

Annual Integrated Report

2025

Reclaiming Ground. Building Momentum

2025 Highlights

Financial Performance

Total Annual Revenue

34.8 UGX Billion



Gross profit **↑ 81%**

15bn

2024: 8.3bn 2023: 8.7bn

EBITDA **↑ 326%**

8.3bn

2024: 1.9bn 2023: 2.85bn

Net profit/(loss) **↑ 103%**

142m

2024: (4.95b) 2023: (2.85b)

Net profit margin **↑ 103%**

0.4%

2024: (16%) 2023: (9%)

Total assets **↑ 6%**

80.6bn

2024: 76bn 2023: 77bn

Earnings per sha. **↑ 103%**

0.16

2024: (5.5) 2023: (3.2)

Non-Financial

Industrial Safety Rating

71.1%



LTIFR **↑ 270%**

1.48

2024: 0.4 2023: 1.5

OEE **↑ 18.7%**

57%

2024: 48% 2023: 39%

Turnaround time **↓ 80%**

2 days

2024: 10 days 2023: 40 days

NAI **↑ 6.9%**

77%

2024: 72% 2023: 55%

Recovery Rate **↓ 1.2%**

81%

2024: 82% 2023: 79%

Staff Engagement Index **↑ 12%**

73%

2024: 65% 2023: 71%

Supplier satisfaction index **↑ 9.6%**

78%

2024: 71% 2023: 70%

A Year of Decisive Recovery

It is with quiet conviction that we present the Uganda Clays Limited 2025 Annual Integrated Report. This year represents a defining moment, the strategic choices made under genuine adversity have produced tangible results, and those results are now visible in our numbers.

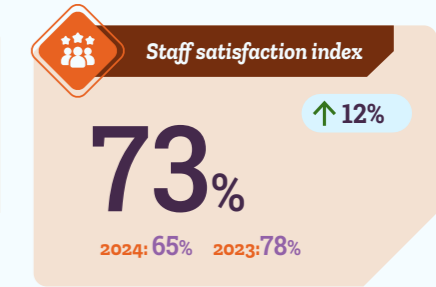
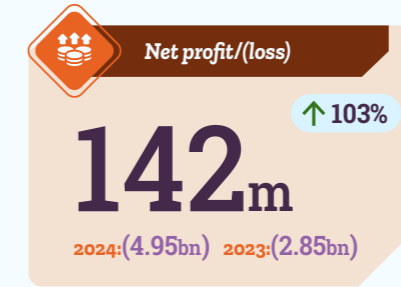
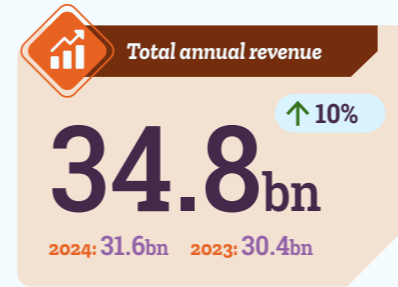


After two consecutive years of loss, Uganda Clays Limited has returned to profitability. This is not the conclusion of the recovery. It is confirmation that the strategy is working.

While the story of the preceding three years was one of managing under pressure, the current chapter is one of recovery and growth. The 2025 financial year concluded with a net profit of UGX 141.75 million, our first since 2022. Beyond the milestone itself, what matters is what it confirms: the structural transformation of this business is real. By executing our Turnaround phase with discipline and refusing the temptation of temporary solutions, we have broken the cycle of declining performance.

Macroeconomic Backdrop

Uganda's macroeconomic environment in 2025 was notably more favourable than the preceding two years. GDP growth strengthened to 6.3%, supported by broad-based activity across agriculture, services, and construction. The construction industry expanded by 11%, driven by sustained public infrastructure investment and a recovery in private sector project commitments. Business confidence held firm throughout the year, with the Purchasing Managers' Index remaining above the 50-point expansion threshold in every quarter.



Headline inflation continued to moderate, improving the real purchasing power of contractors and developers and making project financing more accessible. The Uganda shilling softened in the first half of the year before appreciating in the second, easing the cost of imported inputs on which parts of our manufacturing programme depend. For the first time in several years, the external environment and the Company's internal trajectory moved in the same direction. UCL was ready to meet that moment.

The Competitive Landscape

The market for clay and ceramic building products in Uganda remained intensely competitive. Multiple formal producers operate in the space, alongside a growing informal sector and a persistent flow of imported alternatives, all applying downward pressure on pricing across every segment. We are clear-eyed about this environment.

We must also acknowledge, with equal candour, that in the years of operational difficulty preceding 2025, UCL's extended delivery times created openings that competitors were quick to occupy. UCL's answer to competition has always been the same: 76 years of manufacturing heritage, product quality that has proven itself across generations of construction in this country, and a distribution network that continues to deepen its reach. The 2025 results confirm that when we deliver on that promise consistently, the market responds.

Breaking The Cycle

The 2025 financial performance represents more than a return to the black. It confirms that the core mechanics of this business have stabilised. Revenue grew by 10% to UGX 34.8 billion, up from UGX 31.6 billion in 2024, our strongest performance since 2021. We achieved this while reducing the cost of sales by 15% to UGX 19.8 billion, from UGX 23.3 billion the prior year. In any manufacturing business, a simultaneous increase in output and reduction in cost is the clearest indicator that operational repairs and efficiencies have taken hold at a structural level.

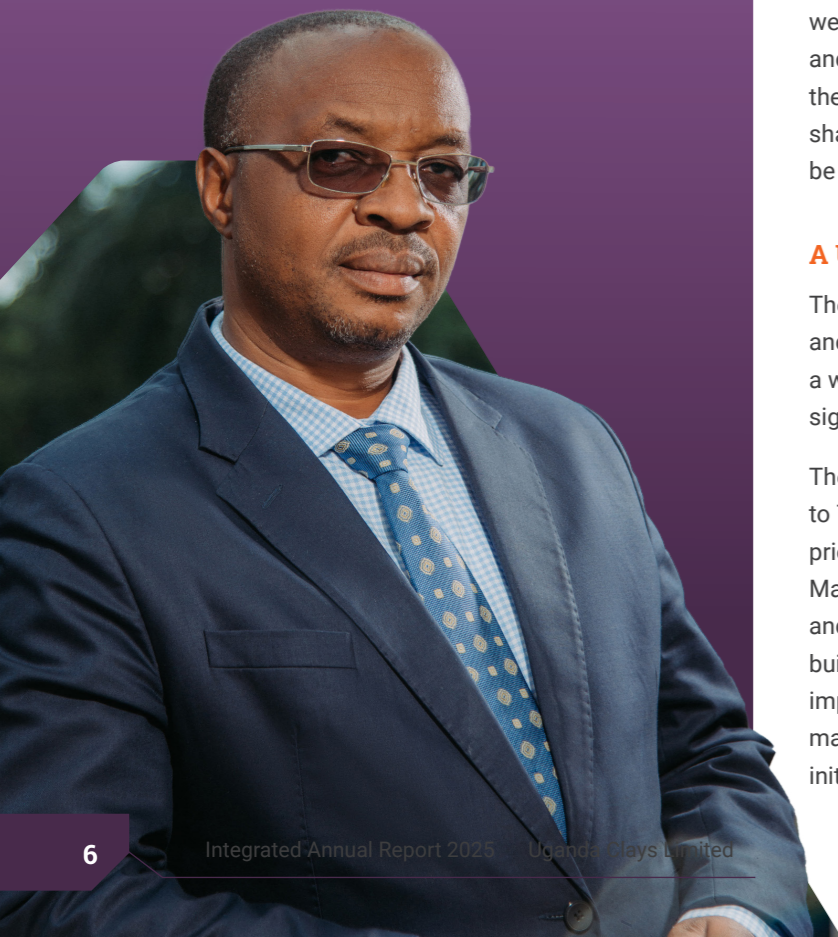
Gross profit nearly doubled to UGX 15.0 billion, from UGX 8.3 billion in 2024, and EBITDA recovered to UGX 8.0 billion from UGX 1.9 billion the prior year. These figures are the aggregate return on the investment and discipline we have sustained since late 2023. We moved from fragmented operations to a formalised coordination framework that synchronised production, procurement, and sales. We subjected every major cost driver to intense scrutiny, implemented measurable savings, and modernised our technical processes.



A Tribute to Mr. Tumwebaze Byaruhanga Reuben

The Board wishes to record its deep appreciation for Mr. Tumwebaze Byaruhanga Reuben, who served as Managing Director of Uganda Clays Limited through one of the most demanding periods in the Company's recent history. He assumed leadership at a time when the business faced compounding headwinds: declining revenues, rising input costs, post-pandemic market disruption, and the urgent need to reimagine UCL's strategic direction. He did not inherit an easy assignment, and he did not manage it easily — but he managed it with integrity.

Under Mr. Tumwebaze's stewardship, the TRAG strategy was conceived, developed, and brought to the Board for approval. The Turnaround and Repair framework that is now producing results was his architecture. The cultural investments in the workforce — the town halls, the welfare programmes, the Graduate Trainee Programme — were initiated under his watch, even when financial conditions made them difficult to sustain. He oversaw the Company through two years of net losses without losing sight of the longer-term ambition, and he built the management team and operational disciplines that his successor has inherited. The recovery we are reporting today rests, in no small measure, on the foundations he laid. The Board is genuinely and deeply grateful for his contribution to this institution.



A notable example of this work is the integration of kaolin into the clay mix. This iron-rich mineral optimises the kiln burning process by increasing the liquid phase, resulting in reduced fuel consumption and improved product strength. These technical refinements, combined with a commitment to executing maintenance shutdowns without supply failures, provided the stability required to grow our volumes. The Board presents these results as the logical consequence of sustained discipline applied consistently across every function of the business.

Prudence Over Payouts

Notwithstanding our return to profitability, the Board is not recommending a dividend for the financial year ended 31 December 2025. Our primary duty as custodians of this Company is to protect its long-term financial health.

Our earnings trajectory is positive, but we carry structured financial obligations that must be met with consistency. Our NSSF loan facility continues to accrue interest during its grace period, which extends to 2028, and our Housing Finance Bank facility requires steady servicing to cover sustaining capital expenditure. Capital continues to be directed toward our manufacturing modernisation programme to ensure we realise its full potential.

The Board's decision reflects the financial prudence this stage of the recovery demands. We are prioritising the deleveraging and structural strengthening of the balance sheet so that when we return to paying dividends, that return will be sustainable and consistent. We are committed to this goal, and we view the current trajectory as the necessary precursor to restoring shareholder distributions. This is a commitment the Board will be held to.

A Unified Culture: The Engine Of Our Performance

The recovery of 2025 had human foundations. Better machines and leaner costs contributed. The decisive factor, however, was a workforce that chose to invest discretionary effort in a year of significant constraint.

The Staff Engagement Index improved from 65% in 2024 to 73% in 2025 — a reflection of management's decision to prioritise transparency over reassurance. Through quarterly Managing Director town halls, enhanced wellness programmes, and a deliberate effort to keep our people informed, we built an environment where employees felt heard. That this improvement occurred in a year when remuneration could not materially change tells you more about what drove it than any initiative list could.



The formalised cross-functional coordination framework, which aligned production, procurement, and sales teams around a shared daily demand picture, changed how the organisation makes decisions. It is the direct reason customer turnaround time fell from seven days to two. By aligning our internal culture and processes, we created an external experience our customers could feel.

Safety remains a governing standard. We are pleased to report zero fatalities for the second consecutive year. During the year, we strengthened our approach to casual workforce management, which had contributed to a temporary increase in Lost Time Injuries in the first half. The stabilisation measures introduced in the third quarter took effect quickly, with labour turnover on the factory floor reducing materially in the second half of 2025. Our goal remains the total elimination of lost time injuries, and the momentum recorded in the latter half of the year gives the Board confidence that our direction is correct.

Maintaining Continuity At The Top

Following the expiry of Mr. Tumwebaze's contract, we appointed Mr. Jones Muhumuza as Acting Managing Director. This was a deliberate choice, intended to instil immediate financial rigour and draw on the operational knowledge he built during his tenure as Head of Finance. Mr. Muhumuza has enforced the cost-consciousness the Turnaround phase demands. The Board is in the process of identifying a substantive Managing Director and will update shareholders as that process concludes.

Eyes On The Horizon

The Board's strategic vision is clear. We are building Uganda Clays Limited into the most trusted manufacturer of building materials in the region. Our priorities for 2026 and 2027 are focused on consolidation, securing our operational gains and achieving consistent annual revenue of UGX 40 billion and above, the threshold at which the Company comfortably meets its obligations and builds the internal capacity to fund the next phase of growth.

That next phase will be supported by the continued development of our manufacturing programme and by the expansion of our commercial reach. In 2025, our online and diaspora sales channel demonstrated that meaningful demand for UCL products exists beyond our traditional markets. We intend to build on that signal. Our product range diversification remains a priority, and work in this area is advancing alongside the broader operational consolidation.

The Board is clear-eyed about the risks that persist: energy cost volatility, the complexity of project execution, and the necessity of maintaining stringent working capital disciplines. These are factored into our planning assumptions and are being actively managed by both the Board and the management team.

To our shareholders, thank you for your patience and your continued belief in the potential of this Company. To our customers, suppliers, and stakeholders, thank you for your partnership, you are the reason we continue to improve. And to the entire team at Kajjansi and Kamonkoli, from the factory floor to the boardroom: these results are yours. They are the product of your discipline and your shared belief in the future of Uganda Clays Limited.

The ground has been reclaimed. The work of building momentum has begun. We look forward to realising the full potential of this Company with you.

Eng. Martin Kasekende
Chairman, Board of Directors

Rewiring the Engine, Our Proof of Progress

FY 2025 marks a pivotal turning point for UCL, as the company moved from absorbing losses to generating returns. The UGX 141.75 million net profit is modest in absolute terms, yet it stands as the most significant financial milestone in the last three years. More importantly, it confirms that the turnaround strategy is working as intended.

These results are the direct outcome of a four-year systematic repair to operational foundations, cost structures, and internal accountability. A 10% revenue increase to UGX 34.8 billion, combined with a 15% reduction in the cost of sales, has finally broken the cycle of losses that constrained the business since 2022.

With the Turnaround and Repair phase of the TRAG strategy, spanning 2025 to 2026, starting to yield visible results, a robust operational base has been established. This platform clears the path for the upcoming Repair and Foundations phase, covering 2027 to 2030, and positions the company for the Aggressive Growth phase beginning in 2031. The following sections provide the data to prove that the foundation for this long-term trajectory is firmly in place.

Rewiring Our Operational Engine for Recovery

Better numbers came from better operations, and the operations changed in four areas: how the factories are run, how customers are served, how people are managed, and how supplies are procured. Each of those changes traces directly into a line in the accounts.

Production

Overall Equipment Effectiveness reached 57%, up from 48% in 2024 and 37% in 2023, while the Net Availability Index improved to 77% from 72%. These gains were a result of structural transformations such as the commissioning of cutting tables at both factories, the Line 2 extruder delivering its first full year of output, a 32% expansion in drying capacity that removed the constraint forcing production stops before the end of full-week runs, and conveyor installations that cut the manual handling where product damage and quality variation had always concentrated.

The shift from reactive to planned maintenance across both factories is the governance change behind those figures, because a machine that stops on a schedule is more productive than one that stops unpredictably.

The Kamonkoli planned shutdown ran 50 days against a plan of 28, which accounts for the roofing tile shortfall against budget and the revenue restraint in the first half. The Sales team used that period to deepen the customer pipeline rather than chase volume it could not supply, and the second half converted that pipeline once production stabilised. December alone generated UGX 1.98 billion through direct outlets.

The Workforce

Staff engagement rose to 73%, recovering from 65% in 2024, and it did so without salary increases, through transparency, visibility, and inclusion. The Lost Time Injury Frequency Rate rose from 0.4 to 1.48, driven entirely by injuries among casual labourers in the first half and linked to payment timing delays that pushed turnover high in that group. The root cause was addressed in the third quarter by strengthening how casual workforce engagement is managed, with more reliable arrangements that stabilised the cohort, and second-half safety performance improved as turnover settled. Zero fatalities for the second consecutive year is the standard the company intends to hold.

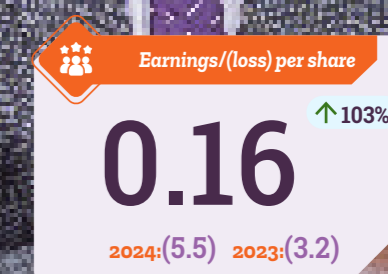
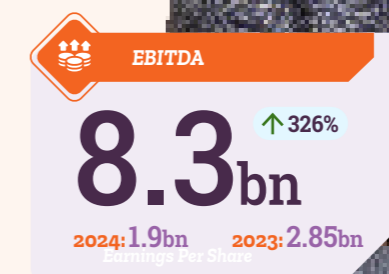
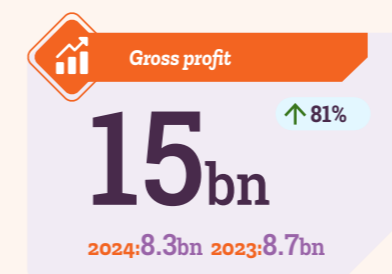
Customer Outcomes

Turnaround time on paid-up orders reached 2-7 days, down from 7-10 days in 2024 and more than 60 days in 2023. The weekly alignment meeting between production, sales, and finance closed the gap between what is made and what the market wants.

Scheduling production against actual order pipelines rather than budget forecasts removes overstock and stockout at the same time, and customers feel the difference directly.

Supply Chain

Cost savings of UGX 708.39 million were delivered against a UGX 944 million target. The direct-sourcing model for coffee husks removed the middleman contamination that had been cutting combustion efficiency and inflating fuel costs. Daily fuel consumption at Kajjansi fell from 28 to 23 tonnes, an 18% reduction, with the full benefit flowing through to the cost of sales line from the third quarter onward.





The Financial Outcomes of Our Operational Recovery

Our financial performance traces back to operational decisions made across the business. Production uptime, procurement discipline, and the weekly alignment between manufacturing and commercial teams all fed into the following results.

Revenue

Revenue grew 10% to UGX 34.8 billion, from UGX 31.6 billion in 2024, driven by investments in new equipment, a strategic focus on business-to-business segments, and improved product availability. Maxpans rose 53% to UGX 5.79 billion, half bricks 27% to UGX 2.37 billion, and quarry tiles 16% to UGX 2.17 billion. Roofing tiles, still the largest category at UGX 23.77 billion, grew a restrained 2%, and that restraint reflects a production shortfall at Kamonkoli rather than any softness in demand.

The maxpan and quarry tile gains came from deliberate repositioning: maxpans into the growing multi-storey suspended floor market, and quarry tiles into schools, hospitals, hospitality, and commercial spaces well beyond the niche use that once defined the category.

Cost of Sales:

Cost of sales decreased by 15%, from UGX 23.3 billion in 2024 to UGX 19.8 billion in 2025. This reduction, achieved despite higher revenue volumes, reflects fundamental improvements in production efficiency driven by several key initiatives. Proactive machine maintenance significantly reduced downtime, while our manpower optimization program allowed us to reduce casual labour costs. Furthermore, we achieved meaningful cost savings through the local fabrication of spare parts and the implementation of a direct fuel-sourcing model, which successfully reduced production costs by 21%.

We became more disciplined in ensuring that every shilling input into production delivered optimal output. Procurement savings, including the shift to local manufacturing of spare parts and the use of alternative fuels such as sawdust, also contributed to the lower cost base. Additionally, labour optimisation initiatives, including the installation of conveyors and the restructuring of casual labour contracts, reduced unit labour costs.

Gross Profit and Gross Profit Margin

Gross profit reached UGX 15.0 billion, recovering from UGX 8.3 billion in 2024, at a gross profit margin of approximately 43%, the strongest since FY 2021. This was attributed to the 10% increase in revenue and a 15% reduction in cost of sales.

EBITDA and Operating Profit

EBITDA increased to UGX 8.4 billion from UGX 1.9 billion in FY 2024. This is the metric the Board and management have used as the primary test of whether the turnaround is real, because it shows the operating model generating cash at a rate that can sustain investment in the business. Operating profit reached UGX 4.6 billion, against an operating loss the prior year of UGX 2.8 billion and the first positive operating profit since FY 2022. It is the combined product of revenue growth, the gross margin recovery, and overhead discipline held through the year.

Finance Costs

Finance costs remained a significant constraint at approximately UGX 3.9 billion, rising from UGX 3.2 billion in FY 2024, driven by notional interest accruing on the NSSF facility through its grace period to 2028 and by monthly repayments on the Housing Finance Bank loan.

The NSSF restructuring confirmed in FY 2025 defers principal repayment to 2028 and provides the working capital runway that the FY 2026 revenue target requires. Planning for a sinking fund to meet the 2028 repayment is under active development.

Net Profit

Net profit of UGX 141.75 million closes two consecutive years of losses amounting to UGX 2.85 billion and UGX 4.95 billion for FY 2023 and FY 2024 respectively. At a net profit margin below 1%, the business has shown it can cross into positive territory under its current cost structure. For FY 2026, we shall endeavour to widen that margin toward the 5% target, the level that gives the Company the financial independence to invest, hold reserves, and in time resume declaring and paying out dividends.

Balance Sheet

Total assets grew to UGX 80.6 billion, driven by approximately UGX 6.0 billion of capital expenditure deployed across manufacturing modernisation equipment, the Line 2 extruder, cutting tables, conveyor systems, and the drying shed expansion. Non-current assets rose to UGX 65.7 billion on those additions to the fixed asset base, while current assets held broadly stable at UGX 14.9 billion.

Total liabilities grew to UGX 42.6 billion, driven principally by the NSSF loan which accrues UGX 3.0 billion in notional interest each year through its grace period to 2028, and the Housing Finance Bank facility of UGX 6.0 billion which was drawn to fund sustaining capital expenditure and is repayable monthly. A sinking fund is being established ahead of the NSSF principal repayment once the grace period ends. These are known obligations on known timelines, and the plan to meet them is already in the pipeline.

Equity stood at UGX 38.0 billion, marginally below the UGX 38.3 billion recorded in 2024, reflecting a modification loss of UGX 468 million on other equity components. Retained earnings improved in line with the year's profit. The equity position is stable, and its trajectory points in the right direction.

Dividend

No dividend is recommended for FY 2025, the third consecutive year without a distribution. The Board's judgment, which management supports, is that preserving liquidity and investing in the assets and capabilities that widen the margin serves shareholders better than a distribution at this stage. That judgment will be reviewed as the 5% net margin target comes into reach.

Cashflow Performance Analysis

Net Cash Generated from Operations

Net cash generated from operations was UGX 1.5 billion in 2025, compared to UGX 8.1 billion in 2024 and UGX 1.6 billion in 2023. While the 2025 figure is lower than the exceptional cash generation of the prior year, it remains positive and demonstrates that cashflows from the Company's operations are now consistently positive following the return to profitability. This shows that the Company is in position to finance its working capital needs. We started the year with a high liability position, which we significantly reduced over the course of the year.

We have also improved our management of receivables by assessing distributors who receive products on credit and prioritising those agents who pay on time. Through careful management of supplier relationships and working capital, we have ensured that available cash within each period remains sufficient to meet operational needs.

Net Cash Used in Investing Activities

Net cash used in investing activities was UGX 5.0 billion in 2025, compared to a net inflow of UGX 7.4 billion in 2024 and an outflow of UGX 2.5 billion in 2023. This shift reflects a focused capital expenditure program aligned with our new TRAG strategy, resulting in a UGX 6.0 billion investment in sustaining infrastructure. By prioritizing upgrades to our machinery, conveyors, drying sheds, and Italian line equipment, we have already begun to realize returns through enhanced production efficiency and reduced downtime.

Net Cash from Financing Activities

Net cash from financing activities was UGX 3.7 billion in 2025, compared to UGX 648.7 million used in financing activities in 2024 and UGX 25 million generated in 2023. This reflects the inflow from Housing Finance Bank undertaken during the year, worth UGX 6.0 billion and partially offset by scheduled repayments. The company continues to balance the need for investment capital against the discipline of maintaining a sustainable debt profile.

Capital Allocation: Building for What Comes Next

FY 2025 deployed approximately UGX 6.0 billion in targeted capital investment across both factories, on a single discipline: capital follows operational performance. The drying shed expansion and conveyor installations returned value within the year, and each capital decision was tested against a direct production question. Does it raise throughput, reduce breakage, or remove a constraint? Each one did, and the gross margin movement confirms it.

The manufacturing modernisation programme is advancing on a phased basis as endorsed by the Board, with full installation kept in step with the financial conditions that support an investment of its scale. It remains the single largest productivity step available to the Company in the medium term, through more output per kiln cycle, more efficient drying, and the automation of handling stages that still rely on manual labour. Capital management in FY 2026 will address the drying capacity that remains the active bottleneck, the Business Central ERP migration, and the financing preparation for the modernisation programme.

Risk Management

As we execute the first year of the TRAG strategy, we remain focused not only on restoring profitability but also on strengthening the foundations for long-term value creation. Increasingly, those foundations are shaped by factors beyond traditional financial metrics. Energy security, resource availability, environmental stewardship, workforce capability, and stakeholder relationships all influence our ability to compete, grow, and create value sustainably.

Three risks currently require particular attention.

The first is the NSSF facility, whose repayment in 2028 remains a significant future funding obligation. To manage this exposure, we are developing a dedicated sinking fund while maintaining disciplined cash flow management to ensure the facility can be settled without compromising future growth opportunities.

The second is energy security. Biomass fuel remains one of our largest production inputs and one of the most weather-sensitive components of our cost base. To strengthen resilience, we continue to stockpile biomass during peak availability periods, deepen direct-sourcing relationships with suppliers, and improve combustion efficiency across our operations. These initiatives help protect margins while reducing environmental intensity.

The third is long-term access to clay reserves. Responsible extraction and environmental stewardship remain critical to maintaining access to the raw materials that underpin our business. During the year, we completed rehabilitation plans at all four active quarry sites while continuing engagement with environmental regulators and other stakeholders to support sustainable access to future reserves.

These risks are actively monitored by Management and the Board because they directly influence Uganda Clays' future ability to create value.

Sustainability, Resilience and Long-Term Value Creation

The growing importance of these issues is one of the reasons Uganda Clays has begun its transition towards IFRS S1 and IFRS S2 aligned sustainability reporting. Investors increasingly want to understand how sustainability-related risks and opportunities may affect future performance, resilience, and long-term value creation. The standards provide a framework for communicating those connections more clearly and consistently.



For Uganda Clays, those connections are already visible. The initiatives that contributed to our turnaround during the year also delivered sustainability benefits. Direct sourcing partnerships reduced fuel consumption at Kajjansi from 28 tonnes to 23 tonnes per day. The introduction of kaolin reduced firing requirements while extending the life of available clay reserves. Expanded drying capacity reduced operational disruptions linked to weather-dependent production processes. Each initiative improved operational performance while strengthening long-term resilience.

This reinforces an important lesson from the year: sustainability and financial performance are not separate agendas. The strongest sustainability initiatives are those that improve efficiency, reduce risk, strengthen resilience, and support profitability.

Our transition towards IFRS S1 and IFRS S2 reflects this reality. It is not simply a reporting exercise, but part of our commitment to improving transparency and helping investors better understand the factors that will shape Uganda Clays' future success.

The Shape of FY 2026

The FY 2026 revenue target of UGX 42 billion rests on four pillars: a full production year at both factories, continued expansion of the product range to capture aesthetic demand, corporate channel deepening that converted at 124% of target in FY 2025 with further runway in government and institutional tracks, and continued advancement of the manufacturing modernisation programme.

The UGX 5 billion cost reduction target puts procurement at the centre of the margin agenda. The savings already identified include local spare parts manufacture, direct fuel sourcing, sawdust scaling at Kajjansi, and tighter procurement analytics through our company ERP. The 5% net margin target depends on margin expansion generated by cost discipline and production efficiency working together.

Product range diversification remains a priority, advancing alongside broader operational consolidation. Specific new formats will be discussed as they move from development into production.

Appreciation

This year's performance reflects the discipline and grit of a workforce that remained focused through a challenging period of transformation. We navigated this complexity with the steady support of our Board, who provided the necessary strategic oversight. We are especially mindful of our shareholders, whose three years of patience have been vital, and our suppliers, whose continued commitment enabled us to keep moving forward. Finally, to our customers, whose returning confidence in our brand has been the ultimate measure of our recovery, thank you.

Mr. Jones Muhumuza
Ag. Managing Director, and Head of Finance



Corporate Governance Report

Responsible Decision Making

Our Board of Directors



A Commitment to Governance That Builds Sustainable Growth

In a year of recovery, the most important governance question was a practical one: how to protect the gains UCL had fought to recover while keeping the business financially disciplined enough to grow.

Through 2025, the Board held that focus across every major decision, from capital allocation to leadership transition. The result was a year in which the Company returned to profitability and grew revenue to UGX 34.8 billion, and in which governance functioned as a working part of the recovery rather than a layer above it..

That progress should be read against where UCL had come from. After a prolonged period of operational disruption and financial constraint, 2025 was the year the recovery became measurable. The return to profitability, stronger margins, and revenue growth reflect the cumulative effect of governance decisions taken over several years: targeted investment, tighter cost discipline, sharper performance accountability, and clearer strategic execution.

The Board's role through the year was active. It worked alongside management to restore confidence, hold the organisation to account, and convert strategic intent into outcomes that show up in the numbers.

Consolidating The Gains

The Board's central consideration in 2025 was consolidation: how to hold the ground already recovered while keeping the business resilient, efficient, and positioned for growth. This direction was carried by the TRAG strategy (Turnaround, Repair and Aggressive Growth), which translated UCL's long-term plan into clear near- and medium-term priorities. Through that framework, the Board maintained close oversight of profitability, production stability, operational efficiency, and readiness for expansion.

Capital discipline defined much of the year. The Board took a measured approach to investment, balancing growth ambition against liquidity and balance-sheet repair. Targeted capital expenditure was approved where it could deliver near-term operational returns, including production equipment upgrades, conveyor systems, grinders, and cutting technology, investment that supported efficiency and contributed to the return to profitability.

On the Pica Plant (Italian Line), the delivery of major equipment components was a real milestone, but shifting global cost conditions and implementation realities called for a reassessment of installation timelines. The Board adopted a phased approach that aligns future commissioning with profitability restoration and financial readiness, rather than committing capital ahead of the Company's capacity to absorb it.

Stakeholder Engagement and Organizational Alignment

Meaningful progress was also made in strengthening alignment across the organisation and reinforcing stakeholder confidence.

Internally, the Board continued to work closely with Management to deepen employee accountability, improve execution discipline, and sustain a stronger performance culture. Through regular reporting, strategic reviews, and ongoing engagement, emphasis was placed on ensuring that organisational priorities remained aligned to the Company's recovery agenda.

Externally, UCL continued to maintain constructive relationships with key regulators including the Uganda Securities Exchange (USE), the Capital Markets Authority (CMA), NEMA, URA, and UBRA. The Company Secretary continued to play a leading role in supporting this engagement, while ensuring that governance processes remained aligned with evolving regulatory expectations.

The Board recognises that sustainable recovery depends not only on financial results, but also on trust, transparency, and confidence among all stakeholders.

A leadership transition handled as a governance decision

The most consequential governance decision of the year concerned leadership. At its December meeting, the Board resolved not to renew the Managing Director's contract on its expiry at the end of January 2026, and appointed the Head of Finance, Mr. Jones Muhumuza, as Acting Managing Director. The Board approached this as a deliberate choice to protect financial discipline and institutional continuity at a sensitive point in the recovery, drawing leadership from within and from the function closest to the Company's cost and cash position.

The transition was managed through the Board Administration and Technical Committee's performance-evaluation process rather than as a reaction to events.

Enhancing Board Effectiveness

Good governance depends on the Board examining its own effectiveness. In 2025, the Board completed a formal effectiveness evaluation, facilitated by ABS Consulting Ltd in July, covering the Board as a whole, its committees, the Chairperson, the Managing Director, the Company Secretary, and peer and senior-management feedback.

The evaluation confirmed that the Board and its committees were executing their mandates well, and recommended sharper focus on strategy-implementation oversight, succession planning for both Directors and management, more Director training, and a review of committee composition. These recommendations are being implemented progressively through 2026 and 2027, in step with the Capital Markets (Corporate Governance) Regulations, 2025.

Outlook and Appreciation

As we move into 2026, the governance agenda will remain focused on sustaining recovery momentum and translating strategic priorities into stronger long-term outcomes. Particular attention will be placed on consistent revenue growth, profitability resilience, disciplined execution of strategic projects, and continued strengthening of governance effectiveness.

We are encouraged by the progress made in 2025. The foundations are stronger, the direction is clearer, and the organisation is better positioned to create enduring value for shareholders and stakeholders alike. Our focus remains not only on financial returns, but on governance practices that are responsible, accountable, and transformative.

On behalf of the Board of Directors, I extend my sincere appreciation to our shareholders for their patience and continued confidence; to our regulators and stakeholders for their constructive engagement; and to Management and staff for their commitment, resilience, and contribution to the progress achieved during the year.



Stewarding Our Future

At Uganda Clays Limited, we see governance as the foundation for our strategy, accountability, and long-term value. We believe that effective governance is vital for making sound decisions and ensuring the business lasts, going beyond simple compliance or investor relations.

By combining strong Board leadership, active committee oversight, and direct engagement with management, we have continued to strengthen accountability across the company this year.

Throughout 2025, the Board focused on guiding the Company through its first year into the 10-year TRAG strategy. Our oversight centered on financial resilience, operational performance, risk management, and serving our stakeholders.

Board Leadership and Company Purpose

The role of the Board is set out from pg. 36

The Chair's introduction to Governance is on pg. 18

How the Board engages with stakeholders is on pg. 34

An overview of our purpose and values is set out from pg. 32

How the Board oversees the Company's Strategy is set out on pg. xxx

Division Of Responsibilities

The Governance framework set out on pg. 49 provides an overview of the Board Committees in place at Uganda Clays Ltd. Further details of each Committee along with their members' attendance during the year are provided in the respective Committee reports

The division of responsibilities between the Chair and CEO is clearly defined (pg. 51) and set out in writing in Our Board Charter, and we fully support the separation of the two roles

Remuneration Report

Our remuneration report is set out on pg. xx

Composition, Succession and Evaluation

The composition of the Board is set out on pg. 58-61 while their biographies and relevant experience is highlighted on pg. xx

Audit, Risk & Internal Controls

The Board Audit and Risk Committee report is set out on pg. xx

We remain committed to conducting our affairs in accordance with the Companies Act, the Uganda Securities Exchange Listing Rules, and other regulatory standards. This year, the Board also began integrating new governance reforms from the Capital Markets (Corporate Governance) Regulations of 2025, ensuring we stay ahead of evolving best practices.

The disclosures in this section offer a clear look at how the Board leads, manages, and oversees the company, ensuring we stay resilient and focused on creating value.

Matthias Nalyanya,
representative of *Lex Uganda*
Advocates & Solisitors
Company Secretary

Governance Framework

At UCL, good governance is more than a legal requirement – it is the foundation for accountability, transparency, and long-term value. We are fully aligned with the Companies Act 2012, the Capital Markets Authority's Corporate Governance Code, and the Uganda Securities Exchange Listing Rules, which guide our conduct and leadership.

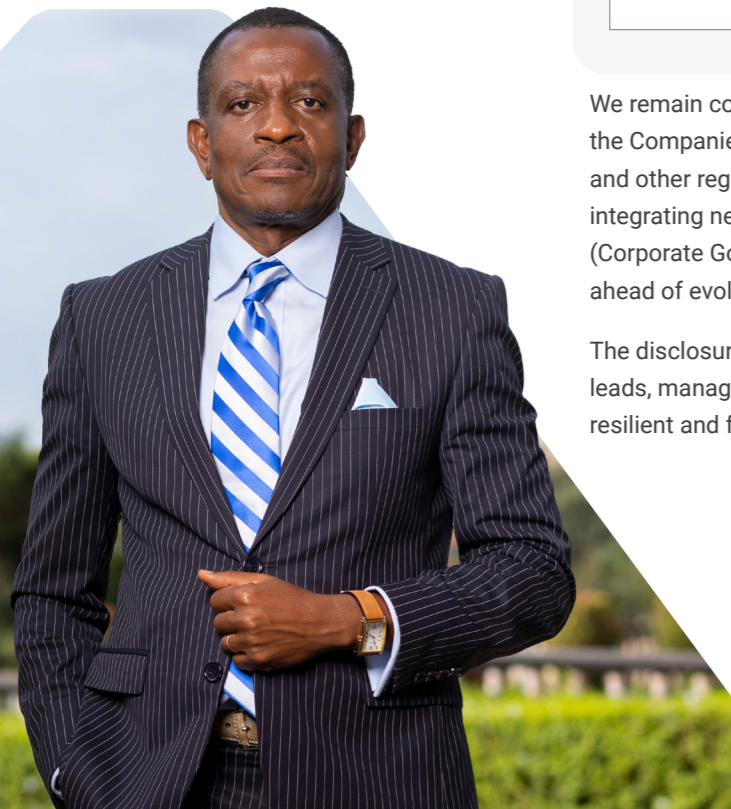
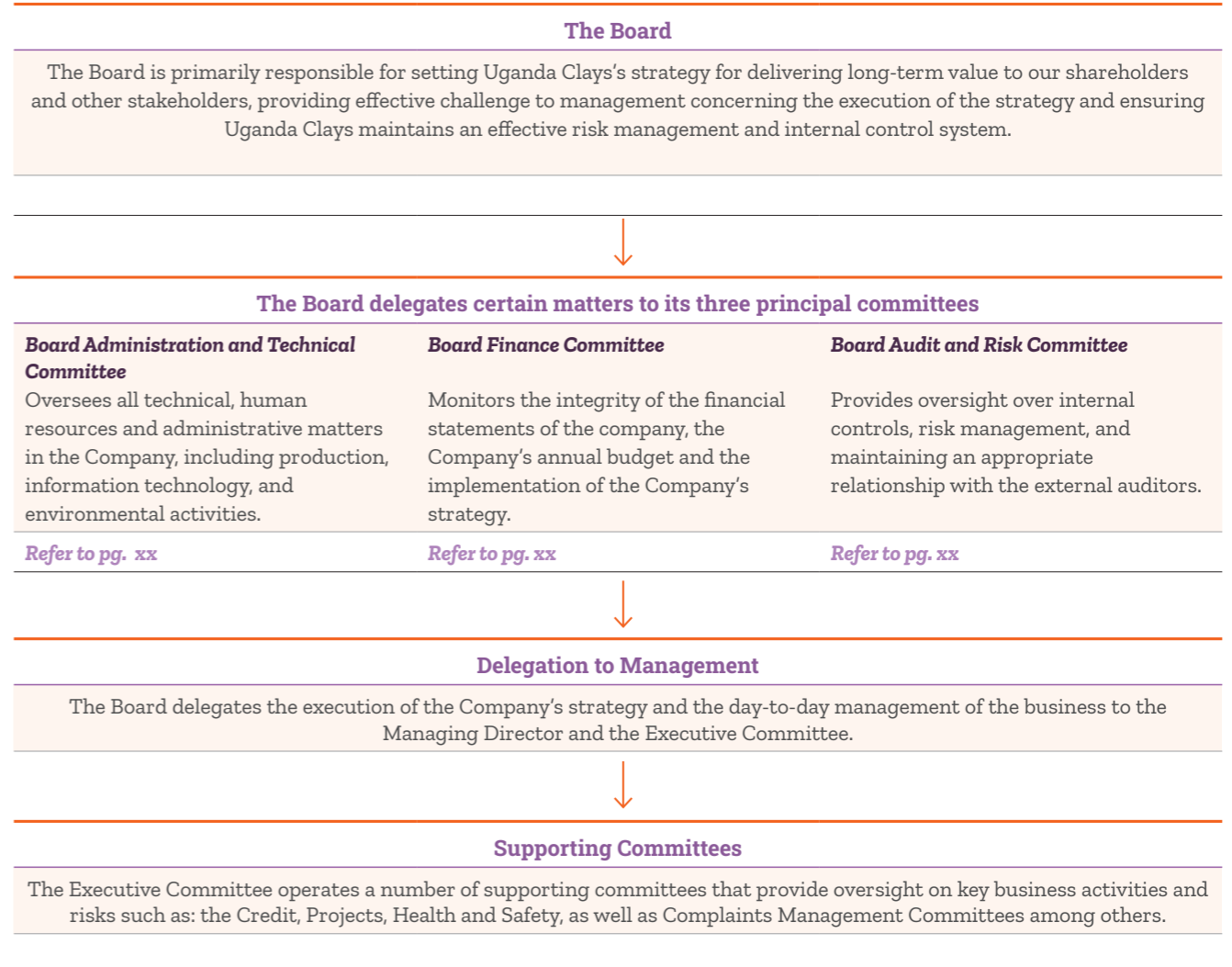
Our governance framework ensures clear roles, consistent oversight, and responsiveness to evolving expectations. At its core is the Board of Directors, responsible for strategic direction, risk management, and stakeholder stewardship.

Its effectiveness is strengthened by specialized committees with defined mandates, enabling focused oversight and integrated decision-making.

The Company Secretary plays a key role in governance continuity, advising on legal and compliance matters and ensuring coordination between the Board and executive management.

This structure has proven effective in guiding UCL through strategic challenges, regulatory shifts, and stakeholder demands—particularly during a year of transition and operational recovery.

Fig 1: Our Governance Framework



2025 Governance Highlights

Major Board Decisions

TRAG Strategy Oversight: The Board maintained close oversight of management’s execution of the Turnaround, Repair and Aggressive Growth (TRAG) strategy, ensuring delivery against key operational, profitability, and growth milestones. [NEW 2025]

Targeted Capital Expenditure Approvals: Strategic investments were approved in critical production equipment, including upgrades to machinery, cutting tables, conveyor systems, and grinders to improve efficiency, reliability, and output across operations. [UPDATED 2025]

Pica Plant Strategic Review: Following the shipment of 23 containers of Italian plant equipment, the Board adopted a prudent phased implementation approach aligned to profitability recovery, liquidity preservation, and long-term value creation. [NEW 2025]

NSSF Loan Restructuring Supported: The Board supported revision of the NSSF loan structure, with repayments deferred to 2028, thereby enhancing financial flexibility during the recovery period. [NEW 2025]

Dividend Resolution: Despite the Company’s return to profitability, the Board resolved not to recommend a dividend for the third consecutive year, prioritising reinvestment, liquidity preservation, and strengthening the balance sheet. [NEW 2025]

2026 Growth Priorities Endorsed: The Board approved management priorities for 2026 focused on revenue growth above UGX 40 billion, operational efficiency, disciplined execution, and sustained profitability. [NEW 2025]

Governance Improvements

Board Effectiveness Evaluation Completed: A formal independent evaluation was conducted by ABS Consulting in July 2025, covering Board structure, committee performance, the Chairman’s performance, peer assessments, and management feedback. The Board found its structure effective and its agenda coverage appropriate. Improvement recommendations – on succession planning, Director training, committee composition, and strategy oversight – will be implemented progressively in FY 2026 and FY 2027.

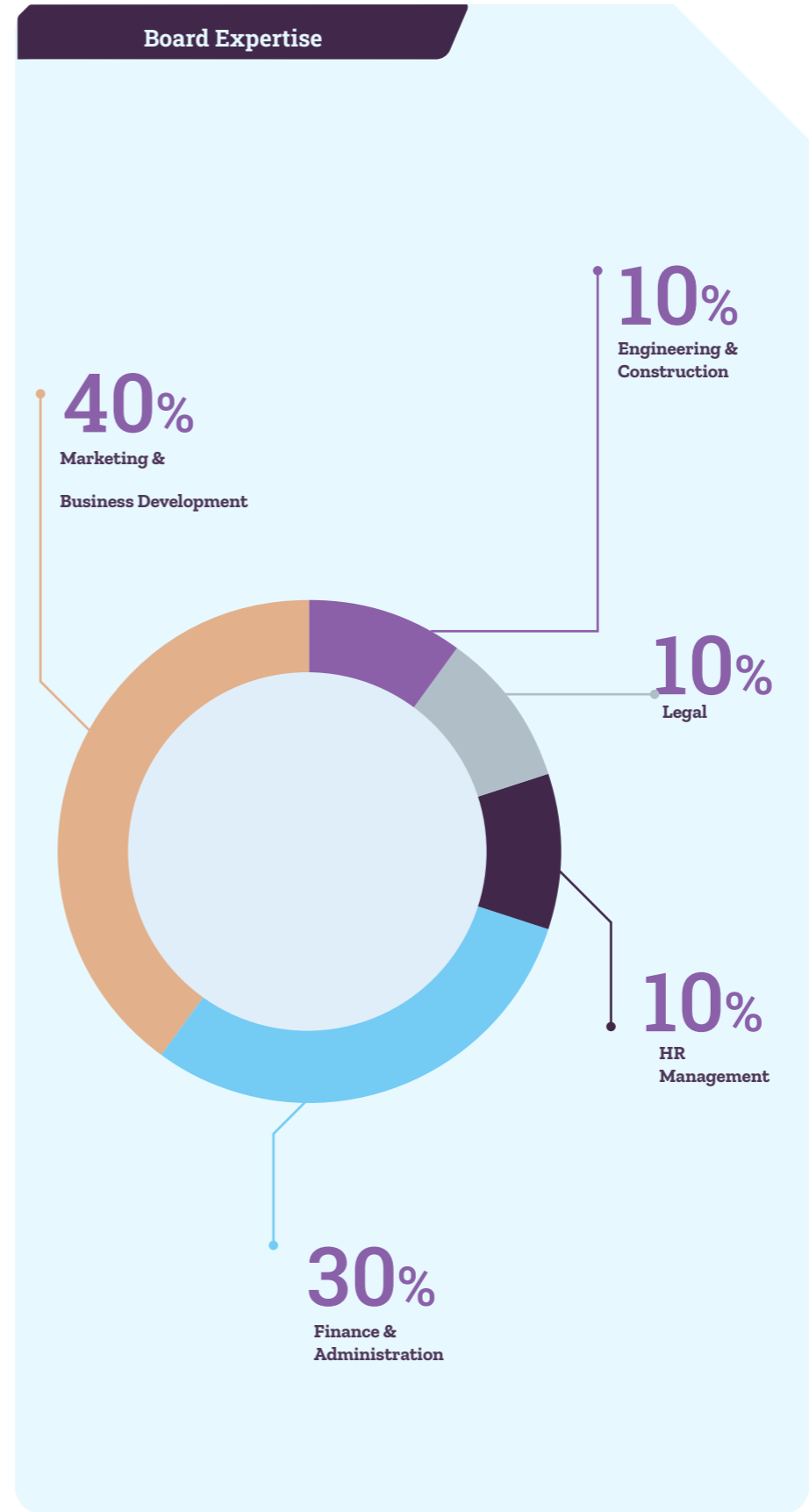
Committee Structures Refined: Following the evaluation, committee composition was adjusted to sharpen accountability, improve focus areas, and strengthen decision-making efficiency.

Leadership Stability Maintained: Continuity across the Board, Executive, and senior management teams supported consistent oversight and stronger execution throughout the year.

Strategic Alignment Strengthened: The Board and Management continued joint engagement around the Company’s long-term roadmap, reinforcing shared ownership of strategic priorities and execution discipline.

Risk Oversight Enhanced: Greater Board focus was placed on execution risk, working capital management, liquidity resilience, and energy cost pressures as the Company entered its next growth phase.

IFRS S1/S2 Governance : The BFC considered the implications of IFRS S1/S2 alignment for UCL’s governance and reporting structures during the year as part of its strategy and sustainability oversight mandate.



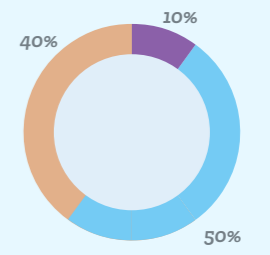
2025 Board Highlights

6 Board meetings were held: four regular and two special sittings

4day Board and Management strategy retreat took place in September.

AGM The Annual General Meeting was successfully held on 21 June 2024

90% Attendance was consistently above 90%, with full participation in critical meetings such as the strategic retreat, budget approvals, and capital expenditure deliberations.



Executive Director
Non-Executive Director
Independent Non-Executive Director

Our Board of Directors

Eng. Martin Kasekende

Chairman, Board of Directors
Appointed: 24 August 2012



Eng. Martin Kasekende brings a wealth of leadership and engineering expertise to Uganda Clays Limited. His tenure as Managing Director from May 2013 to August 2014 provided him with deep insights into the company's operations and strategic needs. As the former Minister of Lands, Agriculture, and Environment in the Buganda Government, he has significant experience in overseeing land and agricultural policies, which are crucial for a company dealing with clay extraction and product manufacturing.

As a registered engineer and former General Manager of the National Housing and Construction Corporation, Eng. Kasekende has a robust understanding of large-scale construction and housing projects, aligning closely with Uganda Clays' product applications. His previous roles on the boards of NSSF, Housing Finance Bank Ltd, and the Private Sector Foundation of Uganda further underline his extensive governance and financial oversight skills, ensuring that Uganda Clays Limited adheres to the highest standards of corporate governance and financial management.

Mrs. Marion Adengo Muyobo

Director
Appointed: 9 December 2015



Mrs. Marion Adengo Muyobo's expertise in marketing and social affairs is a significant asset to Uganda Clays Limited. Currently serving as the Head of Social Affairs at Total E&P Uganda, she has a profound understanding of corporate social responsibility and community engagement. Her extensive experience in strategy development and execution, communication, and marketing enhances the company's ability to build strong brand equity and engage effectively with stakeholders.

Her marketing skills are crucial for developing and implementing strategies that drive sales and market expansion, ensuring that Uganda Clays maintains a competitive edge in the industry. Mrs. Adengo Muyobo's insights into social affairs also help the company navigate social impacts and foster positive community relationships.

Mr Joseph Tukuratiire

Director
Appointed: 30 August 2013



Mr Joseph Tukuratiire brings substantial financial expertise to the board of Uganda Clays Limited. As a financial consultant and former Principal Assistant City Treasurer at Kampala City Council, he has a deep understanding of public finance management and budgeting. His experience teaching finance courses at Uganda Management Institute and Acclaim Africa as an Associate Consultant underscores his strong grasp of financial principles and his ability to impart knowledge effectively.

An active dealer in company stocks, government securities, and money markets, Mr. Tukuratiire's insights into financial markets are invaluable for guiding the company's investment and financial strategies. His financial acumen ensures that Uganda Clays Limited maintains a sound financial footing and optimizes its investment portfolio for growth and stability.

Mr. Bayo Folayan

Chairman, Board of Directors
Appointed: 23 July 2019



Mr Bayo Folayan's comprehensive background in insurance and corporate governance brings a critical risk management perspective to Uganda Clays Limited. As the Managing Director of the National Insurance Corporation Ltd, he possesses deep insights into insurance mechanisms, essential for managing the operational and financial risks of the company. His extensive qualifications and experience in the insurance industry enable him to contribute to robust risk mitigation strategies and financial resilience.

Mr. Folayan's broad experience in corporate governance, gained from holding top positions in various corporate entities in Nigeria, enhances his ability to contribute to effective board oversight and strategic planning. His expertise ensures that Uganda Clays adheres to best practices in governance, risk management, and regulatory compliance, fostering long-term stability and growth for the company.

Mrs. Peninnah Tukamwesiga

Director
Appointed: 9 December 2015



Mrs Peninnah Tukamwesiga's legal expertise is invaluable to the board of Uganda Clays Limited. As an Advocate of the High Court of Uganda, she brings a thorough understanding of legal frameworks and compliance requirements that are critical for corporate governance. Her role as Head of Legal Aid at the Central Organization of Free Trade Unions (COFTU) highlights her skills in legal advocacy and labour relations, ensuring that Uganda Clays navigates legal challenges effectively and maintains strong labour relations.

Additionally, her position as a panel member of the Industrial Court and a board member of the NSSF equips her with profound insights into industrial disputes and social security matters, which are essential for addressing employee welfare and legal compliance issues within the company.

Dr. Tom Mutyabule

Director
Appointed: 23 July 2019



Dr. Tom Mutyabule's dual expertise in dentistry and business makes him a unique asset to Uganda Clays Limited. As a leading dentist with international accolades and the practice head at Pan Dental Surgery, he exemplifies the integration of technology and professionalism in service delivery. His business acumen is further evidenced by his roles as Chairman of the Stanbic Business Forum and President of the Uganda Dental Practitioners Association.

His ability to apply technological advancements and high standards of professionalism to grow his dental practice can be leveraged to enhance operational efficiencies and innovation at Uganda Clays. Dr. Mutyabule's leadership in professional associations demonstrates his capacity to drive organizational growth and foster collaborative environments, essential qualities for a dynamic board member.

Our Board of Directors

Mr. Henry Ngabirano

Director

Appointed: 9 December 2015



Mr. Henry Ngabirano's extensive experience in business management, particularly in the coffee sector, enriches the strategic capabilities of Uganda Clays Limited. His previous role as Managing Director of the Uganda Coffee Development Authority showcases his ability to lead and expand agricultural businesses, making his insights particularly relevant to a company dependent on raw material sourcing and agricultural by-products.

As a current board member of National Insurance Corporation Ltd and Chairman of Heritage Coffee Company Ltd, Mr Ngabirano brings seasoned expertise in corporate governance and risk management. His regional and international awards in the coffee sector speak to his strategic vision and operational excellence, which are crucial for steering Uganda Clays towards sustainable growth and market leadership.

Mr. Milton Steven Owor

Director

Appointed: 21 June 2024



Mr. Milton Steven Owor brings to Uganda Clays Limited a wealth of experience in strategic human resource leadership, organisational transformation, and governance. He currently serves as the Chief People and Culture Officer at the National Social Security Fund (NSSF), where he has played a central role in redesigning talent management frameworks, driving workforce engagement, and embedding culture as a performance lever.

With an international career that spans senior human resource positions at British American Tobacco, Royal Dutch Shell, and General Electric across Africa and Europe, Mr. Owor brings to the Board a unique perspective on aligning human capital strategies with corporate objectives. He holds an MBA in Strategic Human Resource Management and is a certified executive coach and a member of the International Coaching Federation.

Mr. Odongo Walter Ogwal

Director

Appointed: 21 June 2024



Mr. Odongo Walter Ogwal is a seasoned finance and investment executive with over 20 years of experience in commercial banking, private equity, and impact investing. His career has spanned leadership roles at Standard Chartered Bank, DFCU, and Bank of Baroda, as well as a decade of service with GroFin, where he was responsible for SME investment portfolios across Africa and the Middle East.

Mr. Ogwal holds an MBA in Finance and is an Accredited Business Consultant with additional qualifications in management accounting (CIMA Dip. MA). His expertise in evaluating enterprise risk, structuring financial solutions, and advising growth-stage businesses positions him as a critical voice on UCL's Board, particularly in matters related to capital mobilisation, investment prioritisation, and long-term financial sustainability.



Executive Committee



Executive Team Profiles

Mr. Jones Muhumuza, Ag. Managing Director and Head of Finance



Date appointed:
September 2021



Relevant skills and experience:
Jones has over 15 years' experience in driving financial strategies, planning and analytics, assessing and reporting financial performance.



Qualifications:
MBA (Edinburgh Business School, Herriot Watt University), Chartered Certified Accountant (ACCA & CPA), PGD Taxation & Revenue (East African School of Taxation), BSC in Applied Accounting (Oxford Brookes University), Bachelor of Statistics (MUK).

Mr. Joseph Sendegeya, Head of Production



Date Appointed
April 2021



Relevant skills and experience:
Joseph brings over 13 years' comprehensive experience in Cement production and Manufacturing processes.



Qualifications:
MBA (Herriot-Watt University). Advanced Diploma in Health and Safety Management, and a Bachelor of Environmental Engineering,

Mr. Simon Peter Tumwebaze, Head of Sales and Marketing



Date appointed:
April 2026



Relevant skills and experience:
Over 13 years of commercial leadership experience in sales, marketing, and distribution. A proven track record in the construction, beverage, and pharmaceutical sectors—including Uganda Clays, Roofings, Pepsi-Cola, and Joint Medical Store—complemented by multiple awards for departmental excellence.



Qualifications:
Diploma in Sustainable Marketing (Chartered Institute of Marketing), Professional Post Graduate Diploma in Marketing (Chartered Institute of Marketing), Professional Diploma in Marketing (Chartered Institute of Marketing), Bachelor of Commerce (Makerere University).

Mr. Francis Kintu, Head of Human Resources and Support Services



Date appointed:
September 2021.



Relevant skills and experience:
Over 12 years' experience in Strategic planning and performance management, HR management and research, compensation and benefits management, and capacity development. Reward and Benefits expert, and Certified Balanced Scorecard professional.



Qualifications:
MBA (Herriot-Watt University) PGD in Human Resource Management (UMI), Senior Management Professional (Strathmore Business School), Certified Balanced Scorecard professional (The Balanced Scorecard Institute, USA), Hay Certified Job Evaluator (Hay Group, South Africa) and BSc. Quantitative Economics (MUK).

Mr. Phillip Ssemanda, Procurement Manager



Date appointed:
March 2026



Relevant skills and experience:
Philip has over 10 years of experience in procurement and supply chain management within the manufacturing sector, particularly in the steel and clay products industries. He has successfully supported several projects including production line expansion, plant upgrade projects among others, contributing to improved operational efficiency, enhanced production capacity, and optimized process performance.



Qualifications:
Certified Procurement and Supply Chain professional (Cips-UK), master's degree in management studies (MMS-UMI), PGD in Monitoring and Evaluation (UMI), as well as a Bachelor's in Procurement and Logistics Management (Kyambogo University).

Mr. Patrick Mukasa, Head of Internal Audit



Date appointed:
November 2019



Relevant skills and experience:
Patrick has over 10 years' experience in Internal Audit in Banking, Telecommunication, Public Private Partnerships, and Manufacturing sectors.



Qualifications:
ACCA and CPA professional, Bachelor of Statistics (MUK).

Board Leadership And Company Purpose



The Board's job is to lead with purpose, discipline, and accountability, so that every major decision supports the long-term sustainability of the business and the value created for stakeholders.

In 2025 that leadership guided UCL through recovery into renewed momentum, providing steady oversight as the Company moved from stabilisation toward growth. The headline result was clear: against a strengthening economy and growing construction demand, UCL returned to profitability and recorded higher revenues.

Through the year, the Board kept its focus on protecting recovery gains, sustaining performance discipline, and directing resources to the areas most critical to long-term competitiveness. Leadership was marked by continuity and active engagement with management. Through regular Board and committee meetings, the Board monitored TRAG implementation, reviewed operational milestones, and maintained close oversight of capital allocation, liquidity, and risk, keeping governance practical and responsive to business realities..

Our Governance Framework

Through the year, the Board kept its focus on protecting recovery gains, sustaining performance discipline, and directing resources to the areas most critical to long-term competitiveness. Leadership was marked by continuity and active engagement with management. Through regular Board and committee meetings, the Board monitored TRAG implementation, reviewed operational milestones, and maintained close oversight of capital allocation, liquidity, and risk, keeping governance practical and responsive to business realities.

Effective Board

An effective Board leads with insight, challenges constructively, and guides the Company with objectivity and foresight. That effectiveness starts with composition: a carefully constituted group whose diverse expertise and independence drive sound decisions, strategic insight, and ethical oversight. UCL's Board draws on experience spanning finance, engineering, business leadership, legal affairs, human resources, strategy, and governance. That breadth supports rigorous discussion, informed scrutiny of management proposals, and balanced decisions across strategic, financial, and operational matters.

The Board also held to its commitment to self-improvement through the formal effectiveness evaluation undertaken during the year. The outcomes of that process are informing refinements to committee structures and governance practice, aimed at sharper oversight and clearer strategic focus.

Purpose, Values, and Culture

UCL's purpose, to provide innovative and sustainable building solutions, shapes how the Board operates. Through that lens, the Board sets the tone for an inclusive, performance-driven, and values-led culture. The principles of integrity, boldness, quality, teamwork, and accountability continue to define how the business conducts itself, and they show up in the behaviour of staff, the service offered to customers, and the way UCL engages communities.

In 2025, as the business advanced through recovery, the Board placed renewed emphasis on performance culture, execution discipline, and responsible stewardship. Through regular engagement with management, performance monitoring, and clear expectations, it continued to embed responsibility, continuous improvement, and operational excellence across the organisation.





Stakeholder Engagement

Sustainable value creation depends on meaningful engagement with shareholders, employees, customers, regulators, suppliers, and communities. During 2025, the Board supported transparent shareholder communication through statutory disclosures, the Annual General Meeting held on 25 July, and market announcements, with the Company Secretary maintaining regular engagement with the share registrar, SCD Registrars, on share-registration matters.

During the year, the Board Chairman, the Managing Director, and the Company Secretary held a number of engagements with the Company's two largest shareholders, the National Social Security Fund (NSSF) and the National Insurance Corporation (NIC), on the Company's strategic direction and financial sustainability. The Board also engaged the Ministry of Water and Environment and NEMA on sustainable quarry activities, reinforcing UCL's commitment to responsible operations and environmental stewardship.

In January 2025, the Company hosted the Archbishop of Kampala Archdiocese, the Most Reverend Paul Ssemogerere, at the Kajjansi plant, where he celebrated mass and discussions were held on potential collaboration in church-related construction.

Separately, the Board Chairman, selected Directors, the Head of Finance, and the Company Secretary visited Operation Wealth Creation in Gulu to discuss housing and broader opportunities in the construction sector. These engagements kept stakeholder priorities visible in decision-making and reinforced trust and accountability across the Company.

Regulatory Compliance

Compliance is a core pillar of UCL's governance. The Board receives regular updates on legal, regulatory, and governance obligations through the Company Secretary and the relevant committees. In 2025 the Company remained compliant with its statutory obligations, including holding a timely Annual General Meeting and publishing audited financial results. The Board's commitment extends beyond meeting requirements to holding governance standards that sustain confidence in UCL as a listed entity and a trusted corporate institution.

Market Position and Strategic Differentiation

As competition in the building-materials sector continues to evolve, the Board kept its focus on strengthening UCL's market position through disciplined execution of the 2024 to 2029 strategic plan. In 2025 that direction was operationalised through the TRAG strategy, which translated the long-term plan into clear near- and medium-term priorities aimed at restoring performance and accelerating competitiveness.

Board oversight kept management execution aligned to the Company's long-term priorities, with particular attention to improving profitability, strengthening production reliability, enhancing operational efficiency, and improving customer responsiveness. Through disciplined capital allocation and regular performance monitoring, the Board turned these priorities into measurable outcomes, strengthening UCL's market position and earnings resilience and building a stronger platform for sustained growth.

Sustainability and Corporate Social Responsibility

Long-term success requires balancing profitability with environmental and social responsibility, and sustainability considerations continue to inform the Board's strategic oversight, operational decisions, and stakeholder engagement. In 2025 this took a clearer shape: for the first time, the Company structured its sustainability and climate-related disclosures using the IFRS S1 and S2 framework. Within the Board, oversight of these matters is exercised through the Board Finance Committee as part of its strategy and sustainability mandate, chaired by Mrs. Marion Adengo Muyobo.

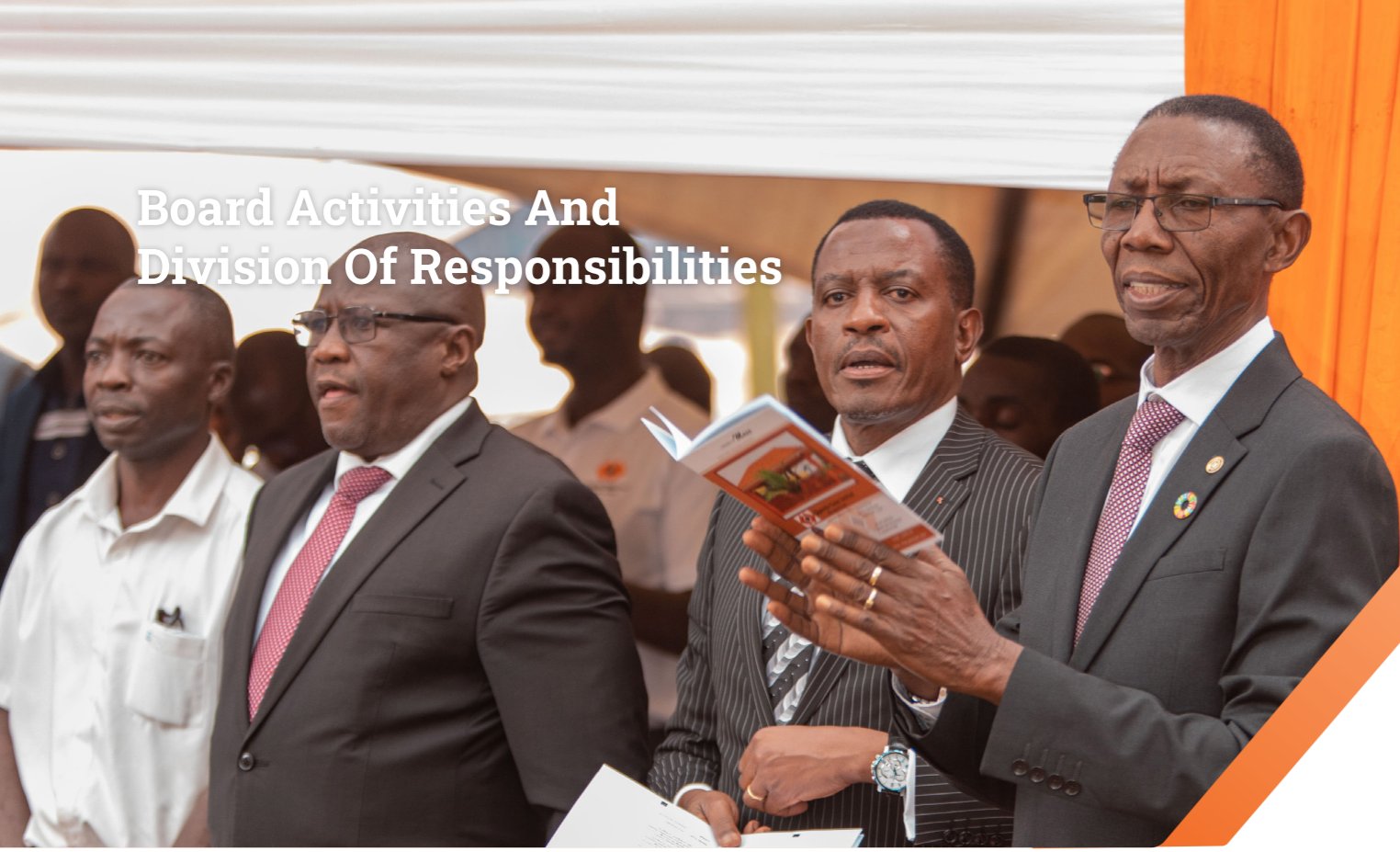
Through the year, the Board maintained oversight of initiatives promoting efficient resource use, responsible mining practices, and operational sustainability, and kept environmental and social matters visible in management reporting and decision-making. Its engagement with the Ministry of Water and Environment and NEMA on sustainable quarry activities reinforced that commitment. The Board also gave attention to employee wellbeing and community impact, building on the Company's participation in health and awareness initiatives. As the disclosure framework matures, the depth of sustainability and climate-related reporting will increase in line with the Company's transition roadmap.

Financial Oversight and Value Protection

The Board exercises close oversight of financial performance, capital allocation, liquidity, and risk through its committees and full-Board processes, a responsibility that mattered especially as the Company worked through recovery. It conducted regular reviews of budgets, cash flows, profitability, debt obligations, and investment proposals, and supported prudent decisions such as the NSSF loan restructuring and dividend deferral to preserve liquidity and strengthen the balance sheet.

Together with stronger operational performance, these measures contributed to the return to profitability and improved financial resilience. The Board's focus remains on protecting value today while positioning the business to deliver stronger returns ahead.

Board Activities And Division Of Responsibilities



At the centre of UCL's governance model is a Board that acts as the custodian of long-term value creation, accountability, and strategic direction. Its role extends beyond statutory oversight to leadership that balances shareholder interests with the expectations of employees, customers, regulators, suppliers, and communities.

The Role of the Board

In 2025, this responsibility remained especially important as the Company advanced from recovery into a phase of renewed momentum. Against a backdrop of improving market demand, increasing competition, and the need to sustain profitability gains, the Board continued to exercise disciplined oversight of strategy execution, financial resilience, operational performance, and risk management.

The Companies Act places a clear duty on Directors to act in good faith, to promote the success of the company, and to exercise independent judgment. At UCL, every decision, from approving budgets to reviewing capital investments, is approached with diligence and strategic foresight.

The Board does not simply endorse plans, it interrogates them, stress-tests them, and ensures they align with the Company's mission to deliver high-quality, sustainable building solutions.

In line with its fiduciary duties under the Companies Act 2012, the Board acts in good faith to promote the success of the Company, exercise independent judgment, and apply reasonable care, skill, and diligence in decision-making. At UCL, this responsibility is reflected in the Board's approach to reviewing budgets, approving capital expenditure, assessing risk exposures, monitoring management performance, and safeguarding stakeholder confidence.

During the year, the Board remained actively engaged in overseeing implementation of the TRAG strategy (Turnaround, Repair and Aggressive Growth), which operationalised the Company's longer-term strategic plan into practical priorities focused on restoring profitability, improving competitiveness, and positioning the business for growth. Through regular meetings and committee processes, the Board monitored progress against key operational and financial milestones while ensuring that management actions remained aligned to strategic objectives.

The Board also continued to shape the ethical tone and performance culture of the organisation. Through policy oversight, engagement with executive leadership, and clear accountability expectations, the Board reinforced the values of integrity, quality, teamwork, boldness, and responsibility that underpin UCL's corporate culture.

Risk governance remained another important area of focus. In 2025, the Board maintained oversight of strategic project execution, working capital discipline, liquidity management, energy reliability, and input cost pressures. This proactive approach ensured that emerging risks were identified early and responded to appropriately.

The Board also plays a key role in risk management and accountability. In 2025, the Board identified three principal risks requiring continued oversight: the successful delivery of strategic projects, including plant improvements and the Pica Plant initiative; the management of working capital,

liquidity, and cost control; and operational efficiency challenges linked to power reliability and competition for biomass fuel.

In response, the Board closely monitored project milestones, strengthened cash flow discipline and prudent resource allocation, while supporting management efforts to diversify fuel sources and engage service providers to improve power supply reliability. Through regular review and clear accountability, the Board ensured these risks were actively managed in support of sustained recovery momentum.

The Board remains acutely aware of its responsibility to comply with an evolving regulatory environment. With the Capital Markets Authority's revised Corporate Governance Code coming into effect, the Board committed to reviewing its own manual and sensitising members on the new obligations. This reflects its proactive stance: to not only comply with the law but to lead governance practices in the right direction.



Division of Responsibilities

One of the core tenets of good corporate governance is the clear delineation of roles and responsibilities within the leadership structure of a company. At Uganda Clays Limited, this principle is not only observed but fully embedded in the governance framework, enabling balanced decision-making, transparency, and accountability across all levels of leadership.

The Companies Act of Uganda, specifically outlines the duties of directors and stipulates that governance effectiveness depends on the clarity with which roles are defined and adhered to. Uganda Clays has adopted this principle in both structure and practice, ensuring that the leadership architecture is fit for purpose and aligned with stakeholder interests.

A clear division of responsibilities prevents the concentration of power, enhances board independence, and allows for effective checks and balances between strategic leadership, operational management, and regulatory compliance. This structure also ensures that no individual has unfettered control and that decisions are made collectively, transparently, and with the benefit of diverse perspectives. UCL maintains a balanced leadership framework that separates the roles of the Board Chairperson, Executive Management, Non-Executive Directors, and the Company Secretary, each playing a unique and complementary role in the governance ecosystem.

Non-Executive Directors

Chairman of the Board

The Chairman of the Board is a Non-Executive Director who provides overall leadership to the Board and ensures that it operates effectively and in accordance with established governance standards. Throughout 2025, our Board Chairman continued to provide steady leadership as the company strengthened recovery momentum and advanced its strategic priorities.

Key responsibilities include:

- ✔ Presiding over Board meetings and setting the agenda in consultation with the Company Secretary and the Managing Director;
 - ✔ Facilitating constructive engagement among directors and ensuring the participation of all Board members;
 - ✔ Providing guidance without intruding into executive functions;
 - ✔ Ensuring that the Board remains focused on strategic objectives and long-term sustainability;
- Representing the Board in high-level stakeholder engagements when necessary.

Other Non-Executive Directors

Non-Executive Directors (NEDs) are appointed to provide independent oversight, constructive challenge, and specialised expertise to the Board. They are not involved in day-to-day operations but are instrumental in influencing strategy, reviewing performance, and protecting stakeholder interests.

Collective responsibilities of NEDs include:

- ✔ Contributing to the development and approval of the company's strategic direction;
- ✔ Monitoring financial performance and compliance with legal obligations;
- ✔ Participating in Board committees to provide specialised insights
- ✔ Providing oversight on risk management, internal controls, and governance practices;
- ✔ Upholding the independence of the Board and ensuring ethical leadership.



In 2025, Non-Executive Directors continued to play an active role in overseeing strategic execution, capital allocation, profitability improvement, and governance enhancement initiatives

Executive Directors

Executive Directors are full-time employees of the Company who hold management positions and are responsible for implementing the strategies and policies approved by the Board. At UCL, the primary Executive Director is the Managing Director, who also sits on the Board.

Key responsibilities of the Managing Director include:

- ✔ Leading the day-to-day operations of the Company;
- ✔ Executing strategic plans and ensuring alignment with Board directives;
- ✔ Providing regular performance reports and projections to the Board;
- ✔ Coordinating with department heads to deliver operational and financial targets;
- ✔ Engaging with stakeholders including regulators, investors, and key customers.



In 2025, Executive Directors focused on disciplined execution, operational excellence, and sustainable growth.

The Company Secretary

The Company Secretary is a critical governance officer who acts as an advisor to the Board on compliance, ethics, and regulatory affairs. The position is independent of executive management and ensures that the Board operates within the bounds of the law and best practice standards.

Core responsibilities include:

- ✔ Advising the Board on legal and regulatory matters;
- ✔ Preparing Board and committee meeting agendas in consultation with the Chairman;
- ✔ Ensuring accurate and timely documentation of meeting minutes and resolutions;
- ✔ Coordinating Board inductions, evaluations, and training;
- ✔ Serving as a liaison between the Board and executive management;
- ✔ Maintaining statutory registers and ensuring timely regulatory filings.



In 2025, the Company Secretary continued to play a pivotal role in supporting Board effectiveness processes like the Board evaluation, regulatory compliance, and the smooth execution of all governance activities throughout the year. The Secretary also served as the primary point of contact with regulators, including the Uganda Securities Exchange and the Capital Markets Authority.

Board Independence

Board independence is a fundamental pillar of effective governance at UCL. It ensures decisions are taken objectively, oversight is exercised without undue influence, and the long-term interests of the Company and its stakeholders remain paramount. The Board is constituted with a strong majority of Non-Executive Directors who are independent of day-to-day management. They bring external perspective, professional expertise, and independent judgement, enabling rigorous challenge of management proposals and balanced strategic oversight without operational bias.

In 2025 the Board upheld this principle, with Non-Executive Directors leading the Audit and Risk, Finance, and Administration and Technical committees. Their leadership provided assurance that risk management, internal controls, financial oversight, and operational assessment were handled independently and transparently. The roles of Chairman and Managing Director remain distinctly separate, strengthening independence and maintaining a clear line between governance oversight and executive leadership: the Chairman, as a Non-Executive Director, focuses on Board effectiveness and open dialogue, while the Managing Director concentrates on executing strategy and running operations. Board independence is reinforced through:

- A governance framework that clearly defines roles, authority levels, and delegated responsibilities;
- Access by Directors to timely management information, internal reports, and external professional advice where required;
- Structured induction and continuing development for Directors;
- Committee structures that enable detailed scrutiny of key matters before full-Board consideration;
- A culture that encourages open dialogue, independent judgement, and constructive challenge

Conflict of Interest

Managing conflicts of interest effectively is critical to Board integrity and stakeholder confidence. UCL applies a clear framework for identifying, disclosing, and managing actual, potential, or perceived conflicts, in line with the Companies Act and recognised governance practice.

Each Director has a legal and fiduciary duty to act in good faith and in the best interests of the Company, including a responsibility to avoid situations where personal or professional interests could compromise objectivity. Directors declare any conflicts at the start of each Board or committee meeting, and in writing where appropriate. The following procedures support this:

- A standing Declaration of Interest Register maintained by the Company Secretary and updated through the year;
- A mandatory agenda item on disclosure of interests at all Board and committee meetings;
- Abstention from discussion and decision-making where a Director has declared a conflict;
- Recusal of Directors from specific agenda items where impartiality may be compromised.

In 2025, no material conflicts of interest were reported. Where minor or routine disclosures were made, for example relating to professional affiliations or industry memberships, they were recorded and addressed through standard Board protocols. The Company Secretary remains custodian of this process, ensuring disclosures are recorded accurately and that Directors are continually reminded of the importance of transparency.

Board Activities

Board activities are structured through an annual governance calendar designed to ensure that strategy execution, financial performance, risk management, operational oversight, and regulatory compliance receive regular and timely attention. The Board Highlights Dashboard sets out the key focus areas that appeared on the Board's agenda at the relevant points through the year, reflecting both its statutory and fiduciary duties and its responsiveness to changing market realities.

Beyond scheduled meetings, the Board undertook several strategic engagements during the year, including oversight visits to the Kamonkoli factory, engagements with major shareholders and government institutions, and strategy-alignment sessions with management on the Company's long-term direction.

Board calendar 2025

The annual calendar was followed closely, with structured meetings covering the year's key themes:

- **Quarter 1:** approval of audited financial statements, review of Q4 2024 audit reports, and discussion of early strategy milestones.
- **Quarter 2:** preparation for the Annual General Meeting, Board evaluation activities, governance-alignment discussions, and updates on Director rotation and committee composition.
- **Quarter 3:** review of Board evaluation outcomes, consideration of strategic financing initiatives, consultancy approvals for capital mobilisation, oversight of strategic projects, and continued monitoring of operational recovery and profitability.
- **Quarter 4:** review of 2026 priorities, consideration of leadership-transition matters, an oversight visit to the Kamonkoli factory in Budaka district, and review of governance reforms linked to the Capital Markets (Corporate Governance) Regulations, 2025.

This rhythm ensured a well-paced flow of information, allowing the Board to engage deeply on both cyclical and emerging issues.

The Board process

Each meeting, whether at committee or full-Board level, is preceded by the circulation of an agenda and Board papers, compiled jointly by the Company Secretary, the Chairperson, and the relevant committee chairs. Papers are shared in advance to give Directors time to review and prepare, supporting informed discussion. Deliberations are guided by a commitment to clarity, transparency, and accountability. Minutes are carefully recorded, decisions are tracked for implementation, and outstanding matters are followed up in subsequent meetings. The Company Secretary plays a central role in maintaining this process and supporting Directors in their oversight.

Board meetings and attendance

The Board held seven meetings in 2025, comprising four quarterly meetings and three special meetings, conducted both in person and online to support consistent participation. The special meetings considered matters including Board evaluation outcomes, governance reforms, the sourcing of financing for strategic investments, the proposed disposal of Company land, and consultancy arrangements linked to growth initiatives. Headlines from the year:

- The Board completed a formal evaluation, facilitated by ABS Consulting Ltd, in July 2025.
- Joint committee meetings were convened to review audited financial statements, funding-allocation proposals, and strategic financing.
- The Board visited the Kamonkoli factory in December 2025 to appraise operational performance and engage with employees.
- Directors participated in AGM preparations, strategic stakeholder engagements, and end-of-year staff engagements at both the Kajjansi and Kamonkoli plants.

Attendance across Board and committee meetings remained strong throughout the year, reflecting a high level of Director commitment. The following table sets out attendance at the seven Board meetings.

Board Meetings and Attendance

Table 2: Board Meeting Attendance

Director	Attendance	% Attendance
Eng. Martin Kasekende	7	100%
Mrs. Marion Adengo Muyobo	7	100%
Mr. Joseph Tukuratiire	7	100%
Mr. Bayo Folayan	7	100%
Mrs. Peninnah Tukamwesiga	7	100%
Dr. Tom Mutyabule	7	100%
Mr. Milton Owor	7	100%
Mr. Walter Ogwal	6	86%
Mr. Reuben B. Tumwebaze	7	100%

Board Composition And Succession

Our Board of Directors is composed to ensure a balance of representation, skills, and experience necessary to deliver effective oversight and strategic leadership.

As of 31 December 2025, the Board comprised ten members drawn from various shareholder groupings and professional backgrounds. The composition was as follows:

- *Four Directors representing minority shareholders;*
- *Three Directors nominated by the National Social Security Fund (NSSF);*
- *Two Directors nominated by the National Insurance Corporation (NIC);*
- *The Managing Director (Executive Director) of the Company.*

This structure ensures that both majority and minority shareholder interests are represented while maintaining a broad spectrum of professional skills across engineering, finance, HR, strategy, and business leadership.

The Company's internal governance guidelines and the Companies Act (Table F) guide the appointment of Board members. The process is coordinated by the Board Administration and Technical Committee (BATEC), which is responsible for vetting and recommending candidates. Appointments are formalised through election at the Annual General Meeting (AGM), ensuring transparency and shareholder participation.



Appointment to the Board

Appointments to the Board are initiated through a structured process that supports diversity, transparency, and a blend of continuity and renewal, all of which are vital to strong governance.

- **Evaluation of Board Needs:** The Board periodically reviews its size, skills mix, and diversity to determine any gaps that may exist in the current composition.
- **Nomination:** For majority shareholder appointments, the nominating entity may propose either a new candidate or re-nominate the incumbent. For minority shareholder representation, BATEC assesses potential candidates from among the shareholders.
- **Due Diligence and Vetting:** Shortlisted names are evaluated based on experience, governance competence, independence, and alignment with the company's needs.
- **Board Recommendation:** The selected candidate(s) are recommended to the Board for approval.
- **Shareholder Approval:** The final stage is shareholder election at the AGM.

Induction of Newly Appointed Directors

A comprehensive induction programme ensures that all new Directors are well-equipped to contribute meaningfully to Board deliberations from the outset. Spearheaded by the Company Secretary, the induction process is delivered in three progressive phases:

- **Initial Orientation:** New Directors receive core governance documents, including the Articles of Association, the Board Manual, past meeting packs, and internal policies. They are briefed on Board procedures, ethics, reporting lines, and director responsibilities.
- **Operational Overview:** Senior management, including the Managing Director and departmental heads, present an in-depth overview of the company's strategy, operations, performance, and business functions—covering finance, internal audit, procurement, sales, HR, and production.

- **Site Visitation:** The directors undertake guided site visits to the company's production facilities in Kajjansi and Kamonkoli. This phase offers a practical appreciation of the clay production process—from raw material extraction to final product packaging—and enhances understanding of operational challenges and opportunities.

The last induction was successfully delivered to two newly appointed directors in 2024.

Continuous Professional Development Program

The Company Secretary provides an ongoing programme of training that covers sector-specific and business issues, as well as legal, accounting, and regulatory developments relevant to Directors' responsibilities.

In 2025, this included a Board briefing on the Capital Markets (Corporate Governance) Regulations, 2025, covering board composition, committees, the conduct of annual general and virtual meetings, annual-report content, and related obligations. Throughout their term, Directors are kept up to date on the Company's businesses and operating environment through written briefings, meetings with senior executives, and external sources where appropriate..

Re-election of Directors

Directors seeking re-election at the end of their tenure submit themselves for election at the Annual General Meeting. The AGM Notice sets out why the Board considers their continued contribution important to the Company's long-term sustainable success.

Resignation from the Board

A Director may resign by written or electronically transmitted notice to the Chairman, copied to the Company Secretary. Where the resignation concerns the Chairman, the notice is addressed to the Company Secretary and copied to the Managing Director.

A resignation takes effect on receipt or on a specified later date, and Board acceptance is not required for it to take effect. All resignations are formally recorded and communicated to shareholders and regulators as appropriate.



Succession Planning

Effective succession is critical to long-term governance stability. The Board regularly reviews its composition to maintain a robust pipeline of leadership and skills aligned with strategic priorities, with succession planning designed to support diversity, continuity, and competence.

When a Director nominated by a majority shareholder reaches the end of their term, the shareholder may re-nominate the same individual or propose a new candidate; for minority-shareholder positions, BATEC identifies and vets candidates from the shareholder base and forwards the most suitable names for AGM approval. The Board evaluation reinforced succession planning, for both Directors and management, as a priority for the year ahead, and this will guide the work carried into 2026 and 2027..

Board Evaluation Report

Strong governance depends on the Board holding itself to account. In 2025, the Board undertook a formal self-evaluation, facilitated by ABS Consulting Ltd in July, as part of its commitment to continuous improvement and stronger oversight. The evaluation covered the Board as a whole, its committees, the Chairperson, peer-to-peer assessments, the Managing Director, the Company Secretary, and feedback from senior management.

What the evaluation found

- The Board structure was very good and remained effective;
- Board agendas adequately addressed the key strategic and operational matters;
- The Board adequately monitored Company strategy and business performance;
- The Board and its committees were executing their mandates well.

Recommendations for improvement

- Make strategy implementation a regular item on Board agendas;
- Strengthen succession planning for both Directors and management;
- Increase training opportunities for Directors;
- Review committee composition to align with evolving governance requirements.

The Board will implement these recommendations progressively through 2026 and 2027, ahead of the next evaluation, aligning the work with the requirements of the Capital Markets (Corporate Governance) Regulations, 2025. Acting on its own evaluation in this way is part of how the Board builds the governance platform for UCL's next phase of growth.

Remuneration Report

Well-structured and fair remuneration is essential to driving performance, supporting strategy, and attracting the expertise needed to govern a complex and evolving business.

UCL's compensation philosophy is built on transparency, alignment with business objectives, and recognition of the responsibilities entrusted to Board members. The framework is designed to reinforce the Company's performance culture, linking individual contribution to enterprise success through a structure that reflects both strategic priorities and market standards. Remuneration levels are informed by key performance indicators under each strategic pillar and are benchmarked against peer organisations to maintain competitiveness.

Determination of Director Remuneration

Director remuneration is reviewed periodically and formally approved by shareholders at the Annual General Meeting. In setting the structure, the Company considers prevailing inflation, peer benchmarks, the scope of each Board member's responsibilities, and the Board's own recommendations, with BATEC responsible for conducting reviews and advising on adjustments.

Non-Executive Directors receive monthly retainers, sitting allowances, data allowances, and reimbursable travel and subsistence expenses for official business. Executive Directors, including the Managing Director, are remunerated separately under executive contracts but also receive allowances for their Board role. All payments are subject to statutory deductions.

Review History

The most recent comprehensive salary review was undertaken in the 2021/2022 period, informed by a comparative survey of remuneration practice across peer companies. Based on the findings, a proposal was developed, tabled before the Board, and presented at the Annual General Meeting, where it was approved by shareholders.

Remuneration Allocation

In 2025, a total of UGX 461.89 million was allocated to Director emoluments, covering all forms of remuneration and reimbursement set out above. The Board continues to exercise prudence in remuneration decisions, keeping them aligned with shareholder expectations and the Company's financial capacity. No performance-based bonuses are paid to Non-Executive Directors, though the Board retains discretion to review remuneration periodically, subject to shareholder approval, to maintain market competitiveness.

Remuneration Structure

The components of Board remuneration are summarised below.

Component	Chairman	Committee Chairperson	Non-Executive Director
Monthly retainer	UGX 2,000,000	UGX 1,600,000	UGX 1,500,000
Sitting allowance (per meeting)	UGX 1,600,000	UGX 1,450,000	UGX 1,350,000
Travel / fuel allowance	40 litres per sitting	40 litres per sitting	40 litres per sitting
Data allowance	Provided	Provided	Provided

**All amounts stated are gross and subject to applicable statutory deductions.*

Remuneration Policy Elements

Element	Purpose and Link to Strategy	Operation	Maximum Opportunity	Performance Measures
Base Salary	Supports recruitment and retention of capable executives and reflects the value of the role.	Reviewed annually; increases take effect from the start of the financial year. Considerations include role, performance, inflation, and market benchmarks.	No specific cap; increases generally aligned with overall workforce trends. Exceptions allowed for expanded roles.	Personal and Company performance considered.
Benefits	Ensures a competitive offering to attract and retain talent and support well-being.	Includes allowances such as sitting fees, medical insurance, and life assurance.	No defined maximum; value is guided by market practice and cost to the Company.	N/A
Gratuity & Pension	Provides long-term retirement security for Executive Directors.	Contributions made through the Company's Provident Fund, or paid as cash in lieu where applicable.	N/A	N/A



Board Administration and Technical Committee (BATEC)

BATEC supports the Board in overseeing governance, human capital, succession planning, technical operations, and organisational effectiveness. The Committee provides focused oversight of leadership, workforce management, production performance, and operational capability, helping UCL maintain the structures and resources needed to deliver its strategy. In 2025, with leadership transition on the agenda, the Committee played a central role in the Board's oversight of organisational performance and leadership accountability, keeping technical and human-capital priorities aligned to the recovery and growth agenda.

Attendance at Meetings

Member	Attendance
Mr. Bayo Folayan	10/10
Eng. Martin Kasekende	10/10
Mr. Milton Owor	10/10
Mr. Reuben B. Tumwebaze	7/10



2025 Key Activities:

Through the year, BATEC maintained oversight of production and operational performance through regular review of technical reports, production updates, and human-resource reports, enabling it to monitor operational efficiency, workforce effectiveness, and progress against strategic objectives.

A notable area of focus was leadership oversight and succession planning. The Committee reviewed senior-management performance evaluations and considered contractual matters for key leadership positions. Following its assessment, it recommended renewal of the employment contract of the Head of Human Resources and Support Services, and provided recommendations to the Board on the Managing Director's contract, supporting an orderly leadership transition.

The Committee also took part in a joint meeting with the Board Finance Committee on the disbursement of Housing Finance Bank loan proceeds and funds realised from the liquidation of the Company's bond, supporting prudent capital deployment.

Key matters considered

- Production and operational performance reports;
- Human-resource and support-services reports;
- Senior-management performance evaluations;
- Renewal of the Head of Human Resources and Support Services contract;
- Review of the Managing Director's performance and contract;
- Funding-allocation proposals relating to strategic investments.

Looking ahead

BATEC will continue to focus on leadership succession, organisational effectiveness, executive performance management, and oversight of technical operations. Particular attention will go to implementing the Board evaluation recommendations, strengthening management succession frameworks, and keeping organisational structures aligned with UCL's growth ambitions, work that directly supports the orderly leadership transition now under way.

Mr. Bayo Folayan
Chairperson, BATEC

Board Finance Committee (BFC)

BFC supports the Board in overseeing financial performance, funding strategy, capital allocation, investment decisions, and financial sustainability, and plays a central role in safeguarding shareholder value by ensuring UCL's financial resources are managed prudently. In a recovery year, the Committee was closely engaged in monitoring financial performance and supporting the financing initiatives needed to strengthen the Company's position and enable future growth.

Attendance at Meetings

Member	Attendance
Mrs. Marion Adengo Muyobo	5/5
Mr. Henry Ngabirano	5/5
Mr. Odongo Walter Ogwal	5/5
Mr. Reuben B. Tumwebaze	5/5



Mrs. Marion Adengo Muyobo
Chairperson, BFC

2025 Key Activities

A key focus was oversight of UCL's financial recovery and long-term funding requirements. The BFC reviewed quarterly financial reports, sales and marketing performance, and strategy-implementation updates to monitor progress against financial and operational objectives.

As the recovery agenda advanced, the Committee gave significant attention to financing for future capital expenditure and strategic investment, including funding options, capital-mobilisation opportunities, and financing structures capable of supporting long-term growth. It also took part in a joint meeting with the Board Audit and Risk Committee to review the audited financial statements and external audit report for the year ended 31 December 2024 before recommending them to the Board.

Key matters considered:

- Quarterly financial performance reports;
- Sales and marketing performance updates;
- Strategy implementation and its financial implications;
- Capital mobilisation and funding initiatives;
- Consultancy proposals for sourcing strategic financing;
- Audited financial statements and external audit findings for FY2024;
- Allocation of financing proceeds towards strategic priorities.

Looking ahead

BFC will continue to focus on profitability improvement, liquidity management, capital mobilisation, and oversight of strategic investment, with particular emphasis on supporting UCL's growth initiatives and strengthening financial resilience. As part of its strategy and sustainability mandate, the Committee will also continue to oversee the Company's sustainability and climate-related disclosures, which from 2025 are prepared in alignment with IFRS S1 and S2, with further depth planned as the disclosure framework matures.

Board Audit and Risk Committee (BARC)

BARC supports the Board in overseeing risk management, internal controls, financial-reporting integrity, legal compliance, and internal-audit effectiveness. The Committee provides assurance that appropriate governance frameworks, risk processes, and controls are in place to support sustainable performance and protect stakeholder interests. In 2025 it remained central to strengthening governance oversight and supporting the Board's responsibility for risk management and accountability.

Attendance at Meetings

Member	Attendance
Mr. Joseph Tukuratiire	4/4
Mrs. Peninah Tukamwesiga	4/4
Dr. Tom Mutyabule	3/4

2025 Key Activities:

Through the year, BARC maintained oversight of internal-audit activities, enterprise risk management, legal compliance, and the effectiveness of internal controls. Regular review of internal-audit reports and management responses allowed it to monitor corrective actions and assess the control environment.

The Committee also reviewed risk reports through the year, with particular attention to risks linked to strategic execution, operational performance, liquidity, regulatory compliance, and business sustainability, supporting the Board's oversight of recovery and growth priorities.

It participated in a joint session with the Board Finance Committee to review the audited financial statements and external audit report for the year ended 31 December 2024, providing assurance on the integrity of UCL's financial reporting.

Key matters considered:

- Internal-audit reports and management responses;
- Enterprise risk management reports;
- Legal and compliance reports;
- Strategic and operational risk monitoring;
- Internal-control effectiveness;
- Audited financial statements and external audit findings for FY2024.

Looking ahead:

BARC will continue to strengthen oversight of enterprise risk, internal controls, regulatory compliance, and governance effectiveness, with particular attention to strategic-execution risk, implementation of the Board evaluation recommendations, and keeping UCL's risk-management framework responsive to an evolving operating environment. As the Company's climate-related risks are increasingly classified using the IFRS S2 framework, the Committee will continue to align enterprise risk oversight with that disclosure approach.



Mr. Joseph Tukuratiire
Chairperson, BARC





Financial Statements

Report of the Directors

For the year ended 31 December 2025

The directors submit their report and the audited financial statements for the year ended 31 December 2025 which disclose the state of affairs of Uganda Clays Limited (the Company).

Principal Activities

The principal activities of the Company are those of production and sale of wide range of baked clay building products.

Business Review

	2025 Shs '000	2024 Shs '000
Profit/(loss) before tax	665,722	(5,973,198)
Income tax (charge)/credit	(523,973)	1,023,160
Profit/(loss) for the year	141,749	(4,950,038)

During the year 2025, the total turnover of the Company improved from Shs 31.6 billion to Shs 34.8 billion. This was mainly attributed to improved machinery availability during the period, which increased product supply and in turn, boosted revenues. The Company returned a profit before tax of Shs 666 million, an improvement from the loss before tax of Shs 6 billion in 2024 reflecting the improvements in the production volumes, revenues and cost efficiency; however, the direct and indirect costs still remain high. The Company has continued investing in critical spare parts during the period; successfully paid for the capacity expansion plant from Italy; and shipped 70% of the entire plant to Uganda. This will increase the efficiency levels resulting from higher volumes and better quality of products.

As at 31 December 2025, the net asset position of the Company decreased to Shs 37.9 billion compared to Shs 38.3 billion as at 31 December 2024 which is a result of the effect of variation to the loan restructuring agreement with NSSF during the year.

Key Performance Indicators

	2025 Shs '000	2024 Shs '000
Turnover	34,809,574	31,601,824
Gross profit	14,986,234	8,282,758
Gross profit margin	43%	26%
Profit/(loss) for the year	141,749	(4,950,038)
Net profit/(loss) margin	0.41%	(15.7)%
Net assets	37,960,509	38,286,580
Profit/(loss) on capital employed	0.37%	(12.9)%

Principal Risks and Uncertainties

The overall business environment continues to remain challenging, and this has a resultant effect on overall demand of the Company's products. The Company's strategic focus is to enhance sales growth whilst maintaining profit margins, the success of which remains dependent on overall market conditions. In addition to the business risks, the Company's activities expose it to a number of financial risks which are described in detail in Note 32 to the financial statements.

Directors

The Directors who held office during the year and to the date of this report are shown below:

Eng. Martin Kasekende Chairman	Walter Ondongo Ogwal Member
Milton Steven Owor Member	Mrs. Peninah Tukamwesiga Member
Mr. Bayo Folayan Member	Mr. Henry Ngabirano Member
Mrs. Marion Adengo Muyobo Member	Dr Tom Mutyabule Member
Mr. Joseph Tukuratire Member	Mr. Reuben Tukamwesigye Managing Director

Share Capital

The authorised, issued and paid up share capital is Shs 900,000,000 (2024: Shs 900,000,000) representing 900,000,000 (2024: 900,000,000) ordinary shares of Shs 1 each.

Dividend

The Directors don't recommend the declaration of a dividend for the year. (2024: Nil)

Independent Auditor

The company's auditor, Ernst & Young, has indicated willingness to continue in office in accordance with section 167(2) of the Companies Act Cap 106, of Uganda.

BY ORDER OF THE BOARD



Company Secretary
31st March 2026

Statement of Directors' Responsibilities

For the year ended 31 December 2025

The Companies Act Cap. 106, of Uganda of Uganda requires the directors of the Company 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.

It also requires the directors to ensure that 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 Tax Procedures Code Act Cap. 343 of Uganda requires a taxpayer with an annual turnover of Ugandan Shillings 500 million to furnish, with the taxpayer's return of income, audited financial statements prepared by an accountant registered by the Institute of Certified Public Accountants of Uganda (ICPAU). The financial statements are prepared by the Company's accountant with the oversight of the directors.

The directors are ultimately responsible for the internal control of the Company. The directors delegate the responsibility for the 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 judgements and estimates, are applied on a consistent basis and using the going concern basis. These systems and controls include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

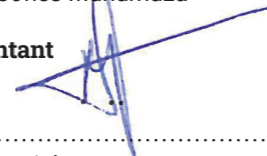
The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board and in 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 the 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.

The directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

Preparation and approval of the financial statements

The accountant who prepared these financial statements is CPA Jones Muhumuza

Accountant

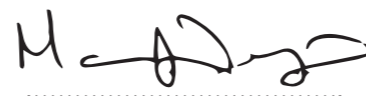


The financial statements were approved by the Board of Directors on 31st March 2026 and signed on its behalf by:

Director



Director



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Report of the Independent Auditor to the Members of Uganda Clays Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Uganda Clays Limited set out on pages 61 to 103, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material aspects, the financial position of Uganda Clays Limited as at 31 December 2025, and its financial performance and cashflows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act Cap. 106, of Uganda.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 of Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements of the Company and in Uganda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of financial statements of the Company and in Uganda. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



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Key Audit

How our audit addressed the key audit matter

Inventory Valuation

- As at 31 December 2025, the Company held inventories of Ushs 7,864 million (2024: Ushs 7,492 million) as described in Note 19 to the financial statements. Inventory mainly consists of raw materials i.e clay, semi-finished products or work in progress, and finished goods which are the packaged items that are ready for sale.
- As described in note 3(g) of the financial statements, inventories are carried at the lower of cost and net realisable value.
- IAS 2 Inventories guides on the nature of costs that can be included as part of the valuation of the inventory especially for inventory produced by the holding entity. Management applies judgement in determination of costs that are necessary to bring the inventories to their present location and condition including direct materials and labour costs as well as indirect costs or production overheads. While using the absorption costing methodology, management has also applied assumptions in allocation of direct and indirect manufacturing costs as well as overheads to the units of production.
- Due to the significance of the amounts, multiple locations where inventory is held and significant judgements and related assumptions involved the valuation of inventory, the existence and valuation of inventory has been considered a key audit matter.

Our audit procedures included but were not limited to:

- Obtained an understanding of the inventory valuation process including the production process, recognition of work in progress and related items.
- At 31 December 2025, we attended the year end counts for inventory and witnessed the reconciliation of the counted amounts to the accounting records. We agreed the final and reconciled amounts to the amounts included in the financial statements. During these counts, we also focused on identifying any inventory items that are potentially obsolete or slow-moving and evaluated whether these were appropriately valued.
- We evaluated the assumptions and judgements made by management regarding the valuation of inventory, including absorption rates and cost considerations. We assessed the reasonableness and consistency of these assumptions and judgments in relation to industry standards and company policy.
- We assessed the accuracy and appropriateness of the absorption rates used for allocating overhead costs to inventory. In performing this procedure, we evaluated the reliability of data sources including inspection of support documentation where applicable for the data used in the cost determination and allocation calculations. We checked for the consistency of application of methodology across the different products and production lines.
- We assessed the manual adjustments made in relation to inventory valuation in line with the requirements of IFRS Accounting Standards and company policy. We also evaluated management's process for recording of manual journal entries in relation to inventory valuation.
- We assessed the adequacy of the disclosures in accordance with IFRS Accounting Standards.



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Other information

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express 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.

Responsibilities of 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 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.

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.



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- 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.

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, actions taken to eliminate threats or safeguards applied.

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 and regulatory requirements

As required by the Companies Act, 2012 of Uganda 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 profit or loss are in agreement with the books of account.

The Engagement Partner on the audit resulting in this independent auditor's report is CPA Freda Kaheru Agaba - P0531.

Ernst & Young

Ernst & Young
Certified Public Accountants of Uganda
Kampala, Uganda
07 April 2026

Freda Kaheru

CPA Freda Kaheru Agaba
Partner
07 April 2026

Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 31 December 2025

	Note	2025 Shs'000	2024 Shs '000
Revenue from contracts with customers	4.1	34,809,574	31,601,824
Cost of sales	5	(19,823,340)	(23,319,066)
Gross profit		14,986,234	8,282,758
Other operating income	6	87,702	298,088
Selling and distribution expenses	7	(320,520)	(235,426)
Administrative expenses	8	(10,025,464)	(10,736,864)
Increase in impairment of financial assets	10	(137,186)	(374,201)
Operating profit/(loss)		4,590,766	(2,765,645)
Finance costs	11	(3,925,044)	(3,207,553)
Profit/(loss) before tax	12	665,722	(5,973,198)
Income tax (charge)/credit	13	(523,973)	1,023,160
Profit/(loss) for the year		141,749	(4,950,038)
Other comprehensive income:		-	-
Total comprehensive loss for the year, net of tax		141,749	(4,950,038)
Earnings/(loss) per share (Shs per share)			
Basic and diluted earnings/(loss) per share	14	0.16	(5.50)

Statement of Financial Position


As at 31 December 2025

ASSETS	Note	2025 Shs'000	2024 Shs'000
Non-current assets			
Property, plant and equipment	15	64,059,729	57,818,516
Intangible assets	16	52,734	2,679
Investment securities: non-current	17	-	927,828
Right-of-use asset	18	1,629,127	1,841,285
		65,741,590	60,590,308
Current assets			
Inventories	19	7,864,343	7,491,613
Trade and other receivables	20	6,264,639	7,328,447
Investment securities: current	17	-	36,334
Staff advances	21	177,514	96,258
Current tax recoverable	13	-	505,809
Cash and bank balances	22	554,674	332,467
		14,861,170	15,790,928
TOTAL ASSETS		80,602,760	76,381,236
EQUITY			
Share capital	23	900,000	900,000
Share premium	23	9,766,028	9,766,028
Other components of equity	24	4,321,910	4,789,730
Retained earnings		22,972,571	22,830,822
		37,960,509	38,286,580
LIABILITIES			
Non-current liabilities			
Loan from related party	24	23,576,910	17,179,652
Borrowed funds	29	2,740,426	-
Deferred tax liability	25	1,720,122	1,855,687
Lease liabilities: non-current	26	-	36,826
		28,037,458	19,072,165

ASSETS	Note	2025 Shs'000	2024 Shs'000
Current liabilities			
Loan from related party: current	24	-	2,952,909
Trade and other payables	27	4,929,575	10,213,554
Contract liabilities	4.2	3,641,357	2,930,167
Current tax payable	13	171,283	-
Provident fund payable	28	3,859,988	2,793,773
Borrowed funds	29	1,941,093	66,660
Lease liabilities: current	26	61,497	65,428
		14,604,793	19,022,491
TOTAL LIABILITIES		42,642,251	38,094,656
TOTAL EQUITY AND LIABILITIES		80,602,760	76,381,236

The financial statements were approved and authorised for issue by the Board of Directors on **31st March 2026** and were signed on its behalf by:


.....
Director


.....
Director

Statement of Changes in Equity

For The Year Ended 31 December 2025

Year ended	Ordinary Share Capital	Share Premium	Other Components of Equity	Retained Earnings	Total
31 December 2024	Note 23 Shs'000	Note 23 Shs'000	Note 24 Shs'000	Note 24 Shs'000	Shs'000
At 1 January 2025	900,000	9,766,028	4,789,730	22,830,822	38,286,580
Recognition of loss on NSSF loan modification	-	-	(467,820)	-	(467,820)
Total comprehensive profit for the year	-	-	-	141,794	141,794
At 31 December 2025	900,000	9,766,028	4,321,910	22,972,571	37,960,509
At 1 January 2024	900,000	9,766,028	4,789,730	27,780,860	43,236,618
Total comprehensive loss for the year	-	-	-	(4,950,038)	(4,950,038)
At end of year 2024	900,000	9,766,028	4,789,730	22,830,822	38,286,580

Other components of equity relate to the net effect of derecognition of the old NSSF loan and recognition of the new NSSF loan after modification in the loan terms in May 2023 and February 2025. Refer to note 24 for details.

Statement of Cash Flows

For The Year Ended 31 December 2025

	Note	2025 Shs'000	2024 Shs'000
Cash from operations	30	1,544,756	8,175,810
Interest paid on lease liabilities	26	(12,129)	(10,573)
Tax paid	13	-	(74,848)
Net cash generated from operating activities		1,532,627	8,090,389
Investing activities			
Purchase of intangibles	16	(52,528)	-
Purchase of property, plant and equipment,	15	(5,981,290)	(8,731,446)
Maturities of investment securities	17	928,489	1,105,695
Interest received on investment securities	17	60,784	265,145
Net cash used in investing activities		(5,044,545)	(7,360,606)
Financing activities			
Proceeds from borrowed funds	29	6,000,000	1,400,000
Repayment of borrowed funds	29	(2,220,825)	(1,992,713)
Payment of principal portion of lease liabilities	26	(39,532)	(56,020)
Net cash from/(used in) financing activities		3,739,643	(648,733)
Increase in cash and cash equivalents		227,725	81,050
Net ECLs and foreign exchange differences on bank balances		(5,518)	1,611
Cash and cash equivalent at start of year		332,467	249,806
At end of year	22	554,674	332,467

Notes to the Financial Statements

For The Year Ended 31 December 2025

1. General Information

Uganda Clays Limited (the "Company") is incorporated in Uganda under the Companies Act Cap. 106, of Uganda as a limited liability company and is domiciled in Uganda. The Company's shares are listed on the Uganda Securities Exchange (USE) since 18 January 2000.

The address of its registered office is:

14 Km Entebbe Road, Kajjansi,
P. O. Box 3188,
Kampala, Uganda.

The financial statements for the year ended 31 December 2025 were authorised for issue in accordance with the resolution of the Board of Directors on 31 March 2026.

2. Basis Of Preparation

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act Cap. 106, of Uganda.

The financial statements have been prepared on a historical cost basis, except otherwise stated. The financial statements are presented in Uganda Shillings (Shs) and all values are rounded to the nearest thousand (Shs'000), except where otherwise indicated.

For purposes of reporting under the Companies Act Cap. 106, 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.

(b) Going concern

The Company's directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. The directors are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. The shareholders of the Company have no plans of ceasing business. Therefore, the financial statements continue to be prepared on the going concern basis.

3. Material Accounting Policy Information

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Changes in Material accounting policy information

The financial statements have been prepared in compliance with the standards and interpretations applicable for financial periods commencing on or after 1 January 2025.

New and amended standards and interpretations that were effective during the reporting period.

The new and amended standards which are effective for annual periods beginning on or after 1 January 2025 had no impact on the Company's financial statements. These are listed below;

- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7(b) Revenue from contracts with customers

New and revised International Financial Reporting Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standards issued but not yet effective that are expected to have a material impact on the Company's financial statements

IFRS 18 – Presentation and Disclosure in Financial Statements (Effective for annual periods on or after 1 January 2027)

In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information. IFRS 18, and the consequential amendments to the other accounting standards, is effective for reporting periods beginning on or after 1 January 2027 and must be applied retrospectively. Early adoption is permitted and must be disclosed.

The directors are still making assessments of the impact of the systems to the Company's financial reporting process and systems and intend to adopt the requirements when they become effective.

Standards issued but not yet effective that are not expected to have a material impact on the Company's financial statements

- Lack of exchangeability – Amendments to IAS 21 (Effective for annual periods on or after 1 January 2026)
- Classification and Measurement of Financial instruments- Amendments to IFRS 9 and IFRS 7 (Effective for annual periods on or after 1 January 2026)
- Annual Improvements to IFRS Accounting Standards—Volume 11 (Effective for annual periods on or after 1 January 2026)

- Power Purchase Agreements – Amendments to IFRS 9 and IFRS 7 (Effective for annual periods on or after 1 January 2027)
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures Effective for annual periods on or after 1 January 2027)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting)

b) Revenue from contracts with customers

The company recognizes revenue from distribution of clay products. The company recognizes revenue as and when it satisfies a performance obligation by transferring control of a product to a customer. The amount of revenue recognized is the amount the company expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax. The Company has generally concluded that it is the principal in its revenue arrangements.

i) Sales from distribution of products

Sales from distribution of products are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods, and acceptance by the customer. Having accepted the goods, consumers do not have the right to return them. There is no variable element to the contract price, and payment, less any deposit already paid, is typically due within a period as agreed in the contract. The normal credit term is 30 to 90 days upon delivery.

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. As at year end, the Company did not have any contracts with a variable consideration.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. The company did not have contract assets during the year.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 3(f).

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

ii) Other operating income

The other income comprises of the following:

- Interest income is recognised in profit or loss for all interest-bearing instruments at amortised cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability
- Rental income from operating leases, which is recognised on a straight-line over the period of the lease.

c) Property, plant and equipment

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation.

Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Freehold land and capital work in progress are not depreciated. Leasehold land is depreciated over the remaining period of the lease.

Depreciation is calculated on a straight-line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life detailed below;

	Years
Buildings	50
Plant and machinery	5-30
Furniture, fittings and computer equipment	3-5
Motor Vehicles	4-10

The assets residual values and useful lives and methods of depreciation are reviewed and adjusted prospectively if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

d) Clay reserves

The Company consistently engages in the acquisition of clay reserves, a pivotal aspect of its operational strategy. The avenues for acquiring clay involve either purchasing a quarry outright or procuring the clay directly from suppliers.

The acquisition of clay quarries creates a reserve and land, depending on the contractual terms. When the contract designates the acquisition as a purchase of a lease over the quarry or when the contract characterises the acquisition as a right of excavation, the entire cost is recorded as a clay reserve.

The total cost encompasses several integral components essential for acquiring and preparing the quarry for its intended use. These include the purchase price, legal and professional fees, survey and exploration costs, land preparation expenses, environmental remediation costs, financing costs, and license fees.

A certified and experienced geologist is engaged to conduct a thorough assessment, estimating both the quantity and type of clay present in the quarry. The quantities derived from this evaluation serve as the basis for calculating the cost per tonne. This calculation involves dividing the total cost of the clay reserve by the determined quantity of clay, providing a precise metric for cost evaluation.

Subsequently, the clay reserves undergo a reduction based on the quantity excavated and utilized in the clay bank for the production process. This reduction is a direct reflection of the physical extraction and utilization of clay from the acquired reserves.

This depreciation, in this context, captures the gradual depletion of the clay reserves over time, considering factors such as technological advancements, changes in extraction methods, and market conditions that influence the quarry's longevity.

Depreciation of the clay reserves is calculated using the units of production method, net of residual values, over the estimated useful lives of the reserve. Under this method, capitalised costs associated with a cost centre are incurred to find and develop the commercially producible reserves in that cost centre, so that each unit produced from the centre is assigned an equal amount of cost.

Following the completion of clay extraction, the land is revalued to determine its updated value. This revaluation reflects the changes in the land's worth resulting from the removal of clay and alterations to the landscape.

The company conducts a geological assessment every two years, overseen by a qualified geologist, to keep abreast of the geological characteristics of the reserves, involving a thorough analysis of quality, quantity, and distribution.

Regular impairment tests are conducted to assess whether there has been any decline in the recoverable amount of the clay reserves.

e) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Uganda Shillings (the functional currency), at the rates ruling at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in Note 3(b).

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The company's financial assets are all classified at amortised cost for both years presented and as such the accounting policies disclosed are limited to the amortised cost classification.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade and other receivables, investment securities and cash and bank balances.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The Company considers that there is Significant increase in credit risk (SICR) when the contractual payments are more than 30 days past due.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs.

Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition

to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to the statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, borrowed funds, bank overdrafts and provident fund payable.

Subsequent measurement

For the purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

The company's financial liabilities are all classified at amortised cost for both years presented and as such the accounting policies disclosed are limited to the amortised cost classification.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Modification and derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

To determine if the modified terms of a liability are substantially different to the original terms, the modification is assessed at first on a qualitative basis—factors such as a change in currency or the introduction of a non-closely related embedded derivative that significantly modifies the cash flows are regarded as substantially different. If it is not clear from the qualitative assessment that a modification has resulted in a substantial change in a financial liability, a quantitative assessment is applied. It is assumed that the terms of the financial liability are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received

and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification is not substantial, the Company recalculates the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original effective interest rate. The Company recognises any adjustment to the amortised cost of the financial liability in profit or loss as income or expense at the date of the modification.

Modification gains are presented in 'other income' and modification losses are presented in 'other expenses' in the statement of profit or loss and other comprehensive income.

g) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Expired and/or damaged stocks are expensed in the year they are determined.

The Company reviews its inventory to assess loss on account of slow moving, damaged and obsolescence on a regular basis. The Company makes judgment as to whether there is any observable data indicating that there is any future saleability of the product and the net realisable value of such product.

h) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks net of bank overdrafts, which are specifically used to fund working capital requirements.

In the statement of financial position, bank overdrafts, which are specifically used to fund working capital requirements are included within borrowings in current liabilities.

i) Share capital

Ordinary shares are classified as equity.

j) Taxation

Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except:

- Where the VAT incurred on a purchase of goods and services is not recoverable from Uganda Revenue Authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense for the item as applicable; and
- Receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Current tax

Taxation is provided in the statement of comprehensive income on the basis of the results included therein adjusted in accordance with the provisions of the Ugandan Income Tax Act (Cap. 340).

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised outside profit or loss is recognised in other comprehensive income. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

k) Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time.

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented within Note 18 Right of Use asset and are subject to impairment in line with the company's policy as described in Note 3 (p)

Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The company's lease liabilities are disclosed in Note 26.

Company as a lessor

Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The company does not have finance leases.

l) Employee entitlements

The Company contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Company's obligations under the scheme are limited to specific contributions legislated from time to time and are currently 10% of the employees' gross salary. The Company's contributions are charged to the statement of comprehensive income in the period to which they relate.

The Company operates a defined contribution plan or staff provident fund which run as contributory fund by a third-party fund manager. The Company contributes 10% of the employee's basic pay per month and staff contribute a minimum of 5%. The balance as at 31 December represents the accrued liability that the Company had not yet transferred to the Fund manager at the balance sheet date.

Performance bonus provisions are recognised when it is apparent that the conditions for the bonus have been met and for only staff whose contracts contain a performance benefit clause.

m) Dividends

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Uganda, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. The approved dividends are recognised as liabilities until when paid.

n) Segment reporting

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess their performance. The Company's reportable segments under IFRS 8 are; therefore, Kajjansi factory and Kamonkoli factory.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated on consolidation. Income and expenses associated with each segment are included in determining business segment performance.

Refer to note 34 for segment reporting.

o) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit (CGU)'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples and any other available fair value indicators.

Impairment losses are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to Other Comprehensive Income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation. For all assets, 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 or amortisation, had no impairment loss been recognised for the asset in prior years.

Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

p) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

q) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the 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 twelve months after the reporting period;

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period;

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

r) Material accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgements, estimates and assumptions, which have the most significant effect on the amounts

recognised in the consolidated financial statements:

Measurement of expected credit losses (ECL):

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for all receivables.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with macro-economic variable i.e interest rates, inflation and foreign exchange. The assessment of the correlation between historical observed default rates, macro-economic variables and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

The information about the ECLs on the Company's trade and other receivables is disclosed in notes 32, 20 and 10.

Property, plant and equipment

Critical estimates are made by the management in determining the useful lives and residual values to property, plant and equipment based on the intended use of the assets and the economic lives of those

assets. Subsequent changes in circumstances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

Details of the Company's property, plant and equipment are disclosed in note 15.

Current income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Company and the tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing.

As the Company assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no provision has been recognized. Details on the current income tax amounts recognised in the financial statements are disclosed in note 13.

Determination of the lease term for lease contracts with renewal and termination options (Company as a lessee)

The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by

4.1 Revenue From Contracts With Customers

Revenue from sale of goods	2025 Shs'000	2024 Shs'000
Gross revenue	36,288,922	32,565,237
Discounts allowed	(1,479,348)	(963,413)
	34,809,574	31,601,824

The Company presents disaggregated revenue based on the type of goods provided to customers, the nature of customer, nature of supply i.e. good or service and the timing of transfer of goods.

Set out below is the disaggregation of the Company's revenue from contracts with customers:

(a) Types of goods

	2025 Shs'000	2024 Shs'000
Roofing tiles	23,774,470	23,275,532
Maxpans	5,784,858	3,785,281
Half bricks	2,364,837	1,865,206
Quarry tiles	2,172,002	1,865,916
Other products	713,407	809,889
	34,809,574	31,601,824

Other products majorly include malta, pompey, other bricks and ventilators.

(b) Nature of customer

	2025 Shs'000	2024 Shs'000
Individuals	18,191,353	15,835,649
Agents	12,929,918	13,693,627
Corporates and institutions	3,688,303	2,072,548
	34,809,574	31,601,824

(c) Nature of supply

The Company's revenue is entirely made up of supply of goods and as such there is no supply of services.

(d) Timing of revenue recognition

The Company's revenue is entirely made up of sale of goods transferred at a point in time and, therefore, it does not have any revenue that is recognised over time.

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information (Note 34).

	Kajjansi factory Shs'000	Kamonkoli factory Shs'000	Total Shs'000
Year ended 31 December 2025			
External customer	24,645,682	10,163,892	34,809,574
Year ended 31 December 2024			
External customer	20,004,633	11,597,191	31,601,824

There were no Inter – segment sales or transfers for both years presented.

4.2 Contract Balances

	2025 Shs '000	2024 Shs '000
Contract liabilities	3,641,357	2,930,167

Contract liabilities include short-term advances received to deliver goods after the reporting date, any other advance payments by customers which are generally short term in nature.

The composition of the contract liabilities at reporting date is analysed as below:

	2025 Shs '000	2024 Shs '000
Individuals	3,398,035	2,351,203
Agents	104,096	183,620
Corporates and institutions	139,226	395,344
	3,641,357	2,930,167

The amount of revenue recognised from contract liabilities during the year is indicated in reconciliation of movement in the contract liabilities during the year below:

	2025 Shs'000	2024 Shs'000
At 1 January	2,930,167	3,673,039
Additions	2,592,175	842,160
Revenue recognised during the year	(1,880,985)	(1,585,032)
At 31 December	3,641,357	2,930,167

5. Cost Of Sales

	2025 Shs '000	2024 Shs '000
Opening stock of raw materials, finished goods and work-in-progress	4,350,763	2,622,926
Purchases	6,329,673	7,016,611
Production costs (see note below)	14,228,268	18,030,292
Closing stock of raw materials, finished goods and work-in-progress	(5,085,364)	(4,350,763)
	19,823,340	23,319,066

Below is a breakdown of the production costs which are included in the cost of sales:

	2025 Shs '000	2024 Shs '000
Employee benefits expense (note 9)	3,893,736	4,345,289
Utilities	1,244,213	2,348,832
Machinery repairs and maintenance	1,719,110	2,755,507
Transportation expenses	511,195	201,918
Loading and offloading costs	43,076	339,921
Sales outlet expenses	30,252	28,435
Casual labour wages	3,812,917	4,434,320
Insurance	192,654	163,132
Depreciation of PPE and amortisation of intangibles	2,781,115	3,412,938
Total	14,228,268	18,030,292

6. Other Operating Income

	2025 Shs '000	2024 Shs '000
Other income ¹	59,314	17,981
Unrealised foreign exchange	-	79
Interest income ²	-	253,849
Rental income	28,388	26,179
Total	87,702	298,088

¹The other income mainly relates to interest received on the Company's current accounts, write back of previous overprovisions made.

*Interest income is determined using the effective interest rate method.

7. Selling And Distribution Expenses

	2025 Shs'000	2024 Shs'000
Sports and recreation costs	10,403	3,204
Business promotion expenses	113,537	99,112
Repairs and maintenance	101,116	119,355
Transport expenses	-	145
Donations	65,723	10,448
Commission expenses	10,620	3,162
After sale services	19,121	-
Total	320,520	235,426

8. Administrative Expenses

	2025 Shs '000	2024 Shs '000
Employee benefits expense (note 9)	5,809,429	6,025,585
Audit fees	151,831	112,000
Telephone and communication costs	257,700	406,722
Other administrative expenses ³	948,287	1,372,490
Director's remuneration	461,890	328,631
Insurance expense	69,514	103,895
Depreciation of PPE and amortisation of intangibles	710,949	806,746
Depreciation of right-of-use asset	212,158	494,967
Legal and professional fees	954,660	778,428
Security expenses	165,038	168,284
Bank charges	71,340	113,244
Casual labour wages	10,256	24,511
Research and development costs	20,010	1,361
Write off of property, plant and equipment	63,471	-
Under provisioning penalty	118,931	-
Total	10,025,464	10,736,864

²Other administrative expenses mainly relate to fees for the annual general meeting, travel costs, printing and stationery costs, equipment maintenance costs, fuel expenses and subscriptions.

9. Employee Benefit Expense

The following are the total employee benefits for the year, included within the cost of sales and administrative expenses:

	2025 Shs '000	2024 Shs '000
Salaries and wages	6,751,510	7,316,834
NSSF company contribution	731,384	782,061
Provident fund costs	666,601	703,704
Leave transport and allowance	376,319	335,705
Staff medical expenses	539,182	528,490
Staff welfare expenses	554,766	660,094
Staff termination pay	65,563	30,830
Staff training costs	16,440	12,458
Staff uniforms	1,400	698
Total	9,703,165	10,370,874

Included in the administrative expenses are the following employee benefits:

	2025 Shs '000	2024 Shs '000
Salaries and wages	3,520,117	3,885,372
NSSF company contribution	381,008	408,197
Provident fund costs	356,374	376,849
Leave transport and allowance	376,319	335,705
Staff medical expense	539,182	528,490
Staff welfare expenses	553,026	446,986
Staff termination pay	65,563	30,830
Staff training costs	16,440	12,458
Staff uniforms	1,400	698
	5,809,429	6,025,585

Below is the breakdown of employee benefit expenses that are included in the production costs:

	2025 Shs'000	2024 Shs'000
Salaries and wages	3,231,393	3,431,462
NSSF company contribution	350,376	373,864
Provident fund costs	310,227	326,855
Staff welfare expenses	1,740	213,108
	3,893,736	4,345,289

The average number of persons employed during the year, by category, were:

	2025 Shs'000	2024 Shs'000
Production	105	190
Sales and distribution	26	13
Management and administration	90	79
	221	282

10. Increase Impairment Of Financial Assets

	2025 Shs'000	2024 Shs'000
Trade receivables	156,779	(611,831)
Trade debtors direct write off	-	962,535
Government securities	(25,111)	16,749
Bank balances	5,518	6,748
	137,186	374,201

11. Finance Costs

	2025 Shs '000	2024 Shs '000
Interest expense on NSSF loan	2,976,529	2,711,199
Interest expense on provident fund	379,204	350,652
Interest expense on short-term loan	558,407	125,853
Interest expense on lease liabilities	10,904	19,849
	3,925,044	3,207,553

12. Profit/(Loss) Before Tax

The following items have been charged in arriving at the profit/(loss) before tax:

	2025 Shs '000	2024 Shs '000
Depreciation on property, plant and equipment (note 15)	3,503,883	4,215,574
Depreciation on right-of-use assets (note 18)	212,158	494,967
Amortisation of intangible assets (note 16)	2,473	4,111
Directors' emoluments	461,890	328,631
Audit fees	151,831	112,000

13. Income Tax (Charge)/Credit

	2025 Shs '000	2024 Shs '000
Current tax	651,023	-
Rental tax charge for the year	8,517	6,915
Rental tax credit (Note 25)	(135,567)	(1,030,075)
	523,973	(1,023,160)

The tax on the Company's profit/(loss) before tax differs from the theoretical amount that would arise using the basic rate as follows:

	2025 Shs '000	2024 Shs '000
Profit/Loss before tax	665,722	(5,973,198)
Tax calculated at a rate of 30% (2024: 30%)	199,717	(1,791,959)
Tax effect		
• of expenses not deductible for tax purposes ³	315,332	574,504
• Deferred tax under/(over) provision in prior year	407	187,380
• Rental tax charge	8,517	6,915
Income tax (charge)/credit	523,973	(1,023,160)

	2025 Shs '000	2024 Shs '000
Current tax (payable)/receivable		
At start of year	505,809	408,415
Current tax over provision in prior year	(651,023)	-
Rental tax charge for the year	(8,517)	(6,915)
Under provisioning penalty	(118,931)	-
WHT deducted by customers	101,379	29,461
Tax paid		74,848
At end of year	(171,283)	505,809

³The expenses not deductible for tax purposes include donations, staff welfare costs, subscriptions, corporate social responsibility expenses and depreciation that relates to non-qualifying assets.

14. Earnings/(loss) per share

Basic

Basic earnings/(loss) per share is calculated by dividing the loss attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these financial statements.

	2025 Shs '000	2024 Shs '000
Profit/(loss) attributable to equity holders	141,749	(4,950,038)
Weighted average number of ordinary shares	900,000	900,000
Basic earnings/(loss) per share	0.16	(5.50)

Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive ordinary shares in issue as at 31 December 2024.

	2025 Shs '000	2024 Shs '000
Profit/(loss) attributable to owners of the company	141,749	(4,950,038)
Weighted average number of ordinary shares adjusted for the effect of dilution	900,000	900,000
Diluted earnings/(loss) per share	0.16	(5.50)

15. Property, Plant and Equipment

	Land Shs'000	Buildings Shs'000	Furniture, Plant and machinery Shs'000	Fittings and computer equipment Shs'000	Motor vehicle Shs'000	Clay reserves Shs'000	Capital work in progress Shs'000	Total Shs'000
Cost								
At 01 January 2024	671,137	12,429,187	68,360,831	2,646,770	3,229,746	6,913,843	11,630,565	105,882,079
Additions	-	-	1,765,008	44,265	-	-	6,920,174	8,729,447
Transfers from WIP	-	15,750	1,514,305	55,896	154,292	-	(1,740,243)	-
Adjustments	3	(21,516)	(18,646)	19,512	1,999	-	2	(18,646)
Write offs	-	-	-	(9,000)	-	-	-	(9,000)
At 31 December 2024	671.140	12.423.421	71.621.498	2.757.443	3.386.037	6.913.843	16.810.498	114.583.880
Additions	-	82,849	933,437	56,626	6,699	96,000	4,805,679	5,981,290
Transfer from prepayments	-	-	-	-	-	-	3,550,000	3,550,000
Capitalised borrowing costs	-	-	-	-	-	-	277,277	277,277
Transfers from WIP	-	411,717	2,554,142	4,590	-	-	(2,970,449)	-
Write offs	-	-	-	(20,561)	-	-	(42,910)	(63,471)
At 31 December 2025	671.140	12.917.987	75.109.077	2.818.659	3.372.175	7.009.843	22.430.095	124.328.976
Depreciation								
At 1 January 2024	-	4,441,478	42,578,558	2,232,401	2,585,587	739,412	-	52,577,436
Adjustments	-	(502,485)	(16,024)	(3,056)	1,070	501,849	-	(18,646)
Charge for the year	-	249,347	3,193,719	367,722	185,566	219,220	-	4,215,574
Write offs	-	-	-	(9,000)	-	-	-	(9,000)
At 31 December 2024	-	4.188.340	45.756.253	2.588.067	2.772.223	1.460.481	-	56.765.364
Charge for the year	-	262,147	2,774,901	168,162	277,234	21,439	-	3,503,883
At 31 December 2025	-	4.450.487	48.531.154	2.756.229	3.049.457	1.481.920	-	60.269.247
Net carrying amount								
At 31 December 2025	671.140	8.467.500	26.577.923	62.430	322.718	5.527.923	22.430.095	64.059.729
At 31 December 2024	671.140	8.235.081	25.865.245	169.376	613.814	5.453.362	16.810.498	57.818.516

16. Intangible Assets

Year ended 31 December 2025

	2025 Shs'000	2024 Shs'000
Cost		
At 1 January	15,840	15,840
Additions	52,528	
At 31 December	68,368	15,840
Amortisation		
At 1 January	13,161	9,050
Amortisation	2,473	4,111
At 31 December	15,634	13,161
Carrying amount		
At 31 December	52,734	2,679

Intangible assets relate to software.

17. Investment Securities

The maturity analysis for the treasury bonds is summarised below:

	2025 Shs'000	2024 Shs'000
Government securities	964,162	850,902
Opening balance	989,273	2,135,724
Maturities	(928,489)	(1,105,695)
Withholding tax on interest paid	-	(29,460)
Interest earned		253,849
Interest received	(60,784)	(265,145)
Gross carrying amount	-	989,273
Expected credit losses	-	(25,111)
Net carrying amount	-	964,162
Current	-	36,334
Non-current	-	927,828
	-	964,162

Movement in expected credit losses of the investment securities:

	2025 Shs'000	2024 Shs'000
At 1 January	25,111	8,362
(Decrease)/increase in expected credit losses (note 10)	(25,111)	16,749
At 31 December	-	25,111

The Company has recognised an ECL on investment securities to the extent that it expects the counterparties to default. The changes in ECL are due to changes in the probability of default ratings of the different counterparties.

18. Right-Of-Use Asset

	2025 Shs'000	2024 Shs'000
At 1 January	1,841,285	2,334,253
Additions	-	1,999
Depreciation	(212,158)	(494,967)
At 31 December	1,629,127	1,841,285

The right of use asset is composed of asset categories below:

	2025 Shs'000	2024 Shs'000
Land	1,599,751	1,774,550
Car	29,376	66,735
	1,629,127	1,841,285

19. Inventories

	2025 Shs'000	2024 Shs'000
Spares and consumables	2,778,979	3,140,850
Raw materials	1,090,775	1,160,132
Work in progress	1,781,510	1,266,311
Finished goods	2,213,079	1,924,320
	7,864,343	7,491,613

The cost of inventory recognised as an expense amounted to Shs 5.28 billion (2023: 6.00 billion) has been included under 'cost of sales' in the profit or loss.

20. Trade And Other Receivables

	2025 Shs'000	2024 Shs'000
Trade receivables	3,734,392	2,826,593
Less: expected credit losses	(2,641,044)	(2,484,265)
Net trade receivables	1,093,348	342,328
Other receivables	91,469	158,478
Prepayments	5,079,822	6,827,641
	6,264,639	7,328,447

	2025			2024		
Trade and other receivables	Gross amount Shs'000	ECL allowance Shs'000	Carrying amount Shs'000	Gross amount Shs'000	ECL Allowance Shs'000	Carrying Amount Shs'000
Trade receivables	3,734,392	(2,641,044)	1,093,348	2,826,593	(2,484,265)	342,328
Other receivables*		-	91,469	158,478	-	158,478
Prepayments	5,079,822		5,079,822	6,827,641		6,827,641
	8,905,683	(2,641,044)	6,264,639	9,812,712	(2,484,265)	7,328,447

The carrying amounts of the Company's other receivables are denominated in Uganda Shillings. The change in the Expected Credit Losses on trade receivables is as follows:

	2025 Shs'000	2024 Shs'000
At 1 January	2,484,265	3,096,096
Increase/(decrease) in expected credit losses (note 10)	156,779	(611,831)
As at 31 December	2,641,044	2,484,265

The increase in the ECL in the period was as a result of increase in the gross trade receivables in the period. There were also a number of recoveries hence less receivables became overdue.

21. Staff advances

Staff advances comprise of the following:

	2025 Shs'000	2024 Shs'000
At start of year	96,258	123,483
Advances to staff	203,170	321,194
Recoveries from staff	(121,914)	(348,419)
At end of year	177,514	96,258

Staff advances are unsecured and due within three months from the reporting date. The advances relate to staff still in employment with the Company and recoveries are made at source through the payroll and as such no impairment has been recognised on these advances in accordance with IAS 36.

22. Cash and cash equivalents

For purposes of the statement of cashflows, the cash and cash equivalents are represented by the carrying amounts of the cash at bank and in hand.

	2025 Shs'000	2024 Shs'000
Cash at bank and in hand		
Cash at bank	564,415	338,160
Expected credit losses	(15,186)	(9,668)
	549,229	328,492
Cash in hand	5,445	3,975
	554,674	332,467

Movement in expected credit losses of the cash at bank balances:

	2025 Shs'000	2024 Shs'000
At 1 January	9,668	2,920
Increase in expected credit losses (note 10)	5,518	6,748
At 31 December	15,186	9,668

The Company has recognised an ECL on bank balances to the extent that it expects the counterparties to default. The changes in ECL are due to changes in the probability of default of the different counterparties.

23. Share capital

Authorised, issued and fully paid:

	2025 Shs '000	2024 Shs '000
900,000,000 (2024: 900,000,000) ordinary shares at Shs, 1 each	900,000	900,000
Share premium	9,766,028	9,766,028

Dividends

The directors do not recommend payment of a dividend for the year (2024: Nil).

24. Loan From Related Party

	2025 Shs '000	2024 Shs '000
Loan from related party	23,576,910	20,132,561

The Company obtained a 10-year loan of Ushs 11,050 million from the National Social Security Fund (NSSF or "the Fund") on 27 December 2010. The loan carried an interest rate of 15% per annum, included a two-year grace period from the date of first disbursement, and was intended to finance working capital requirements.

In July 2015, the Company and NSSF agreed to suspend the accrual of interest and all loan repayments on the outstanding balance, which at that time amounted to Ushs 20.6 billion, until a future repayment arrangement could be mutually agreed.

In May 2023, the Board of Directors of NSSF and Uganda Clays Limited signed an addendum to the original loan agreement, under which the Company was required to commence loan repayments on 2 January 2025 through ten equal semi-annual instalments, with interest chargeable at 14% per annum. This addendum constituted a change in the contractual terms of the loan and therefore a modification of the financial liability. In accordance with IFRS 9, the impact of the modification was established leading to recognition of other equity component of Ushs 4,790 million for the year ended 31 December 2023.

On 28 February 2025, the Company signed a variation to the loan restructuring agreement which gives a moratorium period of three years from 2 January 2025 to 1 January 2028. It was contracted that interest continues to accrue during the moratorium period until full settlement of the loan. After the moratorium, the loan will be repaid over seven years in 14 equal semi-annual instalments starting 2 January 2028, while the interest rate remains unchanged at 14% per annum. This variation constituted a change in contractual terms, hence a modification in the agreement. IFRS 9 requires that upon modification of the terms of an existing financial liability or a part of it, an assessment is done to establish whether the modification is a substantial modification or not. Management determined that the modification was not substantial as the change in carrying amount was below 10% of the original value.

Considering that NSSF is the Company's majority shareholder and therefore a related party, the modification transaction was assessed to contain an equity element. As a result of the above, it resulted in recognition of a loss through equity of Shs 468 million for the year ended 31 December 2025.

The table below indicates the reconciliation of movements in the loan for the year ended 31 December:

24. Loan From Related Party (Continued)

	2025 Shs '000	2024 Shs '000
At 1 January	20,132,561	17,421,361
Recognition of modification loss through equity	467,820	-
Interest charge for the period	2,976,529	2,711,200
Total	23,576,910	20,132,561
Current	-	2,952,909
Non-current	23,576,910	17,179,652
Total	23,576,910	20,132,561

25. Deferred Tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2023:30%). The movement on the deferred tax account is as follows:

	2025 Shs '000	2024 Shs '000
At start of year	1,855,687	2,885,762
Credit to profit or loss	(135,565)	(1,030,075)
At end of year	1,720,122	1,855,687

Deferred tax liability in the statement of financial position and deferred (charge)/credit to profit or loss are attributable to the following items:

Year ended 31 December 2025

	At start of year Shs '000	Credit to profit or loss Shs '000	At end of year Shs '000
Deferred tax liabilities			
Property, plant and equipment - accelerated tax depreciation	6,056,402	42,087	6,098,489
Total deferred tax liabilities	6,056,402	42,087	6,098,489
Deferred tax assets			
Unrealised exchange losses	108,805	(108,805)	-
Provision for impairment of trade receivables	(755,713)	(41,156)	(796,869)
Provision for penal tax	(9,981)	9,981	-
Disallowed interest to be carried forward	(1,080,337)	(524,953)	(1,605,290)
Tax losses carried forward	(516,100)	516,100	-
Legal provisions	(27,600)	(28,819)	(56,419)
Unpaid interest	(1,919,789)	-	(1,919,789)
Subtotal			(4,378,367)
Net deferred tax liability	1,855,687	(135,565)	1,720,122

25. Deferred Tax (Continued)

Year ended 31 December 2024

	At start of year Shs '000	Charge/(credit) to profit or loss Shs '000	At end of year Shs '000
Deferred tax liabilities			
Property, plant and equipment - accelerated tax depreciation	6,224,026	(167,624)	6,056,402
Deferred tax assets			
Unrealised exchange losses	(77,538)	186,343	108,805
Provision for impairment of trade receivables	(932,213)	176,500	(755,713)
Provision for penal tax	(9,981)		(9,981)
Disallowed interest to be carried forward	(307,976)	(772,361)	(1,080,337)
Tax losses carried forward	(90,767)	(425,333)	(516,100)
Legal provisions	-	(27,600)	(27,600)
Unpaid interest	(1,919,789)		(1,919,789)
	(3,338,264)	(862,451)	(4,200,715)
Net deferred tax liability	2,885,762	(1,030,075)	1,855,687

26. Lease Liabilities

	2025 Shs '000	2024 Shs '000
At 1 January	102,254	148,998
Interest accrued	10,904	19,849
Payment of interest component of lease obligation	(12,129)	(10,573)
Payment of principal component of lease obligation	(39,532)	(56,020)
At 31 December	61,497	102,254

	2025 Shs '000	2024 Shs '000
Current	61,497	65,428
Non-current	-	36,826
	61,497	102,254

27. Trade and Other Payables

Other payables are majorly comprised of union dues payable and unpaid dividends because shareholders' payment details are not being available to the Company.

	2025 Shs '000	2024 Shs '000
Financial liabilities		
Trade payables	1,307,094	4,664,980
Other payables	319,497	335,295
Interest accrued	125,853	89,327
Accruals	1,826,219	1,180,409
	3,452,810	6,180,684
Non-financial liabilities		
Legal provision	188,062	92,000
Taxes and levies liabilities	1,288,703	3,940,870
	4,929,575	10,213,554

Other payables are majorly comprised of union dues payable and unpaid dividends because shareholders' payment details are not being available to the Company.

28. Provident Fund Payable

The provident fund is a contributory fund under the Liaison Financial Services Limited. The Company contributes 10% of the employee's basic pay per month and staff contribute a minimum of 5%. The balance as at 31 December represents the accrued liability that the Company had not yet transferred to Liaison Financial Services Limited at the reporting date.

	2025 Shs '000	2024 Shs '000
At 1 January	2,793,773	1,752,147
Additions	1,045,118	1,175,183
Interest accrued	379,204	350,652
Repayments during the year	(358,107)	(484,209)
At 31 December	3,859,988	2,793,773

29. Borrowed Funds

The Company had the following loan facilities running during the period:

a) Stanbic Bank Uganda Limited

This related to a facility of Shs 1.4 billion that was sanctioned on 28 April 2024 from Stanbic Bank Uganda Limited to be repaid in 9 equal instalments of both principal and interest. Interest rate was charged at 1% per annum below the Bank's Prime rate prevailing from time to time. The collateral in respect of the facility was a treasury bond held with Bank of Uganda and the Company's call account with the bank. The loan was fully repaid during the period and as such nil carrying amount as at 31 December 2025 (2024: Shs 67 million).

b) Housing Finance Bank Limited

On 10 February 2025, the Company obtained a facility of Shs 6 billion to facilitate the investment in plant and machinery and support working capital needs. The loan attracts interest at 18.5% per annum and the runs for 36 (thirty-six) calendar months period from date of disbursement which was 24 February 2025.

The securities availed for the facility are:

- A first Legal Mortgage over land and developments Comprised in leasehold register volume 4068 Folio 1 Busiro Block 537 Plot 579 at Kajansi Wakiso in the name of Uganda Clays Limited of P.O. Box 745, Kampala.
- A first Legal Mortgage over land and developments Comprised in leasehold register volume WBU6436 Folio 2 Busiro Block G.537 Plot 571 at Kajansi Wakiso in the name of Uganda Clays Limited of P.O. Box 3188, Kampala.
- A first Legal Mortgage over land and developments Comprised in leasehold register volume 4068 Folio 2 Busiro County Block G.536 Plot 579 at Kajansi Wakiso in the name of Uganda Clays Limited of P.O. Box 376, Kampala.
- A chattels Mortgage over the new Production line and associated equipment to be procured.
- A fixed and floating Debenture over the borrowers current and future assets of Shs 6,000,000,000(Uganda Shillings, six Billion Only) over the Borrower's current and future floating and fixed assets.
- Business proceeds of the borrower shall be remitted to the Borrower's account held with the Bank throughout the duration of the loan
- All risks Insurance cover over property Mortgaged with the Bank noted in the policy as a first note payee.

The loan has a carrying amount as at 31 December 2025 of Shs 4.7 billion (2024: nil).

The movement in the borrowed funds during the year is analysed below:

	2025 Shs '000	2024 Shs '000
At 1 January	66,660	533,520
Additions	6,000,000	1,400,000
Interest accrued- charge to profit or loss	558,407	125,853
Interest accrued- capitalised	277,277	-
Repayments during the year	(2,220,825)	(1,992,713)
At 31 December	4,681,519	66,660
The borrowed funds are analysed below:		
Non-current	2,740,426	-
Current	1,941,093	66,660
	4,681,519	66,660

30. Cash from Operations

	Note	2025 Shs '000	2024 Shs '000
Profit/(loss) before tax:		665,722	(5,973,198)
Adjustments For:			
Depreciation of property, plant and equipment	15	3,503,883	4,215,574
Amortisation of intangible assets	16	2,473	4,111
Depreciation of right of use assets	18	212,158	494,967
Interest income	11	-	(253,849)
Interest expense	10	3,925,044	3,207,553
Impairment of financial assets	6	137,186	374,201
Unrealised foreign exchange gain	8	-	(79)
Under provisioning penalty	8	118,931	-
Write off of property, plant and equipment	6	63,471	-
Changes in working capital:			
- Inventories		(372,730)	(1,847,076)
- trade and other receivables		(2,511,207)	4,451,259
- staff advances		(81,256)	27,225
- provident fund payable		687,011	690,974
- trade and other payables		(5,517,120)	3,527,020
- contract liabilities		711,190	(742,872)
Cash from operations		1,544,756	8,175,810

31. Related Party Disclosures

The Company's majority shareholder is the National Social Security Fund incorporated Uganda, which owns 32% of the Company's shares. The remaining 68% of the shares are the general public.

i) Key management compensation (including directors' remuneration)

	2025 Shs '000	2024 Shs '000
Short term employee benefits	1,821,642	2,078,852

The key management personnel include the Managing Director, Head of Internal Audit, Head of Finance, Head of Human Resource and Support Services, Head of Sales and Marketing and Head of Production.

Short term employee benefits include salaries, employer contributions to NSSF and provident fund. There are no post-employment benefits nor share based payments.

ii) Directors' benefits and other remuneration

	2025 Shs '000	2024 Shs '000
Director fees paid	461,890	328,631

iii) Borrowings from related parties

The company has a loan from a related party, NSSF. Refer to note 24 for all details on the borrowing. There are no other borrowings from any other related party.

32. Financial Risk Management Objectives and Policies

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the management under policies approved by the board of directors. Management identifies, evaluates and hedges financial risks in close co-operation with various departmental heads. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

1. Foreign exchange risk

The Company is exposed to foreign exchange risk arising from currency exposure primarily with respect to the US Dollar. The risk arises from future transactions, assets and liabilities in the statement of financial position date.

The table below summarises the effect on pre-tax loss and components of equity had the Uganda Shilling weakened by 10% against the US Dollar, with all other variables held. If the Uganda shilling strengthened against each currency, the effect would have been the opposite.

	2025 Shs '000	2024 Shs '000
Effect on pre-tax profit	2,921	9,210
Effect on equity	2,044	6,447

A 10% sensitivity rate is being used when reporting foreign risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

2. Interest rate risk

The Company is exposed to interest risk arising from the investment securities, bank balances/ deposits with commercial banks, Loan from related party and borrowed funds. The maximum exposure to this risk is limited to the carrying amounts of the items in notes 24, 17, and 29 respectively. The Company enters into financial agreements at favourable interest rates. The Company currently holds instruments with interest rates agreed and fixed at placement, as such analysis of interest sensitivity would not be relevant.

(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 trade receivables) and from its financing activities, including deposits with banks and financial institutions and investments securities.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in below.

	2025 Shs '000	2024 Shs '000
Trade and other receivables (note 20)	1,184,817	500,806
Investment securities (note 17)	-	964,162
Bank balances (note 22)	549,229	328,492
	1,734,046	1,793,460

Trade receivables

Customer credit risk is managed by Sales and Finance departments subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on their financial position, the Company's history of trading with that customer and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored by the departments mentioned with regular reporting to Senior management and Board of Directors.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for all customers. There is no segmentation for purposes of credit risk as the customer debt profile is generally similar. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The default parameter has been set based on age of the receivables after review of prior loss experience and nature of payment pattern, management has considered debtors that are over 360 days overdue to have defaulted, and this formed basis for determination of the loss rates.

For probability of default modelling the company used the migration matrix model which gives the probabilities of moving from one state to another in a dynamic system. The model is based on historical data.

The company has developed a provision matrix based on monthly historical data and derived loss rates that have been applied on the various buckets of the credit customers (trade receivables) to arrive at the ECLs. A minimum of 24 months historical data is utilised at each point in time from the date of that review.

In the provision matrix the company has used the value-based approach i.e., using the total receivables values in each bucket and tracking these in square matrices month on month to derive the loss rates.

The derived loss rate is adjusted to take account of macro-economic conditions affecting the customer base of the company. The macro-economic factors affecting the derived loss rate are inflation, gross domestic product, foreign exchange rates and interest rates. An assumption has been made that the macro-economic factors will change at a constant rate for the foreseeable future, however this constant rate will be reviewed at each date for the actual movements that have occurred in the selected factors.

Sensitivity of the loss rates to the changes in the economic factors has been based on the relationship between the different factors and the effects of that factor to the exposure of the company or its customers' ability to meet their obligations.

The derived loss rates are reviewed on annual basis based on historical data available to the company and macro-economic factors.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix as at 31 December (Amounts in Shs'000):

2025	Gross receivable	Loss rates	ECL	Carrying amount
Not due	118,890	0.9%	(1,103)	117,787
< 30 days	12,891	2.4%	(307)	12,584
30 to 60 days	51,855	4.1%	(2,136)	49,719
60 to 90 days	106,346	6.0%	(6,390)	99,956
90 to 120 days	448,628	12.3%	(55,281)	393,347
120 to 150 days	115,541	16.3%	(18,869)	96,672
150 to 180 days	177,989	17.1%	(30,388)	147,601
180 to 210 days	39,914	18.2%	(7,278)	32,636
210 to 240 days	3,971	20.3%	(804)	3,167
240 to 270 days	26,758	23.1%	(6,190)	20,568
270 to 300 days	150,959	24.7%	(37,292)	113,667
300 to 330 days	9,523	40.7%	(3,879)	5,644
330 to 360 days	2,763	100%	(2,763)	-
(> 360 days)	2,468,364	100%	(2,468,364)	-
	3,734,392		(2,641,044)	1,093,348
2024	Gross receivable	Loss rates	ECL	Carrying amount
Not due	88,644	5.8%	(5,115)	83,529
< 30 days	49,438	9.9%	(4,883)	44,555
30 to 60 days	16,048	11.5%	(1,845)	14,203
60 to 90 days	18,342	12.5%	(2,301)	16,041
90 to 120 days	30,762	14.4%	(4,426)	26,336
120 to 150 days	97,915	16%	(15,650)	82,265
150 to 180 days	22,405	17%	(4,023)	18,382
180 to 210 days	15,639	20.8%	(3,255)	12,384
210 to 240 days	23,664	22.7%	(5,362)	18,302
240 to 270 days	30,185	24.7%	(7,454)	22,731
270 to 300 days	5,000	28%	(1,400)	3,600
300 to 330 days	-	0%	-	-
330 to 360 days	54,433	100%	(54,433)	-
(> 360 days)	2,374,118	100%	(2,374,118)	-
	2,826,593		(2,484,265)	342,328

Other financial assets exposed to credit risk

Credit risk from other receivables, investment securities, balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy.

The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2025 and 2024 is the carrying amounts as illustrated above.

The Company has elected to apply a 12-month credit loss to derive ECLs on investment securities and bank deposits as the Company has utilized the practical expedient and considered these to be low risk instruments and therefore will be considered for 12-month ECLs.

The Exposure at Default is the amount of funds held as deposit in each counter party plus any accrued interest income. The Loss Given Default considered was based on the publicly available LGD details based on sectors/industries as disclosed by reputable credit rating agencies including Moody's and S&P. This was done for investment securities and balances with commercial banks.

The Probability of Default (PD) has been computed using a combination of parameters incorporated in the Company approved counter party model and S & P corporate probability of default rates.

The derived probability of default is reviewed on annual basis based on economic and forward- looking information at the Company's disposal.

The ECLs relating to investment securities and bank deposits have been disclosed in notes 17 and 22 respectively.

	Bank balances Shs'000	Trade receivables Shs'000	Investment securities Shs'000	Total Shs'000
Year ended 31 December 2025				
At start of year	9,668	2,484,265	25,111	2,519,044
Increase/(decrease) during the year	5,518	156,779	(25,111)	137,186
At end of year	15,186	2,641,044	-	2,656,230
Year ended 31 December 2024				
At start of year	2,920	3,096,096	8,362	3,107,378
Increase/(decrease) during the year	6,748	(611,831)	16,749	(588,333)
At end of year	9,668	2,484,265	25,111	2,519,044

(c) Liquidity risk

Cash flow forecasting is performed by the finance department of the Company by monitoring the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the company does not breach borrowing limits or covenants on any of its borrowing facilities.

Prudent liquidity risk management implies maintaining sufficient cash the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the company's management maintains flexibility in funding by maintaining availability under committed credit lines.

The table below discloses the undiscounted maturity profile of the Company's financial liabilities:

	Between 0-3 months Shs'000	Between 3-12 months Shs'000	Between 1-5 years Shs'000	More than 5 years Shs'000	Total Shs'000
31 December 2025					
Loan from related party	-	-	21,210,266	28,280,355	49,490,621
Borrowed funds	655,267	1,965,800	3,057,912	-	5,678,979
Provident fund payable	3,859,988	-	-	-	3,859,988
Lease liabilities	18,446	43,051	-	-	61,497
Trade and other payables	3,452,810	-	-	-	3,452,810
	7,986,511	2,008,851	24,268,178	28,280,355	62,543,895
31 December 2024					
Loan from related party	2,933,030	2,933,030	23,464,249	-	29,330,309
Borrowed funds	66,660	-	-	-	66,660
Provident fund payable	2,793,773	-	-	-	2,793,773
Lease liabilities	32,671	24,553	45,030	-	102,254
Trade and other payables	6,180,684	-	-	-	6,180,684
	12,006,818	2,957,583	23,509,279	-	38,473,680

33. Capital Management

Internally imposed capital requirements

The Company's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk
- to comply with the capital requirements set out by the Company's lenders
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders
- to maintain a strong asset base to support the development of business, and
- to maintain an optimal capital structure to reduce the cost of capital

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt. Consistently with others in the industry, the Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as a of Net debt/capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity (i.e. share capital, share premium, revaluation reserve, proposed dividends and retained earnings).

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

	2025 Shs '000	2024 Shs '000
Loan from related party (note 24)	23,576,910	20,132,561
Borrowed funds (note 29)	4,681,519	66,660
Less cash and cash equivalents (note 22)	(554,674)	(332,467)
Net debt	27,703,755	19,866,754
Total equity	37,960,509	38,286,580
Gearing ratio	0.73	0.52

Externally imposed capital requirements

The Company's bankers have established certain guidelines for the management of capital and working capital. These are:

- dividend pay-outs and any changes in the capital structure of the Company must first be approved in writing by the bankers.

34. Segment Information

For management purposes, the Company is organised into two business units based on the factory location and has two reportable operating segments that is Kajjansi and Kamonkoli factory. No operating segments have been aggregated to form these reportable operating segments.

The senior management team is the Chief Operating Decision Maker (CODM) and monitors the operating results of its operating units separately for the purpose of making decisions about resource allocations and performance assessments. Segment performance is evaluated based on operating profit or loss in the financial statements.

The segment results for the year ended 31 December 2025 and 2024 were as follows:

Statement of profit or loss	Kajjansi factory Shs'000	Kamonkoli factory Shs'000	Total Shs'000
31 December 2025			
Revenue from contracts with customers	24,645,682	10,163,892	34,809,574
Cost of sales	(13,593,154)	(6,230,186)	(19,823,340)
Other operating income	86,849	853	87,702
Increase in impairment losses	(110,021)	(27,165)	(137,186)
Selling and distribution expenses	(177,980)	(76,817)	(254,797)
Administrative expenses	(7,733,140)	(2,358,047)	(10,091,187)
Operating profit/(loss)	3,118,236	1,472,530	4,590,766
Finance costs	(476,971)	(3,448,073)	(3,925,044)
Statement of profit or loss			
31 December 2024			
Revenue from contracts with customers	20,004,633	11,597,191	31,601,824
Cost of sales	14,813,880	(8,505,186)	(23,319,066)
Gross profit	5,190,753	3,092,005	8,282,758
Other operating income	296,938	1,150	298,088
Increase in impairment losses	(257,701)	(116,500)	(374,201)
Selling and distribution expenses	(164,449)	(70,977)	(235,426)
Administrative expenses	(8,006,917)	(2,729,947)	(10,736,864)
Finance costs	(389,782)	(2,817,771)	(3,207,553)

Statement of financial position	Kajjansi factory Shs'000	Kamonkoli factory Shs'000	Total Shs'000
31 December 2025			
Non-current liabilities	(9,902,552)	(18,134,906)	(28,037,458)
Non-current assets	42,743,868	22,997,722	65,741,590
Current assets	10,662,264	4,198,906	14,861,170
Current liabilities	(11,685,462)	(2,919,331)	(14,604,793)
31 December 2024			
Non-current liabilities	(6,795,459)	(12,276,706)	(19,072,165)
Non-current assets	39,394,607	21,195,701	60,590,308
Current assets	11,366,109	4,424,819	15,790,928
Current liabilities	(15,111,821)	(3,910,670)	(19,022,491)

35. Presentation Currency

The financial statements are presented in Uganda Shillings (Shs) rounded off thousand (Shs. 000).

36 Commitments and Contingencies

The company had no contingent liabilities or capital commitments as at 31 December 2024 (2023: None)

37 Events After the Reporting Period

There were no events adjusting or non-adjustable which would require a disclosure in the financial statements.



Supplementary Information

2025 Shareholders Report

For the year ended 31 December 2025

Top 10 Local Shareholders

As at 31 December 2025

Investor Name	Shares Held	% Holding
NATIONAL SOCIAL SECURITY FUNDS	292,640,000	32.5
NATIONAL INSURANCE CORPORATION LTD	160,783,091	17.9
SIMON MWEBAZE	41,764,784	3.8
MUTEBILE TIMOTHY SABIITI	32,475,436	3.6
MOSES SANYE	21,092,604	2.3
JONES MUHUMUZA	19,311,805	2.8
JOSEPH TUKURATIIRE	15,215,983	1.7
SEBINA SIMON PETER KIBIRA	14,271,875	1.4
Ocaya BRUNO RONNIE MAX & OCAYA BERNADETTE M	13,139,174	1.5
MICHEAL O'CONNEL	10,650,800	1.1
Total	621,345,552	68.6

Top 10 International Shareholders

As at 31 December 2025

Investor Name	Shares Held	% Holding
KENYA AIRWAYS LIMITED STAFF PROVIDENT FUND (GENAFRIC)	7,102,000	0.78
BRITISH-AMERICAN INSURANCE CO (K) LTD	5,500,000	0.61
GEORGE CHRIS MOUTOS	4,624,500	0.51
KENGEN STAFF RETIREMENT BENEFITS SCHEME	3,000,000	0.33
ADOLF NORBERT GERSTL	1,219,380	0.13
CRANEREST EK	1,195,857	0.13
VIJAYKUMAR CHIMANLAL PATEL	1,051,000	0.11
NATHANIEL CHIMASIA ONDIKA	1,000,004	0.11
NJUGUNA SAMUEL	1,000,000	0.11
BIAO WANG	916,950	0.1
Total	26,609,691	2.92

Summary of Shareholders

As at 31 December 2025

Nationality	Category	No. of members	No. of shares	Percent holding
Local Investors				
	Corporate	55	478,854,604 53.20%	53.20%
	Individual	2,783	388,022,384 43.11%	43.11%
		2,838	866,876,988 96.31%	96.31%
Foreign				
	Corporate	9	33,123,012 3.68%	3.68%
	Individual	103	900,000,000 100.00%	100.00%
		112	30,996,139	3%
Grand Totals:		2,950	900,000,000	100%

Our Share Distribution

As at 31 December 2025

Range ID	Description	No. of investors	No. of shares held	Percent holding
1	Between 0 and 1,000 Shares	299	162,339	0.01%
2	Between 1,001 and 5,000 Shares	623	1,666,277	0.18%
3	Between 5,001 and 10,000 Shares	544	4,592,013	0.51%
4	Between 10,001 and 100,000 Shares	1,421	134,437,236	14.94%
5	Above 100,001 Shares	63	759,142,135	84.35%
		2,950	900,000,000	100.00%



Uganda Clays Ltd.

Notice Of Annual General Meeting

For the year ended 31 December 2025

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Uganda Clays Ltd [the Company] in respect of the year ended 31 December 2025 will be convened and held by electronic means on **Friday 26 June 2026 at 2:30 pm at the Mestil Hotel, Kyoga Hall.**

AGENDA

Ordinary business

1. To receive and confirm the minutes of the meeting held on 30 June 2025.
2. To receive, consider and approve the Directors' report and audited financial statements for the year ended 31 December 2025, together with the report of the auditors.
3. To note that the Directors do not recommend payment of a dividend for the year ended 31st December 2025.
4. To rotate and elect Directors in accordance with the Articles of Association of the Company and determine their remuneration.
 - Eng. Martin Kasekende retires by rotation and, being eligible for re-election, has expressed willingness to continue in office.
 - Mrs Marion Muyobo retires by rotation and, being eligible for re-election, has expressed willingness to continue in office.
 - Mr Odongo Walter Ogwal retires by rotation and, being eligible for re-election, has expressed willingness to continue in office.
5. To consider, and if deemed fit, appoint Ernst & Young, Certified Public Accountants, as external auditors of the Company for the year ending 31 December 2026 and authorize the Directors to fix their remuneration.

Any other business

6. To consider any other business for which notice has been given to the Secretary at least 48 hours before the meeting.

Lex Uganda Advocates & Solicitors

COMPANY SECRETARY

NOTES:

1. AGM documents

The following documents will be published and accessible on the Company's website www.ugandaclays.co.ug at least 14 days before the AGM:

- i. Notice of the AGM
- ii. Minutes of the AGM held on 30 June 2025
- iii. Attendance List for the AGM held on 20 June 2025
- iv. The Annual Report
- v. Audited Financial Statements for the year ended 31st December 2022
- vi. Proxy form

2. Hybrid AGM

The AGM will be hybrid (both physical and virtual), as provided for in the Company's Articles of Association. The Company has put in place an execution plan for the hybrid Annual General Meeting. All shareholders will attend the AGM virtually.

3. Registration for the AGM

In order to participate virtually in the Annual General Meeting, shareholders should register through the following options:

- i. Dial the USSD code *284*700# from a mobile telephone on any Ugandan mobile network and follow the various prompts in the registration process.
- ii. Shareholders who reside outside Uganda may send an email request to ugandaclays@image.co.ke and provide their name, ID/Passport number/ SCD number to be registered. Once registered they will receive a notification.
- iii. Links to register via a web portal will also be sent to all shareholders with email addresses in the Register.

Once registered, a shareholder will receive a notification by SMS or email.

In order to facilitate shareholder verification, a shareholder will be required to submit a valid identification document such as a National Identity card or passport and/or their SCD account details.

For assistance, shareholders should dial the following helpline number: +256 762 260 804 from 9:00 am to 4:00 pm from Monday to Friday or send an email to ugandaclays@image.co.ke.

Registration commences 21 days to and closes 48 hours before the AGM. Shareholders will not be able to register after the deadline.

4. Attendance of and Participation in the AGM

The AGM will be streamed live at the scheduled time and date to shareholders who will receive a link to the event upon successful registration. Voting shall be done electronically via USSD or through the web link shared upon successful registration.

Shareholders will be advised to submit questions in advance via SMS, web link or email. Responses to some of the questions received shall be provided at the meeting. A list of all questions received and the answers thereto will be published on the Company's website within 24 hours after conclusion of the AGM.

Resolutions passed during the meeting will be announced before close of the meeting and thereafter published in a newspaper of national circulation and the Company website within 24 hours after conclusion of the AGM. The resolutions will also be sent to shareholders who have provided their email addresses

5. Proxies

A shareholder who is unable to attend the AGM may appoint a proxy to attend the meeting on his or her behalf. Proxy forms are in the Annual Report to be sent out to the Members or may be downloaded from the Company's website at www.ugandaclays.co.ug.

Duly completed proxy forms must be delivered to the Company's head office at Kajjansi or emailed in pdf to secretary@ugandaclays.co.ug, to be received at least 48 hours before the meeting.

6. Updating of Shareholder details

Shareholders are urged to contact the Share Registrar, to update their contact details for ease of communication and receipt of dividends. The contacts of the Share Registrar are: SCD Registrars, UAP Nakawa Business Park, Plot 3-5, New Port Bell Road, Block A, 4th Floor, P. O. Box 23552, Kampala. Tel: +256-312-370-815/7/8; email: registry@use.or.ug.

7. Unclaimed Dividends

Shareholders who have not received past dividends should send an email to registry@use.or.ug or call +256-312-370-815/7/8. Shareholders will be required to provide valid identification such as a copy of the national identity card, passport or driver's license.

(8) Securities Central Depository (SCD) Accounts

The USE requires all listed companies to immobilize all shares that they still hold in certificate form. Shareholders are advised to open Securities Central Depository (SCD) accounts with the assistance of any of the SCD Agents listed on the Uganda

Proxy Form

The Company Secretary
Uganda Clays Limited
P. O. Box 3188
Kampala

Annual General Meeting Of Uganda Clays Limited

I/We, the undersigned being a shareholder(s) in the above-mentioned Company hereby appoint of address as my/our proxy to attend and vote on my/our behalf at the Annual General Meeting of the Company to be held at the on..... or at any adjournments thereof.

Signed:

Name:

Address (full contact details i.e. Postal address, telephone, and e-mail)
.....

Date:

Notes:

1. This proxy is to be delivered to the Company Secretary at the registered office as shown on the notice, or emailed in pdf to secretary@ugandaclays.co.ug at least forty eight (48) hours before the time appointed for holding the meeting and, in default, the instrument of proxy shall be treated as invalid..
2. In case of a corporation, the proxy must be under its common seal.
3. Where a shareholder has been assisted in filling this form, the details of the person assisting should be indicated (state capacity and full name).
4. The completion and lodging of this form or proxy does not prevent the relevant ordinary shareholder from attending the Annual General Meeting of the proxy.
5. The Chairman of the Annual General Meeting may accept or reject any proxy form which is completed and/or received other than in compliance with these notes.
6. Where there are joint holders of ordinary shares, any one holder may sign the proxy form.

NOTES (Continued):

5. Proxies

A shareholder who is unable to attend the AGM may appoint a proxy to attend the meeting on his or her behalf. Proxy forms are in the Annual Report to be sent out to the Members or may be downloaded from the Company's website at www.ugandaclays.co.ug.

Duly completed proxy forms must be delivered to the Company's head office at Kajjansi or emailed in pdf to secretary@ugandaclays.co.ug, to be received at least 48 hours before the meeting..

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Shareholders are urged to contact the Share Registrar, to update their contact details for ease of communication and receipt of dividends. The contacts of the Share Registrar are: SCD Registrars, UAP Nakawa Business Park, Plot 3-5, New Port Bell Road, Block A, 4th Floor, P. O. Box 23552, Kampala. Tel: +256-312-370-815/7/8; email: registry@use.or.ug.

7. Unclaimed dividends

Shareholders who have not received past dividends should send an email to registry@use.or.ug or call+256-312-370-815/7/8. Shareholders will be required to provide valid identification such as a copy of the national identity card, passport or driver's license.

8. Securities Central Depository (SCD) accounts

The USE requires all listed companies to immobilize all shares that they still hold in certificate form. Shareholders are advised to open Securities Central Depository (SCD) accounts with the assistance of any of the SCD Agents listed on the Uganda Securities Exchange website www.use.or.ug to enable them continue to trade in shares.

List Of Acronyms

ACCA	Association of Chartered Certified Accountants	GJ	Giga Joules		Corporation
AGM	Annual General Meeting	GJ/t	Giga Joules per tonne	OSH	Occupational Health & Safety
BA.	Bachelor of Arts	HR	Human Resources	PGD	Post Graduate Diploma
BARC	Board Audit and Risk Committee	IAS	International Accounting Standards	PPE	Personal Protective Equipment
BATEC	Board Administration and Technical Committee	IASB	International Accounting Standards Board	PPDA	Public Procurement and Disposal of Public Assets Authority
BFC	Board Financial Committee	ICPAU	Institute of Certified Public Accountants of Uganda	Q&A	Question and Answer
BA.	Bachelor of Arts	ICSA	Chartered Governance Institute of UK & Ireland	RAF	Risk Appetite Framework
bn	Billion	ISSA	International Social Security Association	RMPP	Risk Management Policy and Procedures
BSc.	Bachelor of Sciences	IFRS	International Financial Reporting Standards	SDG	Sustainable Development Goals
BOU	Bank Of Uganda	IMF	International Monetary Fund	SOx	Sulphur Oxides
Cap Ex	Capital Expenditure	IT	Information Technology	TCO₂e	Tonnes of Carbon dioxide equivalent
CCM	Continuous Control Management	k	Thousand	TCO₂e/t	Tonnes of Carbon dioxide equivalent operational
COx	Carbon Oxide	KPI	Key Performance Indicator	tn	Trillion
CPA	Certified Public Accountants	kWh	Kilo Watt Hour	UCL	Uganda Clays Limited
CRM	Customer Relations Management	kWh/t	Kilo Watt Hour per tonne	URA	Uganda Revenue Authority
CSR	Corporate Social Responsibility	l/t	Litres per tonne	USE	Uganda Securities Exchange
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation	LTIFR	Lost Time Injury Frequency Rate	UNSDG.	United Nations Sustainability Development Goals
EFRIS	Electronic Fiscal Receipting and Invoicing System	m	Million	Ugx.	Uganda Shilling
EFU	Energy, Fuel and Utilities	m³	Cubic Metres	VAT	Value Added Tax
EIA	Environmental Impact Assessment	MBA	Masters Degree in Business Administration	WHT	Withholding Tax
ERM	Enterprise Risk Management	MD	Managing Director	Y/Y.	Year on Year
ERP	Enterprise Resource Planning	MSc.	Masters Degree in Science		
ExCo	Executive Committee	NEMA	National Environmental Management Authority		
FCCA	Fellow of the Chartered Certified Accountants	NIC	National Insurance Corporation		
Fig.	Figure	No.	Number		
Fx	Foreign Exchange	NOx	Nitrogen Oxide		
FY	Financial Year	NSSF	National Social Security Fund		
GHG	Green House Gases	NWSC	National Water and Sewerage		

Company Information

Board of Directors

Eng. Martin Kasekende
Chairman

Mr. Richard Byarugaba
Member (Term ended 30 June 2023)

Mr. Bayo Folayan
Member

Mrs. Marion Adengo Muyobo
Member

Mr. Joseph Tukuratiire
Member

Mrs. Florence Namatta Maweje
Member (Term ended 30 June 2023)

Mrs. Peninah Tukamwesiga
Member

Mr. Henry Ngabirano
Member

Dr. Tom Mutyabule
Member

Mr. Reuben Tumwebaze
Managing Director

Registered Office

14km Entebbe Road,
Kajjansi
P.O.Box 3188
Kampala, Uganda.

Independent Auditor

Ernst & Young,
Certified Public Accountants of Uganda,
Ernst & Young House
Plot 18, Clement Hill Road Shimoni Office Village
P. O.Box 7215, Kampala
Kampala, Uganda

Company Secretary/ Legal Advisor

Lex Uganda Advocates & Solicitors
8th Floor, Communication House,
Plot 01, Colville Street
P.O.Box 22490
Kampala, Uganda

Company Registrar

SCDD Registrars
Block A, 4th Floor,
UAP Nakawa Business Park,
Plot 3-5 New Port Bell Road,
P. O. Box 7111,
Kampala, Uganda

Principal Bankers

Standard Chartered (U) Limited
Speke Road,
P.O.Box 7111
Kampala, Uganda

Stanbic Bank (Uganda) Limited
Plot 17 Hannington Road,
P.O.Box 7131
Kampala, Uganda

Equity Bank Uganda Limited
Kajjansi,
P.O.Box 10184
Kampala, Uganda

Housing Finance Bank Limited
Plot 25 Kampala Road,
P.O.Box 1539
Kampala, Uganda

Centenary Rural Development Bank Uganda Limited
Plot 44-46 Kampala Road,
P.O.Box 1892
Kampala, Uganda

KCB Bank Uganda Limited,
P.O.Box 7399
Kampala, Uganda

KCB Bank South Sudan Limited,
Buluk Plaza,
P.O.Box 47
Juba, South Sudan

ABSA Bank (U) Limited,
Plot 2/4 Hannington Road,
P.O.Box 7101
Kampala, Uganda

