(42)
<b>Income tax paid</b>	<b>(154,077)</b>	<b>(110,916)</b>

AIRTEL UGANDA LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

12. PROPERTY, PLANT AND EQUIPMENT

Particulars	Plant and Machinery	Buildings and leasehold improvements	Office equipment and furniture	Computer	Vehicle	Total	Capital work in progress	Grand total
	Ushs millions	Ushs millions	Ushs millions	Ushs millions	Ushs millions	Ushs millions	Ushs millions	Ushs millions
<b>COST</b>								
At 1 January 2025	2,024,789	27,748	72,806	217,705	3,449	2,346,497	29,145	2,375,642
Additions	-	-	-	-	-	-	252,467	252,467
Disposal	(7,196)	-	-	-	-	(7,196)	-	(7,196)
Adjustments <sup>(1)</sup>	(9,129)	(3,139)	(1,455)	(91,438)	-	(105,161)	-	(105,161)
Transfer out <sup>(2)</sup>	-	-	-	(18,666)	-	(18,666)	-	(18,666)
Transfer from CWIP	173,366	-	6,093	12,707	428	193,194	(193,194)	-
<b>At 31 December 2025</b>	<b>2,182,430</b>	<b>24,609</b>	<b>77,444</b>	<b>120,308</b>	<b>3,877</b>	<b>2,408,668</b>	<b>88,418</b>	<b>2,497,086</b>
<b>ACCUMULATED DEPRECIATION</b>								
At 1 January 2025	1,224,064	22,217	55,886	196,228	2,647	1,501,042	-	1,501,042
Charge for the period	167,022	1,076	11,977	7,318	358	187,751	-	187,751
Disposal	(1,257)	-	-	-	-	(1,257)	-	(1,257)
Adjustments <sup>(1)</sup>	(9,129)	(3,139)	(1,455)	(91,438)	-	(105,161)	-	(105,161)
Transfer out <sup>(2)</sup>	-	-	-	(7,653)	-	(7,653)	-	(7,653)
<b>At 31 December 2025</b>	<b>1,380,700</b>	<b>20,154</b>	<b>66,408</b>	<b>104,455</b>	<b>3,005</b>	<b>1,574,722</b>	<b>-</b>	<b>1,574,722</b>
<b>NET CARRYING AMOUNT</b>								
At 31 December 2025	801,730	4,455	11,036	15,853	872	833,946	88,418	922,364
<b>COST</b>								
At 1 January 2024	1,797,257	27,748	59,482	201,929	3,359	2,089,775	41,448	2,131,223
Additions	-	-	-	-	-	-	244,756	244,756
Disposal	(337)	-	-	-	-	(337)	-	(337)
Reclassifications	(824)	-	-	824	-	-	-	-
Transfer from CWIP	228,693	-	13,324	14,952	90	257,059	(257,059)	-
<b>At 31 December 2024</b>	<b>2,024,789</b>	<b>27,748</b>	<b>72,806</b>	<b>217,705</b>	<b>3,449</b>	<b>2,346,497</b>	<b>29,145</b>	<b>2,375,642</b>
<b>ACCUMULATED DEPRECIATION</b>								
At 1 January 2024	1,073,542	21,142	44,494	183,448	2,278	1,324,904	-	1,324,904
Charge for the period	150,854	1,075	11,392	12,568	369	176,258	-	176,258
Disposal	(120)	-	-	-	-	(120)	-	(120)
Reclassifications	(212)	-	-	212	-	-	-	-
<b>At 31 December 2024</b>	<b>1,224,064</b>	<b>22,217</b>	<b>55,886</b>	<b>196,228</b>	<b>2,647</b>	<b>1,501,042</b>	<b>-</b>	<b>1,501,042</b>
<b>NET CARRYING AMOUNT</b>								
At 31 December 2024	800,725	5,531	16,920	21,477	802	845,455	29,145	874,600

<sup>1</sup> During the year the Company adjusted the cost and accumulated depreciation to nil for the assets primarily comprising of software with nil netbook value. These assets have been scrapped, and no longer in use.

<sup>2</sup> During the year Software with cost of Ushs 18,666 million and accumulated amortisation of Ushs 7,653 million was reclassified from property, plant & equipment (computers) to intangible assets.

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**13. RIGHT OF USE ASSETS**

Particulars	Plant and machinery Ushs millions	Others Ushs millions	Total Ushs millions
<b>Year ended December 2025</b>			
<b>At 1 January 2025</b>	<b>1,080,016</b>	<b>2,189</b>	<b>1,082,205</b>
Additions	212,917	321	213,238
Depreciation charge for the period	(156,447)	(1,689)	(158,136)
Adjustment / reclassification	1	(1)	-
<b>At 31 December 2025</b>	<b>1,136,487</b>	<b>820</b>	<b>1,137,307</b>
<b>Year ended December 2024</b>			
<b>At 1 January 2024</b>	<b>669,501</b>	<b>3,368</b>	<b>672,869</b>
Additions	562,838	145	562,983
Depreciation charge for the period	(152,264)	(1,383)	(153,647)
Adjustment / reclassification	(59)	59	-
<b>At 31 December 2024</b>	<b>1,080,016</b>	<b>2,189</b>	<b>1,082,205</b>

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

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

**14. INVESTMENT PROPERTY**

COST	2025 Ushs million	2024 Ushs million
At 1 January	1,116	1,116
At 31 December	<b>1,116</b>	<b>1,116</b>
<b>ACCUMULATED DEPRECIATION</b>		
At 1 January	1,116	1,116
At 31 December	<b>1,116</b>	<b>1,116</b>
<b>NET CARRYING AMOUNT</b>	-	-

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

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

	2025 Ushs million	2024 Ushs million
Rental Income	1,161	1,717

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**15. INTANGIBLE ASSETS**

Particulars	Licence Ushs millions	Software Ushs Million	Goodwill Ushs millions	Customer base Ushs millions	Dealer network Ushs millions	Total Ushs millions	Intangible under progress Ushs millions	Grand total Ushs millions
<b>COST</b>								
At 1 January 2025	417,786	-	112,908	3,633	1,592	535,919	-	535,919
Additions	-	10,423	-	-	-	10,423	771	11,194
Transfer in <sup>(1)</sup>	-	18,666	-	-	-	18,666	-	18,666
Adjustments <sup>(2)</sup>	(193)	-	-	-	-	(193)	-	(193)
<b>At 31 December 2025</b>	<b>417,593</b>	<b>29,089</b>	<b>112,908</b>	<b>3,633</b>	<b>1,592</b>	<b>564,815</b>	<b>771</b>	<b>565,586</b>
<b>ACCUMULATED DEPRECIATION</b>								
At 1 January 2025	142,807	-	-	3,633	1,592	148,032	-	148,032
Charge for the period	33,405	6,879	-	-	-	40,284	-	40,284
Transfer in <sup>(1)</sup>	-	7,653	-	-	-	7,653	-	7,653
Adjustments <sup>(2)</sup>	(193)	-	-	-	-	(193)	-	(193)
<b>At 31 December 2025</b>	<b>176,019</b>	<b>14,532</b>	<b>-</b>	<b>3,633</b>	<b>1,592</b>	<b>195,776</b>	<b>-</b>	<b>195,776</b>
<b>NET CARRYING AMOUNT</b>								
At 31 December 2025	241,574	14,557	112,908	-	-	369,039	771	369,810
<b>COST</b>								
At 1 January 2024	417,786	-	112,908	3,633	1,592	535,919	-	535,919
At 31 December 2024	417,786	-	112,908	3,633	1,592	535,919	-	535,919
<b>ACCUMULATED DEPRECIATION</b>								
At 1 January 2024	109,402	-	-	3,633	1,592	114,627	-	114,627
Charge for the period	33,405	-	-	-	-	33,405	-	33,405
At 31 December 2024	142,807	-	-	3,633	1,592	148,032	-	148,032
<b>NET CARRYING AMOUNT</b>								
At 31 December 2024	274,979	-	112,908	-	-	387,887	-	387,887

<sup>1</sup> During the year Software with cost of Ushs 18,666 million and accumulated amortisation of Ushs 7,653 million was reclassified from property, plant & equipment (computers) to intangible assets.

<sup>2</sup> During the year the Company adjusted the cost and accumulated depreciation to nil for the assets with nil net book value. These assets have been scrapped, and no longer in use.

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**16. OTHER NON-FINANCIAL ASSETS**

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
<b>Non-current</b>		
Prepaid expenses	10,996	12,224
Cost to obtain customers	40,697	40,603
Restricted assets	10,065	7,424
Advance to related parties (Note 21)	25,073	-
	<b>86,831</b>	<b>60,251</b>
<b>Current</b>		
Prepaid expenses	6,825	12,541
VAT recoverable	4,694	4,592
Advance to suppliers	12,639	8,203
Cost to obtain customers	75,107	61,003
Others	1,119	2,182
	<b>100,384</b>	<b>88,521</b>
Cost to obtain customers – Non-current	40,697	40,603
Cost to obtain customers – current	75,107	61,003
	<b>115,804</b>	<b>101,606</b>
Movement in cost to obtain customers		
Opening balance	101,606	93,598
Addition	90,557	65,947
Utilisation	(76,359)	(57,939)
Closing balance	<b>115,804</b>	<b>101,606</b>

**17. INVENTORIES**

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
Telephones and accessories	2,787	1,486
Sim cards and scratch cards	1,336	2,499
Less: provision for inventories	(461)	(958)
	<b>3,662</b>	<b>3,027</b>
The movement in the stock provision was as follows:		
Opening balance	958	1,036
Reversal	(497)	(78)
<b>Closing balance</b>	<b>461</b>	<b>958</b>

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**18. TRADE RECEIVABLES**

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
Trade receivables	17,143	21,135
Leaseline receivables	5,119	6,144
Roaming receivables	5,184	5,637
Trade receivable from related parties (Note 21)	61,721	60,341
	<u><b>89,167</b></u>	<u><b>93,257</b></u>
Provision for impairment	(15,135)	(18,022)
	<u><b>74,032</b></u>	<u><b>75,235</b></u>

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

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

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

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
Opening balance	18,022	16,940
Movement in expected credit losses	(2,196)	1,109
Other adjustments	(691)	(27)
<b>Closing balance</b>	<u><b>15,135</b></u>	<u><b>18,022</b></u>

**19. CASH AND CASH EQUIVALENTS**

Bank balance	7,832	6,190
Balance held in wallets	19,367	3,253
	<u><b>27,199</b></u>	<u><b>9,443</b></u>
Cash and cash equivalent for the purpose of cash flows:		
Cash and bank balances	27,199	9,443
Less overdrafts (note 23)	(186,418)	(361,189)
<b>TOTAL</b>	<u><b>(159,219)</b></u>	<u><b>(351,746)</b></u>

**20. FINANCIAL ASSETS - OTHERS**

**Current**

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
Unbilled revenue	9,085	10,880
Others	4,075	3
	<u><b>13,160</b></u>	<u><b>10,883</b></u>

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**21. RELATED PARTY TRANSACTIONS AND BALANCES**

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

**a) Purchase of good and services**

<b>Name of related party</b>	<b>Relationship to Company</b>	<b>2025 Ushs millions</b>	<b>2024 Ushs millions</b>
Airtel (Seychelles) Limited	Fellow subsidiary	51	42
Airtel International LLP	Fellow subsidiary	5,280	1,568
Airtel Africa Plc	Intermediate Parent	1,427	-
Airtel Africa Services UK Limited	Fellow subsidiary	53,556	55,807
Airtel Africa Telesonic Limited - Dubai Branch	Fellow subsidiary	5,613	2,843
Airtel Congo S. A.	Fellow subsidiary	22	3
Airtel Congo RDC S.A	Fellow subsidiary	459	448
Airtel Gabon S. A.	Fellow subsidiary	2	2
Airtel Madagascar S. A.	Fellow subsidiary	26	2
Airtel Malawi Plc	Fellow subsidiary	97	22
Airtel Mobile Commerce Uganda Limited	Fellow subsidiary	233,380	256,518
Airtel Networks Kenya Limited	Fellow subsidiary	8,952	7,828
Airtel Networks Limited (Nigeria)	Fellow subsidiary	178	74
Airtel Networks Zambia Plc	Fellow subsidiary	53	53
Airtel Rwanda Limited	Fellow subsidiary	1,735	1,202
Airtel Tanzania Plc	Fellow subsidiary	507	340
Airtel Tchad S.A.	Fellow subsidiary	9	6
Bharti Airtel (UK) Limited	Fellow subsidiary	15,257	7,694
Bharti Airtel International (Netherlands) B.V.	Intermediate Parent	21	13
Bharti Airtel Limited	Intermediate Parent	265	5,201
Bharti Airtel Services B.V.	Fellow subsidiary	0	42
Bharti Hexacom Limited	Fellow subsidiary	3	2
Celtel Niger S.A.	Fellow subsidiary	2	2
Centum Learning Limited	Fellow subsidiary	-	214
Emtel Limited	Fellow subsidiary	2	2
Network I2I Limited	Intermediate Parent	1,643	846
Nxtra Data Limited	Fellow subsidiary	2,215	1,740
Singapore Telecommunications Limited	Other related party	3	1
Xtelify Limited	Fellow subsidiary	2,704	-
<b>Total purchases</b>		<b>333,462</b>	<b>342,515</b>

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

**b) Sale of good and services**

<b>Name of related party</b>	<b>Relationship to Company</b>	<b>2025 Ushs millions</b>	<b>2024 Ushs millions</b>
Airtel (Seychelles) Limited	Fellow subsidiary	4	4
Airtel International LLP	Fellow subsidiary	980	-
Airtel Africa Services UK Limited	Fellow subsidiary	2	-
Airtel Africa Telesonic Limited - Dubai Branch	Fellow subsidiary	1,485	-
Airtel Congo S. A.	Fellow subsidiary	585	1
Airtel Congo RDC S.A	Fellow subsidiary	2,863	13,559
Airtel Gabon S. A.	Fellow subsidiary	4	2
Airtel Madagascar S. A.	Fellow subsidiary	0	1
Airtel Malawi Plc	Fellow subsidiary	35	40
Airtel Mobile Commerce Uganda Limited	Fellow subsidiary	61,379	51,952
Airtel Networks Kenya Limited	Fellow subsidiary	8,429	7,908
Airtel Networks Limited (Nigeria)	Fellow subsidiary	22	1,821
Airtel Networks Zambia Plc	Fellow subsidiary	52	54
Airtel Rwanda Limited	Fellow subsidiary	1,673	1,806
Airtel Tchad S.A.	Fellow subsidiary	2	661
Airtel Tanzania Plc	Fellow subsidiary	277	3
Bharti Airtel (UK) Limited	Fellow subsidiary	22,545	20,205
	Intermediate		
Bharti Airtel International (Netherlands) B.V.	Parent	20	-
Bharti Airtel Limited	Intermediate	213	10,884
	Parent		
Bharti Airtel Uganda Holdings B.V.	Holding company	1,031	-
Bharti Hexacom Limited	Fellow subsidiary	2	1
Celtel Niger S.A.	Fellow subsidiary	4	-
	Intermediate		
Network I2I Limited	Parent	3	-
Nxtra Data Limited	Fellow subsidiary	262	-
Singapore Telecommunications Limited	Other related party	79	67
Xtelify Limited	Fellow subsidiary	734	-
<b>Total sales</b>		<b>102,685</b>	<b>108,969</b>

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

<b>c) Amounts due from related parties</b>		<b>2025</b>	<b>2024</b>
<b>Name of related party</b>	<b>Relationship to Company</b>	<b>Ushs millions</b>	<b>Ushs millions</b>
Airtel Congo S. A.	Fellow subsidiary	705	107
Airtel Congo RDC S.A	Fellow subsidiary	19,943	18,058
Airtel Gabon S. A.	Fellow subsidiary	1	1
Airtel Malawi Plc	Fellow subsidiary	639	646
Airtel Networks Kenya Limited	Fellow subsidiary	-	103
Airtel Networks Limited (Nigeria)	Fellow subsidiary	1,239	1,934
Airtel Rwanda Limited	Fellow subsidiary	25,881	25,464
Airtel Tanzania Plc	Fellow subsidiary	1,709	1,633
Airtel Tchad S.A.	Fellow subsidiary	3	5
Bharti Airtel (UK) Limited	Fellow subsidiary	11,119	8,024
Bharti Airtel International (Netherlands) B.V.	Intermediate Parent	0	3,710
Bharti Airtel Limited	Intermediate Parent	456	610
Celtel Niger S.A.	Fellow subsidiary	1	1
Nxtra Data Limited	Fellow subsidiary	0	1
Singapore Telecommunications Limited	Other related party	25	44
<b>Total due from related parties</b>		<b>61,721</b>	<b>60,341</b>
Advance paid to Airtel Africa Telesonic Limited	Fellow subsidiary	25,073	-
<b>Total</b>		<b>86,794</b>	<b>60,341</b>
<b>d) Amounts due to related parties</b>			
<b>Name of related party</b>			
Airtel (Seychelles) Limited	Fellow subsidiary	5	5
Airtel International LLP	Fellow subsidiary	3,467	-
Airtel Africa Plc	Intermediate Parent	1,458	-
Airtel Africa Services UK Limited	Fellow subsidiary	4,763	19,545
Airtel Africa Telesonic Limited - Dubai Branch	Fellow subsidiary	1,773	2,250
Airtel Madagascar S. A.	Fellow subsidiary	1	1
Airtel Mobile Commerce Uganda Limited	Fellow subsidiary	2,324	34,800
Airtel Networks Kenya Limited	Fellow subsidiary	1,198	-
Airtel Networks Zambia Plc	Fellow subsidiary	62	42
Bharti Airtel International (Netherlands) B.V.	Intermediate Parent	673	-
Bharti Airtel Services B.V.	Fellow subsidiary	74	75
Bharti Airtel Uganda Holdings B.V.	Holding company	-	89
Bharti International (Singapore) Pte Ltd	Fellow subsidiary	1,067	0
Emtel Limited	Fellow subsidiary	0	1
Network I2I Limited	Intermediate Parent	1,582	294
Xtelify Limited	Fellow subsidiary	2,416	-
<b>Sub total</b>		<b>20,863</b>	<b>57,102</b>
<b>Borrowing from related party</b>			
Airtel Mobile Commerce Uganda Limited (Refer to note 23)	Fellow subsidiary	50,000	-
		<b>50,000</b>	<b>-</b>
<b>Total due to related parties</b>		<b>70,863</b>	<b>57,102</b>

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

**e) Key management compensation**

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

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
Short term employee benefits	11,969	12,864
Long term employee benefits	96	368
<b>Total</b>	<b>12,065</b>	<b>13,232</b>

**f) Directors' compensation**

Directors' compensation	751	603
	<b>751</b>	<b>603</b>

**22. SHARE CAPITAL**

Total number of authorised shares is 40,000,000,000.

Details are shown below:

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
<b>Authorised share capital:</b>		
40,000,000,000 ordinary shares of Ushs 1	40,000	40,000
	<b>40,000</b>	<b>40,000</b>
<b>Ordinary share capital issued and fully paid:</b>		
40,000,000,000 ordinary shares of Ushs 1	40,000	40,000

The shareholding as at 31 December 2025 was as follows:

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

The company has only one class of ordinary equity shares and each holder of equity shares is entitled to cast one vote per share and carry a right to dividends.

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**23. BORROWINGS**

	Note	2025 Ushs millions	2024 Ushs millions
<b>Non-current</b>			
Term Loans - unsecured			
▪ Stanbic Bank		260,000	260,000
▪ DFCU Bank		-	22,922
▪ Absa Bank Group		-	10,662
▪ Diamond Trust Bank		44,040	-
▪ Bank of Africa		30,000	-
▪ Debt origination fees		(441)	(1,283)
Less: current maturity of long-term debt		(144,020)	(33,584)
		<b>189,579</b>	<b>258,717</b>
<b>Current</b>			
Bank overdraft	23(a)	186,418	361,189
Term Loans			
▪ Standard Chartered Bank		75,000	-
▪ Airtel Mobile Commerce Uganda Limited	23(b)	50,000	-
Current maturity of long-term debt		144,020	33,584
		<b>455,438</b>	<b>394,773</b>
<b>Total borrowings:</b>		<b>645,017</b>	<b>653,490</b>

The movement in borrowings was as follows:

	2025	2024
<b>At 1 January</b>	<b>653,490</b>	<b>693,176</b>
Proceeds from term loan	205,000	35,000
Movement in Bank overdraft	(174,771)	29,925
Repayment of term loan	(39,545)	(105,451)
Debt origination cost	843	840
	<b>645,017</b>	<b>653,490</b>

Bank Name	Currency	Drawdown date	Maturity
Stanbic Bank	Ushs	14-Dec-23	14-Jun-27
DFCU Bank	Ushs	11-Dec-20	11-Dec-25
Absa Bank	Ushs	24-Dec-21	24-Dec-25
Diamond Trust Bank	Ushs	31-Mar-25	02-Mar-30
Bank of Africa	Ushs	30-Dec-25	30-Dec-30
Standard Chartered Bank	Ushs	18-Dec-25	18-Mar-26
Airtel Mobile Commerce Uganda Limited	Ushs	31-Mar-25 & 31-Aug-25	29-Feb-30

**a) Bank overdraft**

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

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**23. BORROWINGS (CONTINUED)**

**b) Airtel Mobile Commerce Uganda Limited**

The Company signed an agreement with related party on 5th March 2025 for a facility of Ushs 150,000 million, with the drawdown availability at any time before 29th February 2030. Through the agreement it was agreed that the outstanding loan along with accrued interest will be payable in full by 29th February 2030, unless agreed otherwise between the lender and borrower in writing. During the year ended 31 December 2025 the Company drew down Ushs 50,000 million loan from its related party and paid interest of Ushs 3,875 million to the Company on outstanding amount. The tenure remains 5 years.

<b>Borrowings from Airtel Mobile Commerce Uganda Limited</b>	<b>2025 Ushs million</b>	<b>2024 Ushs million</b>
<b>At start of the year</b>	-	<b>40,000</b>
Additions	50,000	35,000
Interest paid	(3,875)	(4,933)
Loan repayment	-	(75,000)
Interest payable*	4,469	4,933
<b>At end of the year</b>	<b>50,594</b>	<b>-</b>

\* This includes interest accrued and paid of Ushs 3,875 million and interest accrued but not due of Ushs 594 million.

**24. LEASE LIABILITIES**

	<b>2025 Ushs millions</b>	<b>2024 Ushs millions</b>
Current	151,537	125,274
Non-current	1,108,508	1,063,657
	<b>1,260,045</b>	<b>1,188,931</b>

During the year, the financing cost relating to lease liabilities was Ushs 106,562 million (2024: 72,211 million).

The movement of lease liabilities was as follows:

<b>At 1 January</b>	<b>1,188,931</b>	<b>785,219</b>
Additions	213,239	562,982
Interest	106,562	72,211
Repayment	(239,448)	(216,372)
Unrealised foreign exchange gain	(9,239)	(15,109)
<b>At 31 December</b>	<b>1,260,045</b>	<b>1,188,931</b>

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

Less than one year	270,859	244,360
one year or later	221,322	208,385
Later than two years a but not later than five years	562,540	519,229
Later than five years but not later than nine years	561,665	508,051
Later than nine years	310,254	349,564
<b>Total undiscounted lease liabilities</b>	<b>1,926,640</b>	<b>1,829,589</b>

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**25. FINANCIAL LIABILITIES – OTHERS**

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
<b>Non-current</b>		
Deferred spectrum liability	133,808	139,851
Dues to employees	221	44
Security deposits	1,949	1,887
	<b>135,978</b>	<b>141,782</b>
<b>Current</b>		
Deferred spectrum liability	1,031	2,563
Dues to employees	3,634	2,175
Equipment supply payables	60,597	37,251
Security deposits	2,437	2,358
Others	3,327	2,658
	<b>71,026</b>	<b>47,005</b>

The movement in deferred spectrum liability was as follows:

<b>Opening</b>	<b>142,414</b>	<b>153,414</b>
Interest	10,083	10,929
Repayment	(15,692)	(17,644)
Foreign exchange gain	(1,966)	(4,285)
<b>Closing balance</b>	<b>134,839</b>	<b>142,414</b>

**26. DEFERRED REVENUE**

<b>Non-current</b>		
Deferred revenue	<b>8,054</b>	<b>9,534</b>
<b>Current</b>		
Deferred revenue	<b>27,204</b>	<b>29,464</b>

Deferred income relates to payments received in advance for airtime services offered to prepaid customers which have not yet been consumed. Performance obligations that are unsatisfied (or partially unsatisfied) amounting to Ushs 35,258 million as at 31 December 2025 (2024: Ushs 38,998 million), of which Ushs 27,204 million will be satisfied over a period of one year and the remaining Ushs 8,054 million over 6 years and 3 months (revenue of Ushs 1,480 million to be recognised on annual basis). Revenue recognised that was included in the deferred revenue balance at the beginning of the year is Ushs 29,464 million (2024: Ushs 29,085 million).

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**27. PROVISIONS**

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
<b>Non-current</b>		
Leave encashment	1,743	2,077
Severance pay	252	299
Asset retirement obligation	16	15
	<u>2,011</u>	<u>2,391</u>
<b>Current</b>		
Leave encashment	824	972
Severance pay	60	59
Provision for sub-judice matters	6,575	6,639
Dues to employees	3,162	7,022
	<u>10,621</u>	<u>14,692</u>

**(a) Leave Encashment**

<b>Opening balance</b>	<b>3,049</b>	<b>3,614</b>
Charge for the year	419	694
Payments for the year	(569)	(1,259)
Transfer to AMCUL	(332)	-
<b>Closing balance</b>	<u><b>2,567</b></u>	<u><b>3,049</b></u>

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

**(b) Severance pay**

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
<b>Opening balance</b>	<b>358</b>	<b>317</b>
Charge for the year	551	145
Transfer to AMCUL	(32)	-
Payments for the year	(475)	(58)
Remeasurements due to changes in assumptions (other comprehensive income)	(89)	(46)
<b>Closing balance</b>	<u><b>312</b></u>	<u><b>358</b></u>

There's change in assumptions of discount rate to 16.25% against 16.00% which resulted in a gain of Ushs 89 million recorded as other comprehensive income during the year. (2024: Ushs 46 million).

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

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

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

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**27 PROVISIONS (CONTINUED)**

**(b) Severance pay (Continued)**

	<b>31-Dec-25</b>	<b>31-Dec-24</b>
Discount rate	16.25% per annum	16.00% per annum
Rate of return on plan assets	Not applicable	Not applicable
Rate of salary increase	5.5% per annum	7.0% per annum
Rate of attrition	11.00%	10.00%
Retirement age	60 years	60 years

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

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

		<b>31-Dec-25</b>		<b>31-Dec-24</b>	
		<b>Leave encashment</b>	<b>Severance benefits</b>	Leave encashment	Severance benefits
		<b>Ushs millions</b>	<b>Ushs millions</b>	Ushs millions	Ushs millions
Discount rate	1.00%	2,540	301	3,475	374
	-1.00%	2,670	324	3,282	343
Salary Increase Rate	1.00%	2,664	324	3,289	343
	-1.00%	2,546	301	3,467	373
Withdrawal Rate	1.00%	2,624	299	3,345	377
	-1.00%	2,583	326	3,405	341

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

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

	<b>31-Dec-25</b>		<b>31-Dec-24</b>	
	<b>Leave encashment</b>	<b>Severance benefits</b>	Leave encashment	Severance benefits
	<b>Ushs millions</b>	<b>Ushs millions</b>	Ushs millions	Ushs millions
Within one year	824	60	972	59
Within one-three years	1,206	137	1,455	142
Within three-five years	846	149	1,132	177
Above five years	1,106	379	1,725	533
<b>Total</b>	<b>3,981</b>	<b>725</b>	<b>5,285</b>	<b>911</b>
Weighted average duration in years	3	3	5	5

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**27. PROVISIONS (CONTINUED)**

**(c) Provision for subjudice matters**

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

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
<b>Opening balance</b>	<b>6,639</b>	<b>6,195</b>
(Adjustment)/additions during the year	36	1,318
Utilisations during the year	(100)	(874)
<b>Closing balance</b>	<b>6,575</b>	<b>6,639</b>

**28. TRADE PAYABLES**

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
Trade payables	147,538	123,964
Amounts due to related parties (refer to note 21)	20,862	57,103
	<b>168,400</b>	<b>181,067</b>

**29. DERIVATIVE FINANCIAL INSTRUMENTS**

The details of derivative financial instruments are as follows:

	<b>2025</b>	<b>2024</b>
	<b>Ushs million</b>	<b>Ushs million</b>
Foreign currency forward contracts (assets)	1,433	-
Foreign currency forward contracts (liabilities)	-	3,549

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

**30. OTHER NON-FINANCIAL LIABILITIES**

	<b>2025</b>	<b>2024</b>
	<b>Ushs million</b>	<b>Ushs million</b>
<b>Current</b>		
Taxes payable	63,316	57,618
Others	1,241	1,155
	<b>64,557</b>	<b>58,773</b>

**31. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

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

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**31. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

Particulars		Carrying Amount		Fair Value	
		2025 Ushs millions	2024 Ushs millions	2025 Ushs millions	2024 Ushs millions
<b>Financial assets</b>					
<b>FVTPL</b>					
Derivatives	Level 1	1,433	-	1,433	-
<b>Amortised cost</b>					
Cash and cash equivalents		27,199	9,443	27,199	9,443
Trade receivables		74,032	75,235	74,032	75,235
Other financial assets		13,160	10,883	13,160	10,883
		<b>115,824</b>	<b>95,561</b>	<b>115,824</b>	<b>95,561</b>
<b>Financial liabilities</b>					
<b>FVTPL</b>					
Derivatives	Level 1	-	3,549	-	3,549
<b>Amortised cost</b>					
Borrowings		645,017	653,490	645,017	653,490
Trade payables		168,400	181,067	168,400	181,067
Lease Liabilities		1,260,045	1,188,931	1,260,045	1,188,931
Other financial liabilities		207,004	188,787	207,004	188,787
		<b>2,280,466</b>	<b>2,215,824</b>	<b>2,280,466</b>	<b>2,215,824</b>

**32. COMMITMENTS AND CONTINGENCIES**

**a) Legal proceedings**

As at 31 December 2025, there were legal proceedings valued at Ushs 650 million (2024: Ushs 976 million) outstanding against the Company.

**b) Tax proceedings**

As at 31 December 2025, there were tax proceedings valued at Ushs 1,281 million (2024: Ushs 1,489 million) outstanding against the Company

**c) Capital commitments (Continued)**

Capital commitments of Ushs 121,559 million (2024: Ushs 110,697 million) represent the unexecuted capital contracts as at 31 December 2025. These are contracts between Airtel Uganda Limited and its vendors for the provision of Capex material.

	2025 Ushs million	2024 Ushs million
Within one year	<u>121,559</u>	<u>110,697</u>

**33. DIVIDENDS**

The profit for the year amounted to Ushs 446,861 million (2024: Ushs 316,740 million). During the year ended 31 December 2025 the directors recommended interim dividends on 22 May 2025 amounting to Ushs 74,000 million, on 29 August 2025 amounting to Ushs 100,000 million and on 21 November 2025 amounting to 130,000 million totalling to Ushs 304,000 million (2024: Ushs 215,000 million).

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**33. DIVIDENDS (CONTINUED)**

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
At 1 January	6	15
Final dividend for previous year	100,000	86,000
Interim dividend	304,000	215,000
Dividend Paid	<u>(404,006)</u>	<u>(301,009)</u>
<b>At 31 December</b>	<b><u>-</u></b>	<b><u>6</u></b>

Subject to the approval of the shareholders at the AGM, the final dividend will be paid on or before 29 April 2026 to the shareholders on the register at the close of business on 8 April 2026. This final dividend is not included as a liability in the financial statements.

Further, the Directors recommends a final dividend of Ushs 142,000 million at a rate of Ushs. 3.55 per share making a total dividend for the year of Ushs 446,000 million (2024: 315,000 million) at a rate of Ushs 11.15 per share for the year ended 31 December 2025 (2024: Ushs 7.88 per share).

**34. EARNINGS PER SHARE - BASIC AND DILUTED**

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

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

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

	<b>2025</b>	<b>2024</b>
Net profit attributable to ordinary equity holders of the Company (Ushs 'Mn) (a)	446,861	316,740
Weighted average number of shares at 31 December ('000) (b)	<u>40,000,000</u>	<u>40,000,000</u>
<b>Basic and diluted earnings per share (Ushs) (a)/(b)</b>	<b><u>11.2</u></b>	<b><u>7.9</u></b>

**35. OTHER RESERVES**

Other reserves include movement in other comprehensive income relating to remeasurement of severance pay.

	<b>2025</b>	<b>2024</b>
	<b>Ushs millions</b>	<b>Ushs millions</b>
<b>At 1 January</b>	<b>111</b>	<b>79</b>
Remeasurement gain on defined benefit plans	89	45
Tax impact on above	<u>(27)</u>	<u>(13)</u>
<b>Charge for the year</b>	<b><u>62</u></b>	<b><u>32</u></b>
<b>At 31 December</b>	<b><u>173</u></b>	<b><u>111</u></b>

**AIRTEL UGANDA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**36. SEGMENT REPORTING**

Management has determined the operating segments based on the reports reviewed by the Executive management committee that are used to make strategic decisions. The committee considers the business as a single operating segment, being the Uganda operations, as the information reported to the executive management committee for the purpose of strategic decision making is not presented per product line.

The reportable operating segment derives its revenue primarily from the sale of voice and data services to subscribers of the network and to foreign telephone operators when their subscribers utilize the Airtel Uganda network. Other revenue consists of connection and subscription charges and sale of mobile handsets to customers.

The executive management committee measures the performance of the operating segment based on a measure of Earnings before Interest, Tax, Depreciation and Amortisation. Breakdown of revenue from all services is shown in note 7 to the financial statements.

**37. SUBSEQUENT EVENTS**

There were no material subsequent events for the year ended 31 December 2025. The Directors are not aware of any other matter or circumstances since the financial year end and the date of this report, not dealt with in the Financial Statements, which significantly affects the financial position of the Company and the results of its operations.