

UMEME LIMITED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022



Umeme Limited is pleased to present its unaudited interim condensed financial results for the six months period ended 30 June 2022.



OPERATING ENVIRONMENT

The economy was on course for a strong rebound at the start of the year, helped by higher domestic demand amidst the easing of pandemic-curbing restrictions.

However, the challenging global environment in the wake of the geopolitical conflicts has led to inflation, supply chain disruptions, depreciation of the Uganda Shilling, an increase in interest rates and a generally weaker operating environment that is projected to impact our customers' purchasing power and our cost of operations.

Despite the challenging macroeconomic environment, the electricity sector was resilient and posted a 9% increase in energy demand, due to the opening of the economy since January 2022.



SAFETY

Regrettably, we recorded six (6) fatalities on the distribution network arising from network interference, power theft and illegal operations by unauthorized people.

We appeal to the public to report unsafe networks, power thefts, vandalism or unauthorized network operations through our multiple service channels.

Umeme continues to inform the public on the responsible use of electricity and the risks associated with network interference through a wide range of communication channels and engagements.



FINANCIAL PERFORMANCE

Performance comparisons are stated on a year-on-year basis, and comparing the six (6) months to June 2022 with the similar period to June 2021.

Revenue: Electricity sales to customers increased by 3.2% to Ushs. 876.4 billion as compared to Ushs. 849.2 billion in 2021.

Total electricity sales increased by 9% to 1,875 GWh amidst a reduction in energy losses to 17.1% as compared to 17.9% for 2021, as power consumption in the domestic, commercial, medium, and large industrial consumer segments posted double-digit growth.

However, growth in electricity consumption in the extra-large industrial category was flat at 0.7%.

Despite inflationary pressures in the economy, **Operating Costs** reduced by 6.5% to Ushs. 115 billion as compared to Ushs. 123 billion in 2021 supported by reorganization of the business during the period and efficiency gains from our continued investments in technology.

Operating profit increased by 21% to Ushs. 100 billion as compared to Ushs. 82 billion in 2021 driven by performance on gross profit and operating costs.

Profit After Tax increased by 33% to Ushs. 64 billion as compared to Ushs. 48 billion in 2021 and **Earnings Per Share** increased to Ushs. 39.6 from Ushs. 29.7 for the same period in 2021.

Debt: Net debt on 30th June 2022, was down 20% to Ushs. 268 billion (US\$ 71 million) compared to the closing balance at 31 December 2021 of Ushs. 337 billion (US\$ 95 million) following scheduled repayment of Ushs. 90 billion (US\$ 24 million) on our long-term borrowings.

Cashflows: Net Operating cashflow increased by 21.7% to Ushs. 187.4 billion as compared to Ushs. 154 billion in 2021 supported by improved cash collections, improved profitability, optimized working capital and lower financing costs in the period.

We invested Ushs. 55.9 billion (US\$ 15 million) in the distribution network in line with our capital expenditure programme for 2022.

Dividends: In line with the previous interim periods, the company's strategy is to pay scheduled term debt and to fund ongoing capital investments in the distribution system for efficiencies and improvement in the customer experience.

As a result, the Directors do not recommend the payment of an interim dividend.

Investment in Technology— Driving operational efficiency and enhanced customer experience.

5 ENERGY SAVING TIPS

1



Turn off electronic devices at socket points when not in use.

2



Use energy savings devices like LED bulbs.

3



Embrace Electric Pressure Cookers (EPC) for cooking.

4



Iron clothes at once when they are not so dry.

5



Contact us for an energy consumption audit.

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS

	UNAUDITED 6 MONTHS ENDED 30 JUNE 2022 (Ushs million)	UNAUDITED 6 MONTHS ENDED 30 JUNE 2021 (Ushs million)
Revenue from contracts with customers	896,999	927,862
Cost of sales	(618,571)	(629,304)
Gross Profit	278,428	298,558
Repair and maintenance expenses	(16,343)	(29,226)
Administration expenses	(98,766)	(93,905)
Foreign exchange gains/(losses)	15,612	(13,295)
Increase in expected credit losses	(475)	(1,684)
Operating Profit Before Amortisation, Impairment, Interest And Tax	178,456	160,448
Amortisation and write-off of intangible assets	(78,518)	(78,071)
Operating Profit	99,938	82,377
Finance income	10,467	9,829
Finance costs	(17,626)	(22,605)
Profit Before Tax	92,779	69,601
Income tax charge	(28,403)	(21,358)
Profit for the period	64,376	48,243
Basic and diluted earnings per share	Ushs 39.6	Ushs 29.7

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED 6 MONTHS ENDED 30 JUNE 2022 (Ushs million)	UNAUDITED 6 MONTHS ENDED 30 JUNE 2021 (Ushs million)
Profit for the period	64,376	48,243
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation from functional currency	71,755	(25,813)
Total comprehensive income for the period, net of tax	136,131	22,430

INTERIM CONDENSED SUMMARY STATEMENT OF CASH FLOWS

	UNAUDITED 6 MONTHS ENDED 30 JUNE 2022 (Ushs million)	UNAUDITED 6 MONTHS ENDED 30 JUNE 2021 (Ushs million)
Cash generated from operating activities	212,676	171,016
Interest received from banks	216	94
Long and short term borrowings interest paid	(9,727)	(13,578)
Other financing costs paid	(5,594)	(4,025)
Borrowings transactions paid	(132)	-
Current income tax paid	(10,000)	-
Net cash flows from operating activities	187,439	153,507
Investing activities		
Purchase of intangible assets	(55,903)	(49,639)
Net cash flows used in investing activities	(55,903)	(49,639)
Financing activities		
Repayment of principal on long term borrowing facilities	(90,384)	(85,647)
Net cash flows used in financing activities	(90,384)	(85,647)
Net increase in cash and cash equivalents	41,152	18,221
Cash and cash equivalents at 1 January	(44,885)	(52,489)
Translation (loss)/gain	(11,652)	5,679
Cash and cash equivalents at 30 June	(15,385)	(28,589)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	UNAUDITED 30 JUNE 2022 (Ushs million)	AUDITED 31 DECEMBER 2021 (Ushs million)
ASSETS		
Non-current assets		
Intangible assets	613,283	640,858
Other financial asset: Buy out amount	1,206,479	1,088,155
Concession financial asset	343,392	322,734
	2,163,154	2,051,747
Current assets		
Inventories	98,357	100,303
Current income tax recoverable	-	13,942
Contract assets	48,444	38,556
Trade and other receivables	242,142	238,421
Prepayments	19,680	14,091
Bank balances	73,078	50,236
	481,701	455,549
Total Assets	2,644,855	2,507,296
Equity And Liabilities		
Equity		
Issued capital	27,748	27,748
Share premium	70,292	70,292
Retained earnings	617,872	641,310
Translation reserve	225,559	153,804
	941,471	893,154
Non-current liabilities		
Borrowings: non-current portion	59,634	165,831
Concession financial obligation	343,392	322,734
Deferred tax liability	238,447	236,925
	641,473	725,490
Current liabilities		
Borrowings: current portion	208,444	170,774
Customer security deposits	11	7
Contract liabilities	83,434	56,651
Accrued expenses	14,836	22,645
Provisions	892	841
Trade and other payables	662,903	542,620
Current Income tax payable	2,939	-
Bank overdrafts	88,452	95,114
	1,061,911	888,652
Total equity and liabilities	2,644,855	2,507,296

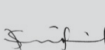
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	ISSUED CAPITAL (Ushs million)	SHARE PREMIUM (Ushs million)	RETAINED EARNINGS (Ushs million)	TRANSLATION RESERVE (Ushs million)	TOTAL EQUITY (Ushs million)
At 1 January 2021	27,748	70,292	521,980	183,186	803,206
Profit for the period	-	-	48,243	-	48,243
Other comprehensive income, 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
At 1 January 2022	27,748	70,292	641,310	153,804	893,154
Profit for the period	-	-	64,376	-	64,376
Other comprehensive loss, net of tax	-	-	-	71,755	71,755
Total other comprehensive income, net of tax	-	-	64,376	71,755	136,131
Dividend declared	-	-	(87,814)	-	(87,814)
At 30 June 2022 - unaudited	27,748	70,292	617,872	225,559	941,471

MESSAGE FROM THE DIRECTORS

The unaudited interim condensed financial statements are extracts from the books of the Company. A copy of the unaudited interim condensed 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 19 August 2022, and were signed on its behalf by:


Chairman
 Patrick Bitature


Managing Director
 Selestino Babungi