

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021



UMEME
Powering Uganda

UMEME IN 6 MONTHS

40,629 New customers

we have added 31,722 customer funded connections, bringing the total for the period to 40,629.



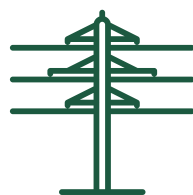
99.1% collection rate

Our collection rate was 99.1% compared to 93.3% for the same period in 2020.



USD 30m Investment

We are implementing an investment plan of USD 30 million (Ushs 110 billion) related to supply reliability, growing demand, public safety, energy losses reduction and efficiency in operations



Capital Position

Long-term gross debt at the close of June 2021 stood at USD 120.3m, down from USD 144.3m as of 31st December 2020.

Customer service Innovation

Online New Applications platform has simplified and improved the customer connections experience. New applicants under the self-funded program are now connected within an average of 3 days.



The Directors of Umeme Limited are pleased to present the unaudited interim condensed financial statements for the six months ended 30 June 2021.

These financial results reflect our operational performance, regulatory actions, the operating environment, and electricity demand/supply dynamics.

Since the declaration of the Covid-19 pandemic in Uganda in March 2020, the Company continues to prioritise the safety and wellbeing of staff to enable continuity of supply and electricity distribution services to our customers.

The pandemic and related containment measures continue to affect the general

macro-economic operating environment, our customers, and our operations.

OPERATIONAL PERFORMANCE

Safety

The health and safety of our staff, contractors, and the public remain our top priority. Since the emergence of COVID-19, we have adapted the business operations to ensure compliance with guidelines and directives issued by the Government to protect our staff while continuing to deliver our services.

We note, with regret 5 fatal accidents resulting from illegal interference with the electricity distribution network recorded

during the period. We urge the public to refrain from interfering with electricity infrastructure and remain vigilant, reporting any unsafe network conditions. Umeme continues to sensitise the public on the responsible use of electricity and to the risks through a wide range of channels and engagements and has multiple avenues for the public to report unsafe situations. In addition, our staff are trained, and continually assessed, on their ability to safely operate and maintain the distribution network.

Customer Connections

On receipt of connection materials in June 2021 from the Government under the free connections program to connect 87,500 customers out of the backlog of 210,000, we

resumed the implementation of the program and have connected 8,907 of the free connections to date. In addition, we have added 31,722 customer funded connections, bringing the total for the period to 40,629.

We aim to clear the 87,500 connections by November 2021 as the Government mobilises additional financing for the rest of the backlog.

The customer base stands at 1,530,733 of which 29,733 are under the post-paid system.

During the period, we converted 8,864 of the post-paid customers to Yaka (pre-paid system), with the balance of 20,869 to be converted by the end of the year. Pre-paid sales contribute 31% of the total revenues.

The rollout of the Online New Applications platform has simplified and improved the customer connections experience. New applicants under the self-funded program are now connected within an average of 3 days.

We also connected 98 and 751 industrial and commercial customers respectively.

Electricity Demand

Overall electricity sales for the six months to 30 June 2021 increased by 11.8% to 1,720 GWh up from 1,538 GWh for the same period in 2020. The demand in the first half of 2020 was subdued by effects of the strict lockdown that impacted economic activity.

The growth during the period was driven by increased industrial demand at 13% from new and existing customers, commercial demand at 13% and domestic customers at 5%.

Energy Losses

Energy losses for the six months were 17.9% compared to 17.5% for 2020. The Covid-19 restrictions impacted our ability to execute our loss reduction programme during the period. We continue to note with concern the increased tendency of tampering and vandalising electricity infrastructure, including metering installations by some unscrupulous members of the public. With support of the Uganda Police, we have resumed our field operations and any culprits found are prosecuted under the Laws of Uganda.

Revenue Collections

Collection of billed electricity revenues is fundamental for the sustainability of the electricity supply industry, growth, and overall service delivery to our customers. The cashflows enable the generation, transmission and distribution companies to meet their

operating and investment obligations, without constraining the Government's fiscal resources. For the six months to 30 June 2021, our collection rate was 99.1% compared to 93.3% for the same period in 2020. We extend our appreciation to our customers that have continued to pay their bills on time.

Capital Investments

We are implementing an investment plan of US\$ 30 million (Ushs 110 billion) related to supply reliability, growing demand, public safety, energy losses reduction and efficiency in operations. Some of the projects under implementation include: Nakasamba power station in Entebbe, conversion of 30,000 post paid customers to Yaka, line refurbishments in Kamuli, Kibimba, Bubulo, Fort-Portal, Kisubi Kampala South; reconfiguration and supply stabilisation in Naalya, Najjera, Buwate, Namugongo and Ntinda belt, additional transformer zones and new connections.

FINANCIAL PERFORMANCE

Our performance for the six-months was supported by continuing investment in the existing network as well as projects to help meet regulatory targets and overall recovery in demand.

Revenues: Increased by 9.3% to Ushs 928 billion from Ushs 849 billion for the same six months in 2020. The growth is attributed to increased electricity demand across all consumer categories following reduced restrictions after the 1st wave of Covid-19.

Gross profit: Increased by 28.7% in the six months to 30 June 2021 to Ushs 299 billion compared to Ushs 232 billion of 2020. The growth is attributed to investments in growth and reliability related projects coupled with increased demand from existing and new customers.

Operating costs: increased by 12% to Ushs 123 billion from Ushs 110 billion of 2020. There was an increase in overall business activities to comply with Covid 19 directives, repairs and maintenance of the network and impairment of receivables in light of constrained economic activities.

Finance costs: Declined by 15.4% due to the decrease in interest rates on our long-term facilities: during the period it was 5.26%, down from 6.92% in the same period last year.

Earnings Before Interest Tax Depreciation and Amortization (EBITDA): Strengthened by 48% to Ushs 173.8 billion compared to Ushs 121 billion of 2020.

Net profit: More than doubled to Ushs 48.2 billion compared to Ushs 21.8 billion in the interim period to June 2020.

Capital Position: We have fully drawn down and utilized the debt raised in late 2019 to bolster our investment programme over the past 18 months. Long-term gross debt at the close of June 2021 stood at USD 120.3m, down from USD 144.3m as of 31st December 2020.

Cashflow: Net Operating cashflow improved to Ushs 153.5 billion, from Ushs 24.1 billion of 2020, attributable to the improved profitability, recovery of outstanding ECP revenues, working capital efficiencies and lower financing costs. Capital expenditure in the period eased to Ushs 49.6 billion against the Ushs 77.7 billion invested in the six months to June 2020

CONCLUSION

As we navigate through the effects of the pandemic, which are evident on the economy and our customers, our focus remains on staff safety, service excellence, and business continuity while minimising the pandemic effects on the Company.

The Directors do not recommend payment of an interim dividend.

The lack of clarity of the Concession post 2025, limits significantly our ability to raise capital and make capital investments in the electricity distribution system to achieve the national electrification goals.

We await further engagements with Government for an amicable settlement of the negotiations.

Once again, we extend our appreciation to the Government, our business partners, customers, and stakeholders for the continued support to the Company.

To the staff, we thank you for your continued commitment to delivering improved and more reliable service, especially during these pandemic times.

We remain committed to driving Uganda's electrification agenda through efficient and safe operation of the electricity distribution system.

Extract of the unaudited interim condensed financial statements for the six months ended 30 June 2021

SUMMARY STATEMENT OF PROFIT OR LOSS

| | UNAUDITED 6 MONTHS ENDED 30 JUNE 2021 (Ushs million) | UNAUDITED 6 MONTHS ENDED 30 JUNE 2020 (Ushs million) |
|---|--|--|
| Revenue from contracts with customers | 927,862 | 848,823 |
| Cost of sales | (629,304) | (616,764) |
| Gross Profit | 298,558 | 232,059 |
| Repair and maintenance expenses | (29,226) | (21,582) |
| Administration expenses | (93,905) | (88,161) |
| Foreign exchange gains/(losses) | (13,295) | (4,849) |
| Increase in expected credit losses | (1,684) | (997) |
| Operating Profit Before Amortisation, Impairment, Interest And Tax | 160,448 | 116,470 |
| Amortisation and write-off of intangible assets | (78,071) | (67,224) |
| Operating Profit | 82,377 | 49,246 |
| Finance income | 9,829 | 9,724 |
| Finance costs | (22,605) | (26,712) |
| Profit Before Tax | 69,601 | 32,258 |
| Income tax charge | (21,358) | (10,491) |
| Profit for the period | 48,243 | 21,767 |
| Basic and diluted earnings per share | Ushs 29.7 | Ushs 13.4 |

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

| | UNAUDITED 6 MONTHS ENDED 30 JUNE 2021 (Ushs million) | UNAUDITED 6 MONTHS ENDED 30 JUNE 2020 (Ushs million) |
|---|--|--|
| Profit for the period | 48,243 | 21,767 |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax): | | |
| Exchange differences on translation from functional currency | (25,813) | 17,852 |
| Total comprehensive income for the period, net of tax | 22,430 | 39,619 |

SUMMARY STATEMENT OF CASH FLOWS

| | UNAUDITED 6 MONTHS ENDED 30 JUNE 2021 (Ushs million) | UNAUDITED 6 MONTHS ENDED 30 JUNE 2020 (Ushs million) |
|---|--|--|
| Cash generated from operating activities | 171,016 | 49,116 |
| Long and short term borrowings interest paid | (13,578) | (21,957) |
| Other financing costs paid | (4,025) | (2,361) |
| Borrowings transactions paid | - | (1,057) |
| Net cash flows from operating activities | 153,507 | 24,116 |
| Investing activities | | |
| Purchase of intangible assets | (49,639) | (77,740) |
| Net cash flows used in investing activities | (49,639) | (77,740) |
| Financing activities | | |
| Repayment of principal on long term borrowing facilities | (85,647) | (28,165) |
| Repayment of principal on short term borrowing facilities | - | (36,650) |
| Net cash flows used in financing activities | (85,647) | (64,815) |
| Net decrease in cash and cash equivalents | 18,221 | (118,439) |
| Cash and cash equivalents at 1 January | (52,489) | 52,364 |
| Translation differences | 5,679 | (1,628) |
| Cash and cash equivalents at 30 June | (28,589) | (67,703) |

Message from the Directors

The interim condensed unaudited financial statements are extracts from the books of the Company. A copy of the interim condensed unaudited financial statements can be obtained at the Umeme Limited Head Office at Rwenzori House, Plot 1 Lumumba Avenue, Kampala Uganda and on www.umeme.co.ug.

The financial statements were approved by the Board of Directors on 20 August 2021, and were signed on its behalf by:



CHAIRMAN
Patrick Bitature

SUMMARY STATEMENT OF FINANCIAL POSITION

| | UNAUDITED 6 MONTHS ENDED 30 JUNE 2021 (Ushs million) | AUDITED 31 DECEMBER 2020 (Ushs million) |
|---------------------------------------|--|---|
| ASSETS | | |
| Non-current assets | | |
| Intangible assets | 691,781 | 787,665 |
| Other financial asset: Buy out amount | 1,047,872 | 1,016,856 |
| Concession financial asset | 322,416 | 329,283 |
| | 2,062,069 | 2,133,804 |
| Current assets | | |
| Inventories | 91,824 | 102,600 |
| Current income tax recoverable | 31,929 | 41,137 |
| Contract assets | 37,847 | 91,433 |
| Trade and other receivables | 214,676 | 218,402 |
| Prepayments | 30,110 | 47,642 |
| Bank balances | 43,867 | 30,022 |
| | 450,253 | 531,236 |
| Total Assets | 2,512,322 | 2,665,040 |
| Equity And Liabilities Equity | | |
| Issued capital | 27,748 | 27,748 |
| Share premium | 70,292 | 70,292 |
| Retained earnings | 550,412 | 521,980 |
| Translation reserve | 157,373 | 183,186 |
| | 805,825 | 803,206 |
| Non-current liabilities | | |
| Borrowings: non-current portion | 250,471 | 341,464 |
| Concession financial obligation | 322,416 | 329,283 |
| Long term incentive plan | 57 | 58 |
| Deferred tax liability | 227,463 | 215,313 |
| | 800,407 | 886,118 |
| Current liabilities | | |
| Borrowings: current portion | 171,244 | 175,640 |
| Customer security deposits | 484 | 496 |
| Contract liabilities | 99,768 | 139,866 |
| Accrued expenses | 47,546 | 53,931 |
| Provisions | 1,278 | 1,311 |
| Trade and other payables | 513,798 | 522,457 |
| Bank overdrafts | 71,972 | 82,015 |
| | 906,090 | 975,716 |
| Total equity and liabilities | 2,512,322 | 2,665,040 |

SUMMARY STATEMENT OF CHANGES IN EQUITY

| | ISSUED CAPITAL (Ushs million) | SHARE PREMIUM (Ushs million) | RETAINED EARNINGS (Ushs million) | TRANSLATION RESERVE (Ushs million) | TOTAL EQUITY (Ushs million) |
|--|----------------------------------|---------------------------------|-------------------------------------|---------------------------------------|--------------------------------|
| At 1 January 2020 | 27,748 | 70,292 | 546,030 | 189,450 | 833,520 |
| Profit for the period | - | - | 21,767 | - | 21,767 |
| Other comprehensive income, net of tax | - | - | - | 17,852 | 17,852 |
| Total other comprehensive income, net of tax | - | - | 21,767 | 17,852 | 39,619 |
| At 30 June 2020 - unaudited | 27,748 | 70,292 | 567,797 | 207,302 | 873,139 |
| At 1 January 2021 | 27,748 | 70,292 | 521,980 | 183,186 | 803,206 |
| Profit for the period | - | - | 48,243 | - | 48,243 |
| Other comprehensive loss, net of tax | - | - | - | (25,813) | (25,813) |
| Total other comprehensive income, net of tax | - | - | 48,243 | (25,813) | 22,430 |
| Dividend declared | - | - | (19,811) | - | (19,811) |
| At 30 June 2021 - unaudited | 27,748 | 70,292 | 550,412 | 157,373 | 805,825 |

The interim condensed financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in audited annual financial statements and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 December 2020.



MANAGING DIRECTOR
Selestino Babungi