

SAFARICOM PLC

SUMMARY AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Abridged and Published in Accordance with Article 145 of the Company's Articles of Association



NOTICE AND AGENDA OF THE 2023 ANNUAL GENERAL MEETING TO ALL SHAREHOLDERS

NOTICE is hereby given that the Annual General Meeting of Safaricom PLC for the year ended 31st March 2023 will be held via electronic communication on Friday, 28th July 2023 at 11:00 a.m. to conduct the following business: -

ORDINARY BUSINESS

- To receive, consider and adopt the audited Financial Statements for the year ended 31st March 2023 together with the Chairman's, Directors' and Auditors' reports thereon.
- Dividend
 - To note the payment of an interim dividend of KShs 0.58 per share (Total: KShs 23.24 billion) which was paid to shareholders on or about 31st March 2023.
 - To approve a final dividend of KShs 0.62 per share (Total: KShs 24.84 billion) for the financial year ended 31st March 2023 as recommended by the Directors. The dividend will be payable on or about 31st August 2023 to the Shareholders on the Register of Members as at the close of business on 28th July 2023.
- Directors
 - To re-appoint Ms. Winnie Ouko who retires at this meeting in accordance with the provisions of Articles 90 and 91 of the Company's Articles of Association, and, being eligible, offers herself for re-election.
 - To re-appoint Ms. Ory Okolloh who retires at this meeting having been appointed in the course of the financial year, and being eligible, offers herself for re-election.
- In accordance with the provisions of Section 769 of the Companies Act, 2015, the following Directors, being members of the Board Audit Committee be elected to continue to serve as members of the said Committee subject to the re-election of the Directors mentioned in Agenda 3 above: -
 - Ms. Rose Ogega
 - Ms. Winnie Ouko
 - Ms. Raisibe Morathi
 - Ms. Ory Okolloh
- Directors' Remuneration
 - To approve the Directors' Remuneration Policy contained in the Directors' Remuneration Report for the year ended 31st March 2023.
 - To approve the Directors' Remuneration Report (other than the part relating to the Directors' Remuneration Policy) and the remuneration paid to the Directors, for the year ended 31st March 2023.
- To re-appoint Messrs Ernst & Young as Auditors of the Company in accordance with the provisions of Section 721 (2) of the Companies Act, 2015 and to authorize the Directors to fix their remuneration for the ensuing financial year in accordance with the provisions of Section 724 (1) of the Companies Act, 2015.
- Any other business of which due notice has been given.

SPECIAL BUSINESS

- To consider and if thought fit to pass the following resolutions as ordinary resolutions, as recommended by the Directors: -
Approvals under Paragraph G.06 of the Fifth Schedule of the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations 2002.
For the purposes of Paragraph G.06 of the Fifth Schedule of the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations 2002 to consider, and if thought fit, to pass the following resolutions as Ordinary Resolutions in regard to the business of Safaricom PLC and in the interests of Safaricom PLC:
 - That the incorporation of a new operating company in Ethiopia known as Safaricom M-PESA Mobile Financial Services PLC, to deliver and provide mobile financial services in Ethiopia, resulting in this new entity becoming a wholly owned subsidiary of Safaricom Ethiopia Telecommunication and ultimately a resultant subsidiary of Safaricom PLC, be and is hereby ratified and approved.
 - That the acquisition by Safaricom PLC of the entire issued share capital of M-PESA Holding Company Limited from Vodafone International Holdings BV be and is hereby ratified and approved.
 - That the incorporation of a company limited by guarantee to invest in seed stage startups to support the development and growth of technology entrepreneurs and build reputation and trust within the tech community in Kenya be and is hereby approved.
 - That the incorporation of a private limited company (or alternatively the repurposing of an existing subsidiary) to invest in growth stage startups (scale-ups) and initiatives that enable achievement of Safaricom PLC's strategic mission for a financial return (profit) be and is hereby approved.

BY ORDER OF THE BOARD
KATHRYNE MAUNDU (MS)
COMPANY SECRETARY
5th July 2023

NOTES ON THE ANNUAL GENERAL MEETING (AGM)

- Safaricom PLC has convened and is conducting this virtual annual general meeting in line with the provisions of the Company's Articles of Association.
- Shareholders wishing to participate in the meeting should register for the AGM by doing the following: -
 - Dialling *717# for Safaricom telephone networks, *483*903# for all Kenyan telephone networks, *284*280# for Ugandan telephone networks, *149*46*24# for Tanzania networks, *801*40# for Rwanda networks, *120*6210*10# for South Africa networks and *384*6# for Zambia networks and following the various registration prompts
 - Send an email request to be registered to safaricomshares@image.co.ke
 - Shareholders with email addresses will receive a registration link via email through which they can use to register.

In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance shareholders should dial the following helpline number: (+254) 709 170 041 from 9:00 a.m. to 3:00 p.m. from Monday to Friday. Any shareholder outside Kenya should dial the helpline number to be assisted to register.
- Registration for the AGM opens on Wednesday 5th July, 2023 at 9:00 am and will close on Wednesday 26th July, 2023 at 11:00 am.
- In accordance with Section 283 (2) (c) of the Companies Act, the following documents may be viewed on the Company's website www.safaricom.co.ke
 - a copy of this Notice and the proxy form;
 - the Company's audited financial statements for the year ended 31st March 2023.

The reports may also be accessed upon request by dialling the USSD code above and selecting the Reports option. The reports and agenda can also be accessed on the live-stream link.

- Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:
 - Sending their written questions by email to agmquestions@image.co.ke; or
 - Shareholders who will have registered to participate in the meeting shall be able to ask questions via SMS by dialling the USSD code above and selecting the option (ask Question) on the prompts; or
 - To the extent possible, physically delivering their written questions with a return physical address or email address to the registered office of the Company at Safaricom House, or to Image Registrars offices at 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street; or
 - Sending their written questions with a return physical address or email address by registered post to the Company Registrars address: Image Registrars, P O Box 9287, 00100 Nairobi.

Shareholders must provide their full details (full names, ID/Passport Number/CDSC Account Number) when submitting their questions and clarifications.

Questions and/or clarifications must reach the Company on or before Tuesday 25th July, 2023 at 11:00 am. Some questions will also be responded to at the Annual General Meeting.

Following receipt of the questions and clarifications, the directors of the Company shall provide written responses to the questions received to the return physical address or email address provided by the Shareholder no later than 12 hours before the start of the general meeting. A full list of all questions received and the answers thereto will be published on the Company's website not later than 12 hours before the start of the Annual General Meeting.

- In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf.

A proxy need not be a shareholder of the Company. If the Proxy appointed is not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone.

A proxy form is available on the Company's website via this link: www.safaricom.co.ke. Physical copies of the proxy form are also available at Safaricom House, Waiyaki Way, Westlands, Nairobi, or from any of the Safaricom Shops countrywide or from Image Registrars Limited offices, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street.

A proxy must be signed by the appointor or his attorney duly authorized in writing. If the appointor is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate.

A completed form of proxy should be emailed to info@image.co.ke or delivered to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287 – 00100 GPO, Nairobi, so as to be received not later than 48 hours before the time of holding the meeting i.e. Wednesday 26th July, 2023 at 11:00 a.m. Any person appointed as a proxy should submit his/ her mobile telephone number to the Company no later than Wednesday 26th July, 2023 at 11:00 a.m. Any proxy registration

that is rejected will be communicated to the shareholder concerned no later than Thursday 27th July, 2023 to allow time to address any issues.

- The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hours' time and providing a link to the live stream.
- Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform and may access the agenda.
- Duly registered shareholders and proxies may vote (when prompted by the Chairman) via the USSD prompts. A poll shall be conducted for all the resolutions put forward in the notice.
- Results of the poll shall be published within 48 hours following conclusion of the AGM, in two newspapers of national circulation and on the Company's website.
- The preferred method of paying dividends which are below KShs 150,000/- is through M-PESA. Shareholders who wish to receive their dividend through M-PESA and who have not registered for this mode of payment can opt to receive future dividends via M-PESA when registering for the AGM via the USSD or contact Image Registrars Tel: +254 709 170000/ +254 735 565666/ +254 709 170041, Email: safaricomshares@image.co.ke or Safaricom PLC's Investor Relations Team (Tel: +254 427 4233/6218 Mobile: +254 722 004233/6218, Email: investorrelations@safaricom.co.ke).
- Shareholders are encouraged to continuously monitor the Company's website www.safaricom.co.ke for updates relating to the AGM.

EXPLANATORY NOTES TO THE RESOLUTIONS TO BE PASSED UNDER THE SPECIAL BUSINESS:

- Resolution 8 (a) - Incorporation of a new operating company in Ethiopia to deliver and provide mobile financial services in Ethiopia**

In 2021, the Safaricom PLC led consortium of Vodacom Group Limited (Vodacom SA), Vodafone PLC (UK) (Vodafone), British International Investment (BII) (formerly known as CDC) and Sumitomo Corporation (Sumitomo), bid for and were successfully awarded a telecommunication licence to operate in the Federal Democratic Republic of Ethiopia.

The telecommunication licence held by the operating entity, Safaricom Telecommunications Ethiopia PLC permitted the Consortium to provide telecommunication services within the Federal Democratic Republic of Ethiopia but did not extend to the provision of mobile financial services.

The Government of Ethiopia has subsequently undertaken commendable and significant legislative steps to liberalize the financial sector in Ethiopia to allow the participation of foreign owned entities, including permitting participation by the Consortium. Following consultative discussions with the National Bank of Ethiopia, the financial sector regulator in Ethiopia, the Consortium successfully secured a Payment Instrument Issuer licence which permitted the Consortium to offer mobile financial services under the brand, M-PESA.

To this end, and in compliance with the licence conditions, the Consortium has paid the required regulatory fee of USD 150,000,000 to the National Bank of Ethiopia and set up the new entity, Safaricom M-PESA Mobile Financial Services PLC (Safaricom M-PESA ET), to deliver and provide mobile financial services in Ethiopia. Safaricom M-PESA ET, is wholly owned by Safaricom Telecommunications Ethiopia PLC, apart from a nominal share held by the Consortium holding company, Global Partnership of Ethiopia BV.

Safaricom will indirectly hold a controlling stake of more than a 50% in Safaricom M-PESA ET and therefore this entity is a subsidiary company of Safaricom. In order to meet the stringent regulatory timelines in Ethiopia and commence its mobile financial services delivery plans in Ethiopia, Safaricom PLC wrote to and obtained the consent of the Capital Markets Authority for the approval of the shareholders for the incorporation of Safaricom M-PESA ET to be sought by way of ratification at the next scheduled annual general meeting, being this Annual General Meeting.

Safaricom and its Consortium partners intend to launch our mobile financial services under the brand, M-PESA by end of 2023.

- Resolution 8 (b) - Acquisition by Safaricom PLC of the entire issued share capital of M-PESA Holding Company Limited from Vodafone International Holdings BV**

Background

Safaricom's M-PESA service was launched in 2007 following a successful pilot phase. The M-PESA service has been and continues to be a means for us to transform lives in line with the Safaricom purpose.

At the point of launching the M-PESA Service in 2007, Safaricom and the Vodafone Group put in place a raft of measures to safeguard customers' funds held in trust accounts and represented in the M-PESA System. These measures included the establishment of a trust to hold all the moneys of

M-PESA account holders in view of the risks that could arise in absence of an appropriate legal framework. In this regard, Safaricom and the Vodafone Group incorporated M-PESA Holding Co. Limited (M-PESA Holding) as the custodial trustee of the M-PESA service. Vodafone International Holdings BV (Vodafone Holdings), a holding company of the Vodafone Group was designated as the shareholder of M-PESA Holding due to Vodafone's established presence in the market in 2007, existing strategic partnership with Safaricom among other factors.

The income generated by M-PESA Holding is utilized to cover its direct costs related to providing the service, in compliance with the NPS Act. Any additional income or interest is donated to a public charitable organization for the purpose of public charitable endeavours as required by law.

The Transaction

As part of strengthening our governance systems, Safaricom and the Vodafone Group have had discussions with a view to transferring the shareholding of M-PESA Holding to Safaricom. These discussions culminated in the parties signing an agreement for the sale and transfer of the shares on 17th April 2023.

Pursuant to the agreement, Safaricom would acquire 50,000 shares of M-PESA Holding. The sale shares represent the entire issued share capital of M-PESA Holding, which has been held by Vodafone Holdings from incorporation.

The transaction is also part of the final steps of Safaricom's "bring M-PESA home" initiative which commenced in 2015 with the relocation of M-PESA servers to Kenya from Germany. The transaction will bring M-PESA's trust operations closer to its Kenyan users and stakeholders.

After completion, Safaricom PLC became the sole shareholder of M-PESA Holding.

Consideration and completion

Safaricom will pay Vodafone Holdings a nominal cash consideration of USD 1 for the Transaction as M-PESA Holding is a trust company and the transfer does not bring any financial benefit to either party. Having Safaricom as the shareholder of M-PESA Holding aligns with regulatory requirements under the NPS Regulations by ensuring that Safaricom assumes overall responsibility and oversight for the trust's operations and the entire M-PESA payment system.

The Board has considered this matter and recommends that the shareholders approve the resolution.

3) Resolution 8 (c) - Incorporation of a company limited by guarantee to invest in seed stage start-ups (Spark Fund)

In line with Safaricom's purpose to transform lives by connecting people to people, people to opportunities and people to information, Safaricom has from 2015, been running and operating an investment fund, dubbed 'Spark Fund'. The aim of Spark Fund is to support the successful growth and development of seed stage startups in Kenya, as well as enhance Safaricom's position as a key enabler of the tech-ecosystem in Kenya.

Recognising the importance of early-stage investments in spurring innovation and growth, Safaricom proposes to continue supporting seed stage start-ups in Kenya through Spark Fund.

Spark Fund has since its inception, been administered through an unincorporated trust known as the Zindua Trust governed by a Board of Trustees. For administrative ease and to further strengthen governance processes, the Board has recommended that Safaricom continues this investment through a newly formed company limited by guarantee under the Companies Act, Laws of Kenya.

This new entity will be a wholly owned subsidiary of Safaricom PLC. The Board recommends that the shareholders approve the incorporation of the said new subsidiary to invest in seed stage startups to support the development and growth of tech entrepreneurs and build reputation and trust within the tech community in Kenya.

4) Resolution 8 (d) - Incorporation of a private limited company

(or alternatively the re-purposing of an existing subsidiary) to invest in growth stage startups (Venture Co.)

Safaricom's mission to become a purpose led technology company, has driven us to accelerate our ambitions to scale up our strategic partnerships and investments. We seek to broaden our scope on investments in the tech-ecosystem beyond seed stage investment to include investments in growth stage startups (scale-ups) that are strategically aligned and accelerate achievement of our strategic mission.

To this end we are proposing the setup of a Limited Liability Company for investing in growth stage startups (scale-ups) and initiatives that are strategically aligned to our mission for a financial return (profit). The intention being that any gains from the portfolio of investments will be capitalized back into Safaricom PLC.

The Board is confident that this is in the best interest of the Company and its shareholders as the investments through Venture Co. will allow Safaricom to:

- a) drive expansion of our core business into new customer segments within the Consumer, Financial Services, Enterprise and SME space
- b) accelerate Safaricom's entry into new verticals in areas such as health, agriculture, education by:
 - unlocking value chain opportunities
 - driving innovation and value creation
- c) build new capabilities and enable exploration of new business models
- d) explore nascent and emerging technologies to complement our capabilities (Analytics, Machine Learning/Artificial Intelligence, Internet of Things)

This new entity will be a wholly owned subsidiary of Safaricom PLC. The Board recommends that the shareholders approve the incorporation of the new subsidiary to invest in growth stage startups (scale-ups) for a financial return (profit) where any gains from the portfolio can be capitalized back into Safaricom PLC.



CHAIRMAN'S ABRIDGED STATEMENT

OVERVIEW

Financial year 2023 was a year in which the Company, like the country, faced significant headwinds. The tough operating conditions included increased regulatory scrutiny and changes in taxation, uncertainty emanating from a protracted electioneering period leading up to the elections, a significant economic slowdown, exacerbated by rising inflation, currency depreciation as well as the devastating drought and the famine that it brought. The revised MTR and an increase in excise duty on SIM cards and mobile phones, were additional factors that put pressure on the business. Despite these challenges, it is most gratifying to see the excellent results that we have produced.

Affirming our strategic goals

It has been a fundamental part of our strategy to leverage technology, and to make innovation work for us as well as for our customers as we transition to being a technology company, in the forefront of change, productivity and financial inclusion in Kenya. We recognise that technology has tremendous potential in the unlocking of Kenya's economic growth, and in providing solutions for customer and societal issues. We believe that we have a powerful role to play in this important undertaking, and Safaricom will continue to take a leading part in realising this agenda.

The Board has diligently supported management in providing the guidance and oversight required to ensure the productive execution of these goals, and I am proud to say that with management, our combined efforts have borne fruit in the excellent results we have achieved for the year. In a year in which we faced significant headwinds that included inflation, political uncertainty and regulatory changes, the Board remained focused on informed decision-making and delegation, and it is indeed gratifying to see the extent to which management has been able to deliver the value for our shareholders that they have.

Partnerships and responsible Corporate citizenship

During the year under review, we remained committed to working with government and regulators, always cognisant of the difference we can make to the economy through job-creation and meaningful partnerships and as a major contributor of

duties and tax revenues.

We are proud of our role in projects such as the Hustler Fund, the Women Enterprise Fund, E-subsidies, the delivery and distribution of fertiliser, and in making more ICT services available. In very practical terms, we led the private sector to partner with government in addressing and mitigating the drought and its effects across the 23 most affected counties in the country, an echo of our committed initiatives during the height of the COVID-19 pandemic. We will continue to partner on projects that will help ensure food security and efficient drought management.

Acknowledgements

I would like to thank our CEO, Peter Ndegwa, and his entire management team for the responsive and skilled execution of our strategic goals – efforts that have enabled us both to create and deliver value during a difficult year.

My thanks go also to my colleagues on the Board, whose skills, and dedicated and diligent work have added exceptional value to the Company. Finally, I would like to acknowledge the contribution of all our employees, without whose commitment, loyalty and hard work have enabled us to deliver on our strategy and produce the results that we have.



CEO'S ABRIDGED STATEMENT

OVERVIEW

We experienced a slowdown in the first half of the year. Still, we saw a recovery in the second half, demonstrating the resilience of our business amidst challenging macroeconomic conditions. Despite the reduction in the Mobile Termination Rate (MTR) in Kenya, we achieved strong growth. Another significant issue was the sustained pressure on our customers' wallets due to elevated inflationary pressure and currency depreciation. However, our customers seek to maximise value for money and this has remained central to our customer-centric efforts. In response, we reduced mobile data prices by 30% and other selected services by up to 50%. The rising energy cost, fuel and electricity, and the reduction in MTR

were major concerns during the year. The reduction in MTR negatively impacted our top line, resulting in a loss of KShs 2 billion in interconnect revenues.

Ethiopia

The award of mobile financial services licenses in Ethiopia is a significant milestone for us. Although our roll-out in Ethiopia faced initial security concerns, skills, and infrastructure obstacles, we are well-positioned to catch up and increase our momentum. While uncertainties remain in some parts of the country, particularly in Tigre, we are confident in delivering value as we grow the Ethiopian business. Ethiopia remains a key part of our strategy to accelerate new growth areas and reduce dependence on Kenya's GSM and connectivity business.

Performance against strategy

Our long-term strategy remains to accomplish our transformation from a telco to become a technology company. We thus remained focused during the year on accelerating new growth areas by converting opportunities to meet changing and expanding customer needs and societal challenges. In implementing our strategy, it is gratifying to be able to say that our performance during the year, evident in our good results, has underscored and delivered on the value inherent in our overarching strategic goal.

In particular, for our investors, we delivered on four main elements:

- The successful launch of the Ethiopian business and the award of the financial services license in that country, providing security for the business there.
- Improved performance in H2, after the uncertainties related to the elections and other macro-economic conditions in H1.
- Our double-digit growth in mobile data as well as the growth in other areas such as our fixed and enterprise business.
- Performance delivered in line with EBIT & CAPEX guidance.

Acknowledgements

I would like to thank the Board for its continued wise, considered, and expert oversight. Its clear and transparent effectiveness is central to our success. In particular, I would like to thank Michael Joseph for his exceptional leadership as Chairman, and to wish his successor Adil Khawaja well in his role as our new Chairman.

I would also like to thank the Government of Kenya (GoK), our regulators and all our stakeholders for their continued support, input, and insights. I would like to express my gratitude to our customers for their loyalty to our brand, products, and services. It is for them that the business ultimately exists, and their trust in our brand and offerings are central to our success.

I am grateful to our employees, without whose commitment, loyalty and diligence we could not have achieved the excellent results that we have.

We look forward to continuing to work with all these key people, bodies and institutions as we go forward together into the future.

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF SAFARICOM PLC

REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

Opinion

The summary consolidated financial statements of Safaricom PLC ("the Company") and its subsidiaries (together as, the "Group"), which comprise the summary consolidated statement of financial position as at 31 March 2023, and the summary consolidated statement of profit or loss and other comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year then ended, are derived from the audited consolidated financial statements of the Group for the year ended 31 March 2023.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements as at and for the year ended 31 March 2023, in accordance with the basis described in the Directors' Commentary accompanying the summary consolidated financial statements and in accordance with the requirements of Kenyan Companies Act, 2015.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the Kenyan Companies Act, 2015. Reading the summary consolidated financial statements and the auditors' report thereon, therefore, is not a substitute for reading the audited consolidated financial statements, and the auditor's report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date

of our report on the audited consolidated financial statements.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements for the year ended 31 March 2023. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's financial statements of the current period.

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the basis described in the Directors' Commentary accompanying the summary consolidated financial statements and in the manner required by the Kenyan Companies Act, 2015.

Auditor's responsibility

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

REPORT ON OTHER LEGAL REQUIREMENTS

The summary directors' remuneration report is derived from the directors' remuneration report for the year ended 31 March 2023. The summary directors' remuneration report does not contain all disclosures required by Kenyan Companies Act, 2015, (General) (Amendment) (No.2) Regulations 2017. Reading the summary directors' remuneration report and the auditors' report

thereon, therefore, is not a substitute for reading the directors' remuneration report. We expressed an unmodified audit opinion on the auditable part of the directors' remuneration report which was prepared in accordance with the Kenyan Companies Act, 2015.

In our opinion, the summary directors' remuneration report is consistent, in all material respects, with the directors' remuneration report for the year ended 31 March 2023, in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in the independent auditor's report is Allan Gichuhi Practising Certificate Number 1899.

Allan Gichuhi

For and on behalf of Ernst & Young LLP
Certified Public Accountants
P.O Box 44286-00100 Nairobi
5th July 2023

Summary of Key Audit Matters

- The Summary of Key audit matters raised by the auditor were on:
- Revenue recognition – occurrence, completeness and measurement of recorded revenue given the complexity of products, systems and IFRS 15: Revenue from contracts with customers.
 - Hyperinflation accounting in the subsidiary, Safaricom Telecommunications Ethiopia PLC.

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED

31 March	GROUP	
	2023 KShs' M	2022 KShs' M
Revenue from contracts with customers	307,142.1	295,441.4
Revenue from other sources	3,762.7	2,636.5
Total revenue	310,904.8	298,077.9
Direct costs	(92,232.1)	(91,467.8)
Expected credit losses on financial assets	(4,725.3)	(2,361.2)
Other expenses	(74,085.0)	(55,187.0)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	139,862.4	149,061.9
Depreciation - Property and equipment	(39,754.5)	(34,145.2)
Amortization - Intangible assets	(281.3)	(281.3)
Amortization - Right of use (ROU) assets	(8,417.9)	(1,850.0)
Amortization - Right of use (ROU) assets	(6,411.3)	(3,656.8)
Operating profit	84,997.4	109,128.6
Finance income	4,075.2	2,413.4
Finance cost	(11,162.3)	(8,852.6)
Fair value adjustment to investment properties	90.0	-
Share of profit/(loss) of associates	12.5	(279.8)
Share of loss of joint venture	(50.7)	(196.2)
Hyperinflationary monetary gain	10,383.1	-
Profit before income tax	88,345.2	102,213.4
Income tax expense	(35,862.4)	(34,717.3)
Profit for the year	52,482.8	67,496.1
Attributable to:		
Equity holders of the parent	62,268.9	69,648.1
Non-controlling interests	(9,786.1)	(2,152.0)
Profit for the year	52,482.8	67,496.1
Basic and diluted earnings per share (EPS)	1.55	1.74
Profit for the year	52,482.8	67,496.1
Other comprehensive income/(loss):		
Items that will subsequently be reclassified to profit or loss in subsequent periods:		
Exchange differences on translating foreign operations	10,260.0	(9,536.3)
Other comprehensive income/(loss) for the year	10,260.0	(9,536.3)
Total comprehensive income for the year	62,742.8	57,959.8
Attributable to:		
Equity holders of the parent	34,954.0	64,335.4
Non-controlling interests	27,788.8	(6,375.6)
Total comprehensive income for year	62,742.8	57,959.8

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	GROUP							
	Share Capital	Share Premium	Retained Earnings	Other Reserves**	Proposed Dividends	Total Equity	Non-controlling interests	Total Equity
	KShs' M	KShs' M	KShs' M	KShs' M	KShs' M	KShs' M	KShs' M	KShs' M
Year ended 31 March 2023								
At start of year	2,003.3	2,200.0	110,528.9	(5,312.7)	30,049.1	139,468.6	40,232.3	179,700.9
- Adjustment on initial application of IAS 29	-	-	(2,895.8)	36,285.3	-	33,389.5	26,545.0	59,934.4
As restated	2,003.3	2,200.0	107,633.1	30,972.6	30,049.1	172,858.1	66,777.3	239,635.3
Profit for the year	-	-	62,268.9	-	-	62,268.9	(9,786.1)	52,482.8
Other comprehensive income								
Exchange differences on translating foreign operations	-	-	-	5,715.8	-	5,715.8	4,544.2	10,260.0
Total comprehensive income/(loss) for the year	-	-	62,268.9	5,715.8	-	67,984.7	(5,241.9)	62,742.8
Transactions with owners:								
Dividend:								
- Declared final dividend for 2022	-	-	-	-	(30,049.1)	(30,049.1)	-	(30,049.1)
- Interim dividend paid	-	-	(23,237.8)	-	-	(23,237.8)	-	(23,237.8)
- Capital contribution from NCI shareholders*	-	-	-	-	-	-	14,274.6	14,274.6
- Proposed final dividend for 2023	-	-	(24,840.6)	-	24,840.6	-	-	-
	-	-	(48,078.4)	-	(5,208.5)	(53,286.9)	14,274.6	(39,012.3)
At end of year	2,003.3	2,200.0	121,823.6	36,688.4	24,840.6	187,555.9	75,810.0	263,365.9
Year ended 31 March 2022								
At start of year	2,003.3	2,200.0	96,571.8	-	36,860.2	137,635.3	-	137,635.3
Profit for the year	-	-	69,648.1	-	-	69,648.1	(2,152.0)	67,496.1
Other comprehensive loss	-	-	-	(5,312.7)	-	(5,312.7)	(4,223.6)	(9,536.3)
Total comprehensive income/(loss) for the year	-	-	69,648.1	(5,312.7)	-	64,335.4	(6,375.6)	57,959.8
Transactions with owners:								
Dividend:								
- Declared final dividend for 2021	-	-	-	-	(36,860.2)	(36,860.2)	-	(36,860.2)
- Interim dividend	-	-	(25,641.9)	-	-	(25,641.9)	-	(25,641.9)
- Capital contribution from NCI shareholders*	-	-	-	-	-	-	46,607.9	46,607.9
- Proposed final dividend for 2022	-	-	(30,049.1)	-	30,049.1	-	-	-
	-	-	(55,691.0)	-	(6,811.1)	(62,502.1)	46,607.9	(15,894.2)
At end of year	2,003.3	2,200.0	110,528.9	(5,312.7)	30,049.1	139,468.6	40,232.3	179,700.9

* Capital contribution from NCI shareholders relates to the contribution of non-controlling shareholders towards investment in the equity of Safaricom Ethiopia PLC.

** Other reserves include foreign currency translation reserve representing the cumulative position of translation gains and losses arising from translation of net assets of foreign subsidiary companies to the presentation currency and adjustment on initial application of IAS 29.

Summary Directors' remuneration report

In the financial year ended 31 March 2023, the total director's remuneration was KShs 534.04 million compared to KShs 471.54 million in the previous year.

Directors commentary to the summary consolidated financial statements

The summary consolidated financial statements and summary Director's Remuneration Report are extracted from the audited consolidated financial statements and Director's Remuneration Report for the year ended 31 March 2023. A full copy of the Group Financial Statements including explanatory notes is available online at <https://www.safaricom.co.ke>.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT

31 March	GROUP	
	2023 KShs' M	2022 KShs' M
Non-current assets		
Deferred income tax assets	15,337.0	9,908.8
Property and equipment	221,987.6	148,993.0
Intangible assets	2,283.0	2,564.3
Investment properties	935.0	845.0
Intangible assets	150,198.8	93,647.2
Right of use assets	36,885.5	18,301.7
Investment in associates and joint venture	3,943.9	3,982.1
Restricted cash	1,481.4	1,759.9
Deferred restricted cash asset	278.2	407.9
Contract costs	1,852.7	1,138.7
Loans receivable from related company	1,588.4	-
	436,771.5	281,548.6
Current assets		
Current income tax	851.6	7.9
Inventories	3,655.6	4,306.8
Trade and other receivables	40,791.5	25,919.2
Net cash and cash equivalents	22,098.1	30,779.6
Restricted cash - letter of credit	615.1	-
Other financial assets	28.6	-
Contract costs	4,395.0	2,951.5
Loan receivable from related company	-	1,285.0
	72,435.5	65,250.0
Total Assets	509,207.0	346,798.6
Equity		
Share capital	2,003.3	2,003.3
Share premium	2,200.0	2,200.0
Retained earnings	121,823.6	110,528.9
Other reserves	36,688.4	(5,312.7)
Proposed dividend	24,840.6	30,049.1
Equity attributable to equity holders of the parent	187,555.9	139,468.6
Non-controlling interests	75,810.0	40,232.3
Total equity	263,365.9	179,700.9
Non-current liabilities		
Borrowings	42,050.0	44,910.8
Lease liabilities	29,984.0	14,584.9
Payables and accrued expenses	27,359.3	4,330.6
Provisions for liabilities	4,462.8	3,183.3
Contract liabilities	1,607.8	1,937.5
	105,463.9	68,947.1
Current liabilities		
Current income tax	2,408.8	5,291.2
Dividend payable	1,783.0	12,053.9
Borrowings	43,492.3	20,400.0
Lease liabilities	5,354.9	5,508.5
Payables and accrued expenses	72,688.2	41,312.6
Provisions for liabilities	4,524.1	3,373.8
Contract liabilities	10,125.9	10,210.6
	140,377.2	98,150.6
Total Liabilities	245,841.1	167,097.7
Total equity and liabilities	509,207.0	346,798.6

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

31 March	GROUP	
	2023 KShs' M	2022 KShs' M
Cash flows from operating activities		
Cash generated from operations	159,596.8	143,574.7
Interest received	1,571.0	1,254.5
Income tax paid	(45,016.7)	(34,128.7)
Net cash generated from operating activities	116,151.1	110,700.5
Cash flows from investing activities		
Purchase of property and equipment	(66,331.2)	(41,058.0)
Proceeds from disposal of property and equipment	43.8	49.2
Acquisition of intangible assets	(5,143.0)	(96,288.3)
Investment in other financial assets	(28.6)	-
Movement in restricted cash	(116.6)	352.3
Loans to joint ventures	(300.0)	-
Net cash used in investing activities	(71,875.6)	(136,944.8)
Cash flows from financing activities		
Dividend paid	(63,557.8)	(59,132.3)
Repayment of lease liabilities- principal	(8,349.1)	(3,806.4)
Repayment of lease liabilities- interest	(1,768.5)	(1,347.9)
Interest paid on borrowings	(6,924.4)	(2,477.9)
Proceeds from borrowings	62,238.1	120,564.8
Repayment of borrowings	(42,777.2)	(70,026.0)
Capital contribution from NCI shareholders	14,274.6	46,607.9
Net cash (used in)/generated from financing activities	(46,864.3)	30,382.2
(Decrease)/increase in cash and cash equivalents	(2,588.9)	4,137.9
Movement in cash and cash equivalents		
At start of year	30,779.6	26,736.1
Net foreign exchange differences	537.6	(94.4)
Net monetary gain on cash and cash equivalents	(6,630.3)	-
(Decrease)/increase in cash and cash equivalents	(2,588.9)	4,137.9
At end of year	22,098.1	30,779.6