

# UMEME LIMITED

## AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025



**The Directors of Umeme Limited present the audited financial results for the year ended 31 December 2025. The year 2025 marked the 20th and last year of Umeme's Electricity Distribution Concession in Uganda.**

The Company's main activities under the Concession ceased on 31 March 2025, when operation of the electricity distribution system was handed back to the Government of Uganda (GOU) subject to the payment of the Buy Out Amount due from the GOU to Umeme, therefore, the financial performance for the year 2025 only reflects 3 months of active operations compared to 12 months of the preceding year, 2024. The full details are included in the audited financial statements.

Over the last 20 years, Umeme contributed to the transformation of Uganda's electricity supply industry through increased investments in the distribution system, significant reduction in energy losses, improved efficiencies in electricity distribution in Uganda, development of staff and management capacity, increased use of technology, improved customer satisfaction, and restoration of the commercial viability of the sector.

The Company invested a total of US\$ 856 million in the distribution system thereby complementing Government and other public funding across the electricity value chain.

Since 2020, the Company invested over US\$ 212 million in the network. Specifically in 2024 and 2025, several critical projects were completed including:

- Rollout of an integrated new Billing and Customer Management System
- Geo Spatial Network Information

system.

- Rebuilt Mukono Substation
- Upgraded Gaba Substation Power Transformers
- Integration of UETCL Luzira Transmission Substation
- UETCL Kasana Transmission Substation Evacuation
- Improved electricity reliability for Lira, Mbale, Mbarara and Kawempe Referral Hospitals
- Improved network reliability for Bombo and Kapeeka medium voltage
- Constructed Matugga switching station,
- Integrated UETCL Hoima Transmission Substation Integration, and
- Distribution Transformer replacements, injections and upgrades across the country among others.
- Replacement of Njeru Switch Gear and Owen falls Substation Switch gear replacement
- Mbale city Growth and Quality of supply improvement
- Mbale Substation Capacity Upgrade

Notwithstanding the limitations to the end of the Concession, Umeme prioritised electricity system stability and reliability of supply and overall excellence in delivery of service. The Customer Satisfaction Index for the period 2024/2025 was 75% compared to 73% in the prior year, and Net Promoter Score for the period was 41 compared to 25 in the prior period 2023/2024.

On 31 March 2025, Umeme handed over the operation of the electricity distribution system and ensured a seamless operational retransfer of the

system to Uganda Electricity Distribution Company Limited (UEDCL) in line with the Privatisation Agreements. The retransfer was conducted without prejudice to Umeme's rights to receive the full Buy Out Amount due under the Concession contracts. The Privatisation Agreements provide that the Retransfer Transition Period ends only when the Buy Out Amount has been paid in full.

As at the date of this Press Release, it is the Company's position that the Buy Out Amount has not been settled in full. During the year, the Company received a partial settlement of the Buy Out Amount in the sum of US\$ 126.8 million (Ushs 457.3 billion).

Following the failure of initial efforts to resolve the dispute by good faith discussion, the Company commenced arbitration proceedings against the Government of Uganda in the London Court of International Arbitration, as provided for in the Concession contracts.

The Board and Management remain committed and fully focused on this recovery process, by both arbitration in London and without prejudice negotiations in Uganda, to preserve the contractual rights and protect the financial interests of the Company and its shareholders.

The Company also faces a claim for non-payment lodged against it by the Uganda Electricity Transmission Company Limited (UETCL). The Company asserts that the UETCL claim is intrinsically related to the Company's Buy Out Amount claim against the Government of Uganda and this dispute is being conducted as part of the arbitration by the Company against the Government.

The arbitration process follows defined legal guidelines and protocols, including strict confidentiality requirements. As a result, the Company is not at liberty to continuously communicate details of the proceedings.

Nevertheless, and in accordance with our listing obligations and subject to the approval of the Arbitral Tribunal, Shareholders shall be advised promptly

on any material event in line with the Arbitration rules and procedures. We remain optimistic that we will conclude the dispute resolution process with the Government in a professional and expedient manner.

Following receipt of the partial settlement of the Buy Out Amount and as per the Company's notice dated 24 June 2025, the Board of Directors of Umeme Limited declared an interim dividend of Ushs 222 per ordinary share, subject to deduction of withholding tax where applicable. The interim dividend was paid to shareholders by 31 July 2025. The Board of Directors of Umeme Limited does not recommend a final dividend.

The Company has realigned its structure and operations for efficiency and overall cost optimisation. While the main focus is to resolve the ongoing Buy Out Amount claim, we continue to maintain the Company's corporate existence, its normal business operations to ensure compliance with regulatory requirements.

The Company continues to assess and refine its strategy and has devoted appropriate resources to evaluate potential new business opportunities in electricity distribution, where we can apply the experience gained in growing successfully Uganda's distribution. Shareholders will be updated on the business opportunities being explored at the forthcoming Annual General Meeting (AGM). The Board shall seek shareholder approval before entering any binding commitments in this regard.

On behalf of the Board, we extend our sincere appreciation to His Excellency The President of Uganda, the Government of Uganda, our customers, staff, financing and other business partners over the 20 years.

Based on the privatisation intentions in 2005, compared to the outcomes of the Concession, we believe significant value has been created for Uganda's electricity sector and the general economy over the period, and we are proud of Umeme's contributions throughout the Concession.

### OUR KEY ACHIEVEMENTS DURING THE 20 YEARS OF THE CONCESSION

PERFORMANCE AREA		2005	2024
1	Length of LV and MV Distribution Lines (KM)	16,000	42,466
2	Distribution Transformers	5,731	19,783
3	Customers connected on the Grid	0.29m	2.2m
4	Customers on pre-paid metering	0%	99%
5	Energy Sales (GWh)	1,015	4,674
6	Energy Losses (%ge)	38.0%	16.0%
7	Revenue Collection Rate	80%	99%
8	Cumulative investments in the distribution grid – US\$ m	6	856
9	Electricity sales revenue – Ushs (Billion)	160.6	2,315
10	Net Promoter Score (NPS)	-	+43

**STATEMENT OF PROFIT OR LOSS**

	2025 (Ushs million)	2024 (Ushs million)
Revenue from contracts with customers	530,035	2,314,768
Cost of sales	(430,152)	(1,492,892)
<b>Gross Profit</b>	<b>99,883</b>	<b>821,876</b>
Repair and maintenance expenses	(11,507)	(63,287)
Administration expenses	(107,171)	(279,827)
Net foreign exchange (loss)/gains	(7,379)	2,344
Increase in expected credit losses	(12,754)	(360,908)
<b>(Loss)/Profit Before Amortisation, Impairment, Interest and Tax</b>	<b>(38,928)</b>	<b>120,198</b>
Amortisation, impairment and write off of intangible assets	(136,248)	(699,148)
<b>Operating Loss</b>	<b>(175,176)</b>	<b>(578,950)</b>
Finance income	6,294	5,396
Finance costs	(42,836)	(29,218)
<b>Loss Before Tax</b>	<b>(211,718)</b>	<b>(602,772)</b>
Income tax (charge)/credit	(11,876)	92,204
<b>Loss for the year</b>	<b>(223,594)</b>	<b>(510,568)</b>
<b>Basic and diluted earnings per share</b>	<b>Ushs (137.7)</b>	<b>Ushs (314.4)</b>

**STATEMENT OF COMPREHENSIVE INCOME**

	2025 (Ushs million)	2024 (Ushs million)
<b>Loss for the year</b>	<b>(223,594)</b>	<b>(510,568)</b>
<b>Other comprehensive income</b>		
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):</i>		
Differences on translation from functional currency to presentation currency	(11,376)	(16,123)
<b>Total comprehensive loss for the year, net of tax</b>	<b>(234,970)</b>	<b>(526,691)</b>

**STATEMENT OF CASH FLOWS**

	2025 (Ushs million)	2024 (Ushs million)
<b>Cash generated from operating activities</b>	<b>124,239</b>	<b>424,064</b>
Interest received from banks	4,596	282
Other financing costs paid	(42,836)	(28,815)
Current income tax paid	(10,991)	(103,755)
<b>Net cash flows from operating activities</b>	<b>75,008</b>	<b>291,776</b>
<b>Investing activities</b>		
Investment in the distribution network	(29,635)	(107,047)
Proceeds from sale of intangible assets	-	158
Proceeds from buy out amount	457,258	-
<b>Net cash flows from/(used in) investing activities</b>	<b>427,623</b>	<b>(106,889)</b>
<b>Financing activities</b>		
Dividend paid	(360,501)	(169,208)
<b>Net cash flows used in financing activities</b>	<b>(360,501)</b>	<b>(169,208)</b>
<b>Net increase in cash and cash equivalents</b>	<b>142,130</b>	<b>15,679</b>
Cash and cash equivalents at 1 January	(25,269)	(48,385)
Net foreign exchange differences	(278)	7,437
<b>Cash and cash equivalents at 31 December</b>	<b>116,583</b>	<b>(25,269)</b>

**STATEMENT OF FINANCIAL POSITION**

	31 Dec 2025 (Ushs million)	31 Dec 2024 (Ushs million)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Deferred tax asset	-	3,033
	-	<b>3,033</b>
<b>Current assets</b>		
Intangible assets	-	145,300
Other financial asset	-	434,847
Concession financial asset	-	337,757
Inventories	-	69,535
Contract assets	-	60,616
Income Tax recoverable	1,555	-
Trade and other receivables	24,808	296,304
Prepayments	367	8,354
Bank balances	116,583	32,973
	<b>143,313</b>	<b>1,385,686</b>
<b>Total Assets</b>	<b>143,313</b>	<b>1,388,719</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Issued capital	27,748	27,748
Share premium	70,292	70,292
Accumulated losses	(654,441)	(70,346)
Translation reserve	202,412	213,788
	<b>(353,989)</b>	<b>241,482</b>
<b>Current liabilities</b>		
Concession financial obligation	-	337,757
Employee incentive plan liabilities	-	44,011
Contract liabilities	-	46,401
Accrued expenses	1,729	33,515
Provisions	1,196	1,213
Trade and other payables	494,377	625,505
Current income tax payable	-	593
Bank overdrafts	-	58,242
	<b>497,302</b>	<b>1,147,237</b>
<b>Total equity and liabilities</b>	<b>143,313</b>	<b>1,388,719</b>

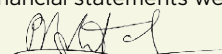
**STATEMENT OF CHANGES IN EQUITY**

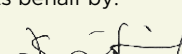
	ISSUED CAPITAL (Ushs million)	SHARE PREMIUM (Ushs million)	ACCUMULATED PROFITS/ (LOSSES) (Ushs million)	TRANSLATION RESERVE (Ushs million)	TOTAL EQUITY (Ushs million)
<b>At 1 January 2024</b>	<b>27,748</b>	<b>70,292</b>	<b>609,430</b>	<b>229,911</b>	<b>937,381</b>
Loss for the year	-	-	(510,568)	-	(510,568)
Other comprehensive loss, net of tax	-	-	-	(16,123)	(16,123)
Total comprehensive loss for the year, net of tax	-	-	(510,568)	(16,123)	(526,691)
Dividend paid: interim and final for 2023 and interim for 2024	-	-	(169,208)	-	(169,208)
<b>At 31 December 2024</b>	<b>27,748</b>	<b>70,292</b>	<b>(70,346)</b>	<b>213,788</b>	<b>241,482</b>
<b>At 1 January 2025</b>	<b>27,748</b>	<b>70,292</b>	<b>(70,346)</b>	<b>213,788</b>	<b>241,482</b>
Loss for the year	-	-	(223,594)	-	(223,594)
Other comprehensive loss, net of tax	-	-	-	(11,376)	(11,376)
Total comprehensive loss for the year, net of tax	-	-	(223,594)	(11,376)	(234,970)
Dividend paid: interim and final for 2024 and interim for 2025	-	-	(360,501)	-	(360,501)
<b>At 31 December 2025</b>	<b>27,748</b>	<b>70,292</b>	<b>(654,441)</b>	<b>202,412</b>	<b>(353,989)</b>

**MESSAGE FROM THE DIRECTORS**

The above audited financial statements are extracts from the Company's audited financial statements for the year ended 31 December 2025 which were audited by Ernst & Young Certified Public Accountants, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, Cap.106, Laws of Uganda. A copy of the financial statements can be obtained at the Umeme Limited Head Office at Rwenzori House, Plot 1 Lumumba Avenue, Kampala, Uganda, and on our website: [www.umeme.ug](http://www.umeme.ug).

The annual financial statements were approved by the Board of Directors on 27 March 2026, and were signed on its behalf by:

  
Director

  
Director