

AIRTEL UGANDA LIMITED SUMMARY AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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The directors of Airtel Uganda Limited (“the Company”) are pleased to present the summary audited financial statements for the year ended 31 December 2023.

Report of the Independent auditors on the summary financial statements of Airtel Uganda Limited

Opinion

The summary financial statements, which comprise the summary statements of financial position on 31 December 2023, statement of profit or loss and other comprehensive income, changes in equity, cash flows for the year that ended, and other disclosures, are derived from the audited financial statements of Airtel Uganda Limited for the year ended 31 December 2023.

In our opinion, the accompanying summary financial statements are consistent, in all material aspects with the audited financial statements, in accordance with the measurement and recognition requirements of IFRS and the requirements of the Uganda Companies Act, 2012 as applicable to summary financial statements.

Summary financial statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards, and the Uganda Companies Act, 2012 as applicable to the annual financial statements.

Reading the summary financial statements and the auditors’ report thereon, therefore, is not a substitute for reading the audited financial statements and the auditors’ report thereon. The summary financial statements and audited financial statements do not reflect the effect of events that occurred subsequent to the date of our report on the audited financial statements.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 28 February 2024. The report also includes the communication of a key audit matter as reported in the auditor’s report on the audited financial statements. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current period.

Directors’ responsibility for the summary financial statements

The Directors are responsible for the preparation of the summary financial statements in accordance with the requirements of the International Financial Reporting Standards and for such internal control as the directors determine necessary to enable the preparation of the summary financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ responsibility for the summary financial statements

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material aspects, with the audited financial statements based on our procedures which were conducted in accordance with the International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Deloitte & Touche
28 February 2024
Certified Public Accountant of Uganda

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31 Dec 23 Ushs million	31 Dec 22 Ushs million
Income		
Revenue	1,777,307	1,594,271
Other income	6,653	5,627
	1,783,960	1,599,898
Expenses		
Network operating expenses	314,475	251,360
Access charges	66,008	42,139
Licence fees and spectrum usage charges	43,567	38,976
Employee benefits expenses	83,568	84,958
Sales and marketing expenses	198,777	177,804
Other operating expenses	159,174	116,652
Depreciation and amortisation	326,737	272,455
	1,192,306	984,344
Operating Profit	591,654	615,554
Finance income	(10,276)	(396)
Finance costs	175,045	142,350
Profit before tax	426,885	473,600
Income tax expense	129,935	147,897
Profit for the year	296,950	325,703
Other comprehensive income	(6)	51
Total comprehensive income for the year	296,944	325,754
Basic and diluted earnings per share	7.4	8.1

STATEMENT OF FINANCIAL POSITION

	31 Dec 23 Ushs million	31 Dec 22 Ushs million
ASSETS		
NON-CURRENT ASSETS		
Property plant and equipment	764,871	674,990
Capital work-in-progress	41,448	40,930
Right of use asset	672,869	601,276
Intangible assets	421,292	409,194
Other non-current assets	66,571	51,379
	1,967,051	1,777,769
CURRENT ASSETS		
Inventories	3,445	5,447
Financial assets		
Trade receivables	98,481	75,650
Cash and cash equivalents	34,345	35,204
Others	246,36	9,103
Income tax asset (net)	5,406	-
Other current assets	67,194	67,228
	233,507	192,632
TOTAL ASSETS	2,200,558	1,970,401
EQUITY AND LIABILITIES		
EQUITY		
Share capital	40,000	1,408
Share premium	-	16,128
Retained earnings	86,661	106,239
Other reserves	79	85
	126,740	123,860
NON-CURRENT LIABILITIES		
Financial liabilities		
Borrowings	291,429	311,817
Lease liabilities	609,902	555,318
Others	145,203	110,493
Deferred revenue	11,068	12,613
Provisions	2,931	2,606
Deferred tax liability	100,188	92,646
	1,160,721	1,085,493
CURRENT LIABILITIES		
Financial liabilities		
Borrowings	401,747	317,018
Lease liabilities	175,317	135,526
Trade payables	194,379	152,930
Derivative financial instruments	508	5,641
Others	51,851	45,961
Deferred revenue	29,085	35,125
Provisions	7,213	6,231
Income tax payable (net)	-	9,910
Other current liabilities	52,997	52,706
	913,097	761,048
TOTAL EQUITY AND LIABILITIES	2,200,558	1,970,401

STATEMENT OF CHANGES IN EQUITY

	Share capital Ushs millions	Share premium Ushs millions	Retained earnings Ushs millions	Other Comprehensive Income Ushs millions	Total equity Ushs millions
At 1 January 2022	1,408	16,128	139,224	34	156,794
Profit for the year	-	-	325,703	-	325,703
Dividends - Final Dividend FY20	-	-	(132,000)	-	(132,000)
Dividends - Interim Dividend FY21	-	-	(226,688)	-	(226,688)
Other comprehensive income	-	-	-	51	51
At 31 December 2022	1,408	16,128	106,239	85	123,860
At 1 January 2023	1,408	16,128	106,239	85	123,860
Profit for the year	-	-	296,950	-	296,950
Dividends - Final Dividend FY22	-	-	(99,264)	-	(99,264)
Dividends - Interim Dividend FY23	-	-	(194,800)	-	(194,800)
Other comprehensive income	-	-	-	(6)	(6)
Conversion of share premium to share capital	16,128	(16,128)	-	-	-
Conversion of retained earnings to share capital	22,464	-	(22,464)	-	-
At 31 December, 2023	40,000	-	86,661	79	126,740

STATEMENT OF CASHFLOWS

	31 Dec 23 Ushs million	31 Dec 22 Ushs million
OPERATING ACTIVITIES		
Profit before tax	426,885	473,600
Adjustments for:		
Depreciation and amortisation	326,737	272,455
Interest income	(1,021)	(396)
Unrealised foreign exchange (gain)/loss	(9,255)	19,861
Interest on borrowings	80,684	54,244
Interest on lease liabilities	54,215	40,840
Interest on spectrum liabilities	9,458	7,923
Movement in provision for trade receivables	1,242	(1,014)
Movement in provision for inventory obsolescence	1,069	11,406
Other non-cash adjustments	-	1,736
Increase in provisions	1,307	2,930
Asset write off	794	935
Operating cash flow before changes in working capital	892,115	884,520
Decrease/(increase) in inventories	933	(12,543)
Increase in trade receivables	(21,924)	(20,672)
Increase in other financial and non-financial assets	(30,691)	(31,853)
Increase/decrease in trade payables	45,740	(13,937)
(Decrease) / increase in deferred revenue	(7,585)	26,154
(Decrease)/increase in other financial and non-financial liabilities	(7,375)	5,917
Net cash generated from operations before tax	871,213	837,586
Income tax paid	(137,708)	(132,275)
Net cash generated from operating activities (a)	733,505	705,311
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and capital work in progress	(242,298)	(241,163)
Interest received	1,021	396
Net cash flows used in investing activities (b)	(241,277)	(240,767)
FINANCING ACTIVITIES		
Proceeds from borrowings	300,000	150,000
Repayment of borrowings	(334,483)	(142,270)
Interest on borrowings	(81,548)	(55,125)
Repayment of lease liabilities	(173,663)	(143,337)
Payment of spectrum liabilities	(16,053)	(11,353)
Dividend paid	(294,049)	(358,688)
Net cash flows used in financing activities (c)	(599,796)	(560,773)
Net movement in cash and cash equivalents during the year	(107,568)	(96,229)
Cash and cash equivalents as at beginning of the year	(189,351)	(93,122)
Cash and cash equivalents as at end of the year	(296,919)	(189,351)

BASIS OF PREPARATION

The summary financial statements of the Company for the year ended 31 December 2023 were prepared in accordance with the criteria established by management under which the Company discloses the summary statements of financial position, profit or loss, and other comprehensive income, cash flows, and changes in equity. The summary financial statements are derived from the audited financial statements of the Company which are prepared in accordance with International Financial Reporting Standards (IFRS) and a manner required by the Companies Act, 2012

COMMENTARY ON FINANCIAL PERFORMANCE

Revenue

Airtel Uganda proudly achieved considerable growth in 2023, surpassing expectations with gross revenue of Ushs 1,784 billion, a remarkable 11.5% increase compared to Ushs 1,599 billion in 2022. This exceptional performance reflects our unwavering commitment to innovation, customer satisfaction, and operational excellence.

Data revenue and value-added services saw significant growth in the past year, reaching Ushs 776 billion compared to Ushs 657 billion in 2022. This increase was primarily driven by a rise in data usage, with more customers accessing data services. Voice revenue also experienced growth, reaching Ushs 899 billion from Ushs 870 billion in 2022. The total minutes of voice calls also increased by 6.7% compared to the previous year.

Operating Profit

Operating profits for 2023 were Ushs 592 billion with an operating margin of 33.2%. Operating profit for the year 2023 was impacted by an increase in the site running costs due to an increase in rental and energy costs on the addition of 399 sites.

Finance Income and Costs

The finance charges net of finance income increased to Ushs 165 billion compared to Ushs 142 billion in the prior year. Our debt levels remain sustainable both in the short and medium term. Total market debt (Bank overdraft plus term loans) has increased from Ushs 629 billion in 2022 to Ushs 693 billion in 2023. The leverage ratio including lease liabilities for 2023 was 1.57 times of underlying EBITDA.

Profit for the year

Profit Before Tax (PBT) was Ushs 427 billion in 2023 compared to Ushs 474 billion in 2022. The company reported a Profit after Tax (PAT) of Ushs 297 billion compared to Ushs 326 billion in the prior year. This was mainly as a result of strong revenue performance, countered by higher operating costs due to energy costs, operating efficiencies stable macroeconomics and a committed team of Airtel Staff.

Cashflow

Management is also pleased to report positive net cash generated from operations of Ushs 734 billion for the year ended 31 December 2023 while the same was Ushs 705 billion for the year ended 31 December 2022.

Dividend

Subject to approval by shareholders, the Directors recommend payment of a final dividend of Ushs 2.15 per share for the financial year ended 31 December 2023. The dividend shall be paid to the shareholders registered in the books of the Company at close of business on 26 March 2024 and will be paid by 15 April 2024.

Message from the Directors

The above summary financial statements are derived from the Company’s financial statements which were audited by Deloitte & Touche who issued an unqualified opinion. A copy of the audited financial statements can be obtained from Airtel Uganda Limited on our website: www.airtel.co.ug

The financial statements were approved by the Board of Directors on 28 February 2024, and signed on its behalf by:


Hannington Karuhanga
Chairman


Manoj Murali
Managing Director


NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING (AGM) of Airtel Uganda Limited (“the Company”) for the year ended 31 December 2023, will be held via electronic means on Tuesday, 26 March 2024 at 9:00 am to conduct the following business:

ORDINARY BUSINESS

- To receive, consider and if deemed appropriate to pass an ordinary resolution to adopt the Company’s annual financial statements for the year ended 31 December 2023 including the reports of the Directors and External Auditor.
- To receive, consider and if deemed appropriate pass an ordinary resolution to adopt the recommendation of the Directors on the declaration on of a final dividend of Ushs 2.15 per share less withholding tax, for the year ended 31 December 2023.
- To consider and if deemed appropriate pass an ordinary resolution to confirm the appointment of additional directors in accordance with the provisions of the Company’s Articles of Association and the Capital Markets Regulations.
- To consider and if deemed appropriate pass an ordinary resolution to confirm the re-appointment of the existing directors in accordance with the provisions of the Company’s Articles of Association and the Capital Markets Regulations.
- To consider and if deemed appropriate, pass an ordinary resolution to approve the re-appointment of Deloitte & Touche as External Auditor of the Company for Financial Year ending 31 December 2024 and authorise the Board of Directors to set their remuneration.
- To conduct any other business for which due notice will have been duly received.

By Order of the Board


Dennis A. Kakonge Date: 26 February 2024
Company Secretary

DISTRIBUTION

Bharti Airtel Uganda Holdings B.V - Shareholder
Bharti Airtel Africa B.V – Shareholder
National Social Security Fund – Shareholder
Other Retail Shareholders
Uganda Securities Exchange

cc: Mr. Hannington Karuhanga - Board Chairman
cc: Mr. Alok Bafna - Board Member
cc: Mr. Manoj Murali - Board Member/Managing Director
cc: Mr. Rama Krishna Lella - Board Member
cc: Mr. Apoorva Mehrotra - Board Member
cc: Mr. Nishant Mohan - Finance Director, Airtel Uganda

Notes:

AGM Registration

- The AGM shall be held electronically.
- Registration shall be done electronically and shall commence on 11 March 2024, at 8:00 am and will close on 25 March 2024, at 4:00 pm.
- Shareholders are advised to use any of the options below to register for the AGM:
i) Online at <https://digital.candrgroup.co.ke> or via a link to the AGM Platform that will be sent to them via SMS and/or email or by dialling USSD Code *284*140#.
ii) The registration link will be circulated to shareholders who have provided valid email addresses we possess.
- A shareholder wishing to register for the AGM must have a valid national identification number or, in the case of a non-Ugandan, a passport or SCD account number to facilitate verification.
- Duly registered shareholders and proxies will be able to follow the AGM proceedings, participate and ask questions using the live stream platform.
- Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers 24 hours before the AGM with a reminder of the AGM and a link to the live stream. A second SMS/USSD prompt shall be sent one hour before the AGM.
- By registering to attend the AGM, shareholders consent to receive all messages about the AGM.
- Shareholders may obtain registration on support by dialling the helpline number: 0800334334 between 8:00 am and 4:00 pm from Monday to Friday or sending an email to airtel@candrgroup.co.ug

Proxies

- Shareholders unable to attend the AGM are encouraged to fill in and return a proxy form which can be found in the Annual Report or downloaded from the Company website <https://www.airtel.co.ug>
- Duly completed proxy forms should be delivered to the Company Secretary at the Company’s physical address or emailed to airtel@candrgroup.co.ug at least 48 hours before the scheduled time for the meeting. In default of this, it shall be treated as invalid.

Voting

- Shareholders may vote prior or during the AGM by
i) Accessing the virtual AGM via a link to the AGM Platform or via <https://digital.candrgroup.co.ke> Platform; Select Attend Event; Select “Airtel Uganda AGM” in the profile account; select Voting Matters option tab on the live stream display section and vote on each resolutions using the drop down menu

- Accessing Virtual AGM via USSD platform *284*140#; Use the menu prompts menu option for “Voting” and follow the various prompts regarding the voting process

- Voting shall be done electronically using the “Vote” tab on the live stream link and via USSD. All registered shareholders and proxies may vote (when prompted to) using the live stream link or the USSD prompts.
- A poll shall be conducted for all the resolutions indicated in the AGM notice. Results of the resolutions voted on will be announced at the end of the meeting and published on the Company’s website at <https://www.airtel.co.ug/> and on the Uganda Securities Exchange website at www.use.or.ke.

Shareholder question

- Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by
i) Online at <https://digital.candrgroup.co.ke> or via a link to the AGM Platform; Select Attend Event; Select “Airtel Uganda AGM” Select “Q&A” option tab and submit questions in text box provided online or
ii) By dialling the USSD code *284*140# and selecting the option (ask Question) on the prompts or
iii) Sending their written questions by 21 March 2024 at 11:00 am through the following means:
a) by email to airtel@candrgroup.co.ug
b) to the extent possible, by physical delivery or registered post, with a return physical address or email address.
- Shareholders must provide their full details (full names, ID/Passport Number/SCD Account Number) when submitting their questions.
- Although some questions shall be addressed during the AGM, all responses to the questions raised shall be responded to and published on the Company’s website following the conclusion of the AGM.

AGM Information

- The Notice of the AGM, annual report, audited financial statements, proxy form and notes to Agenda will be uploaded onto the Company website at <https://www.airtel.co.ug/>. The reports may also be accessed via the live stream link or the USSD codes *284*140#.

Dividends

- Dividend, if approved at the AGM, will be paid on or about 15 April 2024 to shareholders whose names appear on the share register at the close of business on 26 March 2024.
- Shareholders are urged to contact the Share Registrar or their preferred stockbroker to update their contact details for ease of communication and receipt of dividends.
- Shareholders who have not received their interim dividends paid in December 2023 are requested to contact the Share Registrar or email airtel@candrgroup.co.ug.

21. Annual General Meeting

The Annual General Meeting is scheduled for 26 March 2024 9:00 am. Please visit the airtel website on www.airtel.co.ug/investor for the proposed agenda.

Contact Details