

Safaricom PLC Annual Report and Financial Statements 2024



Navigational Icons

Our six capitals



FINANCIAL CAPITAL

The pool of funds and assets that we maintain.



HUMAN CAPITAL

Our employees, and all the competencies, abilities experience and expertise that they bring to the Group.



INTELLECTUAL CAPITAL

The policies, procedures, intellectual property (IP), knowledge that exists and is cultivated in our organisation, including our vision, mission, purpose, reputation, and the value of our brand.



SOCIAL AND RELATIONSHIP CAPITAL

The partnerships and relationships that we build and maintain with all our stakeholders, including our employees, providers and suppliers, and our communities.



MANUFACTURED CAPITAL

For more on our technology and services, see pages 76 and 19 respectively.



NATURAL CAPITAL

The beneficial projects that help to sustain the environment in which we operate.

Our four strategic pillars



STRENGTHEN THE CORE



TO BE A FINANCIAL SERVICES PROVIDER



ACCELERATE NEW GROWTH AREAS



ACHIEVE COST LEADERSHIP

Table of Contents

iii

Navigational Icons

IFC

A Snapshot of Safaricom in FY2024

11

About Our Report

15

Who We Are

27

Message from the Chairman

33

Message from the CEO

43

Our Strategic Approach

69

The Value We Embed

83

The Commercial Value We Deliver

111

Scaling Our Operations in Ethiopia

119

The Social Value We Contribute

129

How We Safeguard Value

159

Financial Statements

Our stakeholders

Governments and regulators

GR

Our customers

Cu

Investors and shareholders

IS

Our employees

E

Our suppliers

S

Society and communities

SC

Business partners

BP

Media

M

Material matters

Our platforms

M1

Environmental stewardship

M2

Innovation and partnership

M3

Governance, business ethics and risk

M4

Our regulatory environment

M5

UNSDGs

Good health and wellbeing



Quality education



Affordable and clean energy



Decent work and economic growth



Industry, innovation and infrastructure



Reduced inequalities



Responsible consumption and production



Peace, justice and strong institutions



Partnerships for the goals



A Snapshot of Safaricom in FY2024

Key numbers FY2024

Safaricom Group performance



Service revenue grew
 ↑ **13.4% YoY** to
KShs 335,353.1 million



Voice revenue declined
 ↓ **0.6% YoY** to
KShs 80,541.1 million



Messaging revenue grew
 ↑ **8.3% YoY** to
KShs 12,319.2 million

Safaricom Kenya performance



Service revenue grew
 ↑ **11.7% YoY** to
KShs 329,805.5 million



M-PESA revenue grew
 ↑ **19.4% YoY** to
KShs 139,914.8 million



Voice revenue declined
 ↓ **1.7% YoY** to
KShs 79,511.7 million



Message revenue grew
 ↑ **8.0% YoY** to
KShs 12,277.0 million



Fixed line and wholesale revenue grew
 ↑ **12.0% YoY** to
KShs 15,111.3 million



Mobile data revenue grew
 ↑ **18.0% YoY** to
KShs 63,236.2 million



Active M-PESA customers grew
 ↑ **0.9% YoY** to
32.41 million



Active customers grew
 ↑ **4.6% YoY** to
34.64 million



M-PESA revenue grew **↑ 19.5% YoY** to **KShs 140,006.7 million**



Mobile data revenue grew **↑ 24.9% YoY** to **KShs 67,404.3 million**



Fixed line and wholesale revenue grew **↑ 11.2% YoY** to **KShs 14,962.2 million**

Safaricom Telecommunications Ethiopia (STE) performance



Service revenue **KShs 5,758.3 million**



Mobile data revenue **KShs 4,168.1 million**



Voice revenue **KShs 1,029.4 million**



Mobile incoming revenue **KShs 360.4 million**



M-PESA revenue **KShs 91.9 million**



Messaging revenue **KShs 42.3 million**



Total gross adds **9.4 million**



Three-month active customers **4.35 million**



M-PESA registered customers **4.51 million**

A Snapshot of Safaricom in FY2024 (continued)

Key numbers FY2024 (continued)



HUMAN CAPITAL (SAFARICOM KENYA)

↑ 6,661

Employees (Group)
(2023: 6,616)

↑ 80%

Proportion of staff excited about Safaricom's future
(2023: 75%)

↓ 49%

Women in our workforce
(2023: 49.3%)

↑ 86%

Proportion of staff who are happy working at Safaricom
(2023: 84%)

↓ 5.67%

Procurement spend on women-owned businesses
(2023: 5.81%)

= 0

Staff fatalities; 0 third-party employees
(2023: 0 staff; 2 third-party employees)

↑ 42.4%

Women in senior management
(2023: 40.1%)

↑ 3.3%

Employees with disabilities
(2023: 3.0%)



NATURAL CAPITAL*

66,208 m³

Water consumption
↑ 40.8%
(2023: 47,023 m³)

290.438 tonnes

e-waste collected – 100% recycled/ refurbished

Total to date – 2,048.438 tonnes
+>100% YoY

(2023: 132 tonnes; total to date: 1,758 tonnes)

>1,400

Sites using solar and hybrid clean power
(2023: >1,400)

178,237 kg

Total solid waste collected – **174,496 kg** recycled

98% recycling rate for solid waste
(2023: 91,920 kg – 88,796 kg recycled)

468,675 kg

Total waste collected – **464,934 kg** recycled
99% recycling rate for total waste

*Assured data will be included in the 2024 Sustainability Report



SOCIAL AND RELATIONSHIP CAPITAL

44.67 million
Total customers (Safaricom Kenya)
↑ **2.1% YoY**
(2023: 43.75 million)

5.44 million
M-TIBA customers
↑ **4.6%**
(2023: 5.2 million)

4.35 million
Total customers (Safaricom Ethiopia)
↑ **>100% YoY**
(2023: 2.14 million)

248,574
Fixed home customers
↑ **27.0%**
(2023: 195,741)

32.41 million
M-PESA customers
↑ **0.9%**
(2023: 32.11 million)

262,016
Active M-PESA agents
↓ **0.1%**
(2023: 262,309)

1,193.2k
M-PESA Global customers
↑ **22.9%**
(2023: 971.2k)

633,009
LNM active merchants
↑ **4.3%**
(2023: 602,662)

27.59 million
One-month customers (Safaricom Kenya)
↑ **5.8%**
(2023: 26.07 million)
↑ **1.99 million, > 100%**
(2023: 0.92 million) (Safaricom Ethiopia)

632,681
Pochi tills (Safaricom Kenya)
↑ **116.2%**
(2023: 292,634)



MANUFACTURED CAPITAL

17,000 km
Cumulative fibre-optic footprint
↑ **21.4%**
(2023: 14,000 km)

371,989
Residential homes connected to fibre-optic network
↑ **34.9%**
(2023: 275,657)

97.3%
Proportion of population with 4G coverage
↑ **0.3%**
(2023: 97%)

A Snapshot of Safaricom in FY2024 (continued)

How we continued to create value in FY2024

For our customers, we:

FY2024

Enhanced:

- 4G coverage to **97.3%**
- 3G coverage to **97.5%**
- 2G coverage to **97.6%**
- **803** active 5G sites

Enabled:

- **3.93 million** 4G+ devices (which covers both 4G and 5G) added to our network
- **3,500** transactions per second on M-PESA
- **28.33 billion** transactions via M-PESA, valued at **KShs 40.24 trillion**
- Volume of non-chargeable transactions **56.9%** & Value of non-chargeable transactions **43.5%**
- Network of **1.2 million** active businesses accepting payments on M-PESA
- **633,000** active LNM merchants
- **632,681** Pochi tills
- Enabled industry full interoperability for person to person across all the networks

Enhanced value through:

- Price reduction in voice and data rates
- A price reduction in outgoing rate-per-minute by **12.7%** and incoming rate-per-minute by **16.1%** YoY
- A decline in rate-per-MB by **4.6%** YoY
- Double permanent bandwidth to fibre customers
- **99.7%** systems-availability and **60%** incidents reduction on our network

Deployed:

- **17,000 km** of fibre-optic cable (**+21.4%** YoY)
- **560,261** homes passed (**+20.3%** YoY)
- **248,574** FTTH customers (**+27.0%** YoY)

Launched:

- M-PESA operations in Ethiopia

FY2023

- 4G coverage to **97%**
- 3G coverage to **97%**
- 2G coverage to **97%**
- **205** active 5G sites

- **2.63 million** 4G+ devices (which covers both 4G and 5G) added to our network
- **2,600** transactions per second on M-PESA
- **21.03 billion** transactions via M-PESA, valued at **KShs 35.86 trillion**
- Network of about **1.0 million** active businesses accepting payments on M-PESA
- **0.65 billion** free M-PESA wallet-to-bank and bank-to-wallet (C2B and B2C) transactions, valued at **KShs 5.78 trillion**, accounting for **16.1%** of the total value of M-PESA transactions
- **607k** active LNM merchants
- **292,634** Pochi tills

- Reduced Fuliza charges by up to **50%**
- Reduced Bank to M-PESA charges by an average of **61%** and M-PESA to Bank charges by an average of **47%** post return to charging
- Reviewed Paybill prices reducing them by more than **50%**
- Price decline in voice and data
- Price decline in outgoing rate per minute by **11.5%** YoY and incoming rate per minute by **5.0%** YoY
- Decline in rate per MB by **31.2%** YoY
- Double permanent bandwidth to fibre customers
- **99.71%** systems availability and incidents reduction on our network

- **14,000 km** of fibre-optic cable
- **465,558** homes passed
- **195,741** FTTH customers

- Commercial operations in Ethiopia and finalised commercial and technical readiness to launch M-PESA operations within FY24

For our shareholders, we:

FY2024

Declared:

- **KShs 48.08 billion** in dividends
- **KShs 0.55** DPS interim dividend
- **KShs 0.65** DPS final dividend
- FY24 DPS **KShs 1.20**

Recorded:

- **537%** in total shareholder returns (TSR) since listing (TSR = {End-of-FY Price (IPO + Dividends) ÷ Purchase Price (IPO)})
- **46.32%** of total NSE market capitalisation on the NSE

FY2023

- **KShs 48.08 billion** in dividends
- **KShs 0.58** DPS interim dividend
- **KShs 0.62** DPS final dividend
- FY23 DPS **KShs 1.20**

- **520%** in total shareholder returns (TSR) since listing (TSR = {End-of-FY Price (IPO + Dividends) ÷ Purchase Price (IPO)})
- **44.4%** of total NSE market capitalisation on the NSE

A Snapshot of Safaricom in FY2024 (continued)

How we continued to create value in FY2024 (continued)

For our employees, we:

FY2024

Recorded:

- That **79%** of our employees are extremely satisfied working at Safaricom
- That **89%** of our employees would recommend Safaricom as a great place to work
- That **75%** of our employees completed at least one future skills course in Safaricom Business School and instructor-led training in:
 - Agile
 - Cybersecurity
 - Data science
 - Analytics
- A M-F **51-49** gender split

FY2023

- That **84%** of our employees are happy working at Safaricom
- That **75%** of our employees are excited about the future of Safaricom
- That **90%** of our employees completed at least one future skills course in Safaricom Business School and instructor-led training in:
 - Agile
 - Cybersecurity
 - Data science
 - Analytics
- A M-F **51-49** gender split

For our society,
we:

FY2024

Recorded:

- **9.5 million** SMEs and enterprises opting in on M-PESA
- **3.81 million** active users on M-TIBA solution for sending, saving and spending funds for medical treatment at: **5,580** clinics

Attained in digitisation and partnerships:

- **20,000** government workflows digitised and running on Safaricom infrastructure
- **KShs 49.5 million** in value disbursed to **21 million** customers under the Hustler Fund initiative
- **8.2 million** bags of fertiliser distributed to **5.9 million** farmers in **41** counties, via M-PESA fertiliser distribution, to a transacted value of **KShs 23.6 billion**

Digitising Devolution:

- **11** Counties on my County App
- **2** Counties on Integrated County Revenue Management System (ICRMS)

FY2023

- **3.2 million** SMEs and enterprises opting in on M-PESA
- **4.7 million** subscribers making use of our M-TIBA solution for sending, saving and spending funds for medical treatment at: **3,700** clinics

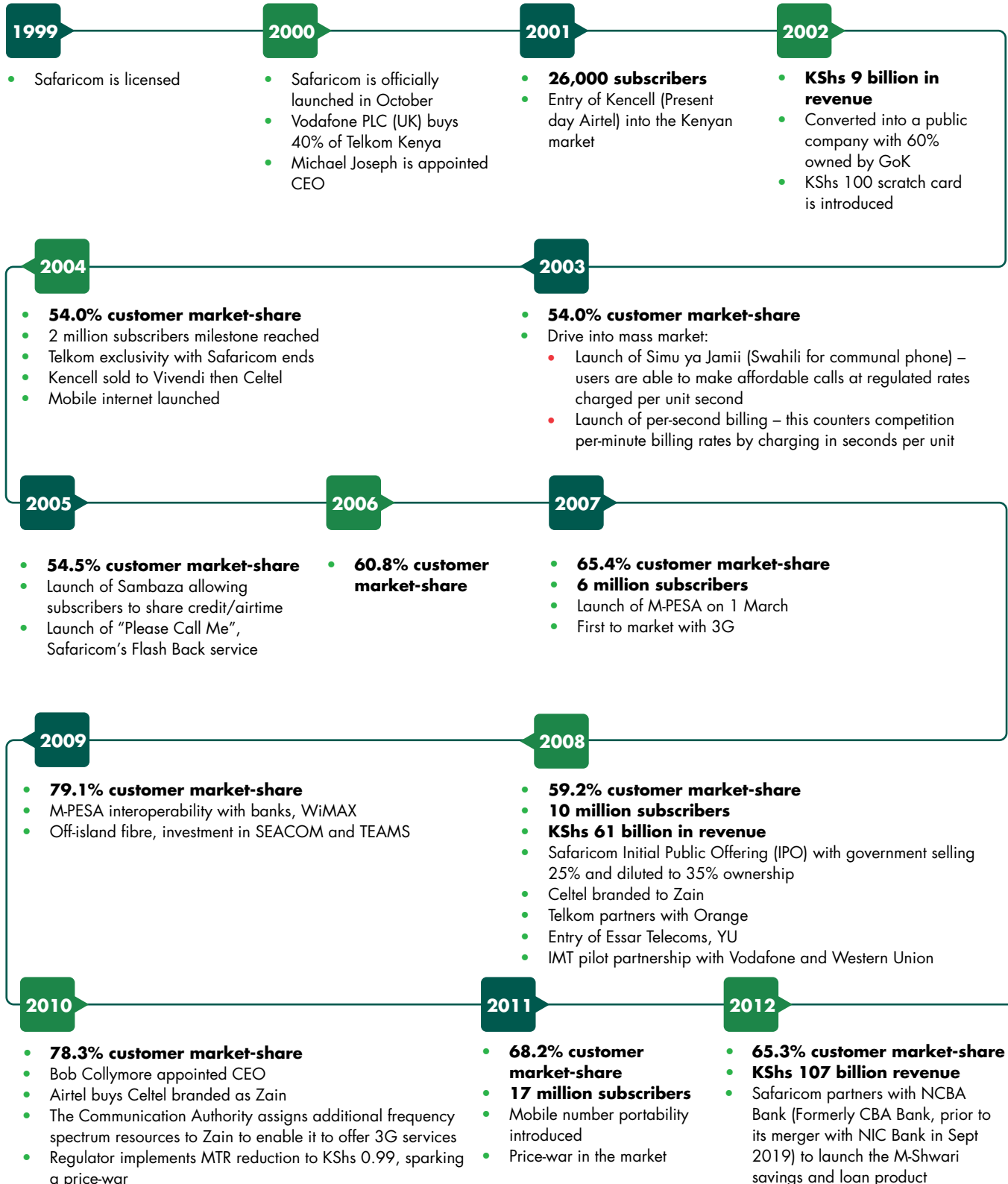
- **400** of **5,000** government workflows
- **KShs 24.44 billion** in value disbursed to **15.8 million** customers under the Hustler Fund initiative
- **2 million** bags of fertiliser distributed to **2.3 million** farmers in **28** counties via M-PESA fertiliser distribution, to a transacted value of **KShs 7.1 billion**

- **42** of **47** county governments

A Snapshot of Safaricom in FY2024 (continued)

How we continued to create value in FY2024 (continued)

Our Safaricom journey



2023

- **65.7% customer market-share**
- Launched M-PESA in Ethiopia
- 33.11 million active subscribers
- Merchant interoperability, Paybill/Buy Goods
- Launch of M-PESA GlobalPay Virtual Visa Card
- Commercial launch of operations in Ethiopia
- Commercial launch of 5G Services
- Launch of M-PESA Go for Teens (10–17 years)
- Launch of the Hustler Fund – Phase 1, in partnership with government
- First inaugural investor day held in Kenya
- Adil Khawaja appointed Chairman of the Board
- Solarised over 1,400 network sites resulting in energy savings of 22%
- Partnered with the government to roll out the Women Enterprise Fund (WEF) on M-PESA
- Launch of County App in Makueni and Kitui Counties

2024

- **65.9% customer market-share**
- Safaricom joins UN Global Compact Forward Faster Initiative
- Safaricom Foundation Celebrates 20 years of Transforming Lives
- Safaricom PLC hosts second Investor Day in Addis Ababa, Ethiopia
- Kenya Sets up First Smartphone Assembly Plant in East Africa, East Africa Device Assembly Kenya (EADAK)
- Safaricom expands 5G coverage to 35 counties
- Launch of merchant overdraft product for businesses by Safaricom and KCB

2022

- **65.3% customer market-share**
- M-PESA celebrates achieving 30 million monthly-active customers
- M-PESA celebrates 15 years of *Transforming Lives*
- Launch of M-PESA Consumer Super App and Business App
- Awarded Telecommunications licence in Ethiopia
- Launch of Halal Pesa, the first Sharia-compliant digital financing product, in partnership with Gulf Bank

2021

- **64.4% customer market-share**
- Peter Ndegwa takes over as CEO
- Michael Joseph is appointed Chairman of the Board
- Launch of new strategy and *Agile* organisation
- Launch of 5G trials
- Launch of device financing with Lipa Mdogo Mdogo

2018

- **64.2% customer market-share**
- **29 million subscribers**
- Launch of e-commerce – Masoko
- Launch of DigiFarm
- Launch of M-PESA Global

2019

- **62.4% customer market-share**
- **31.8 million subscribers**
- Launch of Nawe Kila Wakati (NKW) Always With You campaign
- Launch of Fuliza

2020

- **64.8% customer market-share**
- Launch of "FOR YOU" customer promise
- Acquisition of M-PESA brand via joint venture with Vodacom
- Partnership with Visa

2017

- **71.9% customer market-share**
- **28 million subscribers**
- **KShs 224 billion in revenue**
- Rebrand to Twaweza "When we come together, great things happen"
- Launch of Home Solutions and e-commerce

2016

- **65.6% customer market-share**
- Safaricom becomes the first company in Kenya to link its growth strategy to the 17 UN SDGs

2015

- **67.1% customer market-share**
- Regional structure – Inspired by Safaricom's desire to put the *Customer First* and provide *Operational Excellence* in line with our strategic pillars
- Safaricom relocates M-PESA servers from Germany to Kenya
- Launch of KCB M-PESA
- Launch of True Value Report
- Safaricom's contribution to Kenyan economy reaches 6% of GDP
- Orange and Airtel receive approval to test 4G
- Safaricom partners with GoK to launch Citizen, the online payment for GoK

2013

- **65.1% customer market-share**
- Launch of Lipa na M-PESA
- Launch of Kenya's first Sustainability Report

2014

- **67.8% customer market-share**
- **21 million subscribers**
- Launch of 4G network
- Launch of National Security Surveillance
- Launch of Spark Venture Fund to help tech start-ups grow their businesses

Events/milestones on the Safaricom journey are per calendar year.



About Our Report

OUR REPORTING SCOPE AND BOUNDARY	12
MATERIALITY	12
OUR APPROACH TO THE PREPARATION OF OUR INTEGRATED REPORT	12
ASSURANCE	12
DIRECTORS' STATEMENT OF RESPONSIBILITY	12

About Our Report

Our reporting scope and boundary

This Annual Report is the primary report of Safaricom PLC (the Company) and its subsidiaries (together, the Group) to its stakeholders, and is a concise, material and honest assessment, reviewed and authorised by our Board of Directors (the Board) of how we create long-term value and how we deliver on our purpose of Transforming Lives. The report provides an overview, in terms of the six capitals of our strategy and business model, risks and opportunities, operational and governance performance and activities for the financial year 1 April 2023 to 31 March 2024. Our intention in this report is to describe both our financial and non-financial activities and performance during the year.

In compiling the report, we have reflected the integrated thinking that we apply to our business activities, and we have endeavoured to demonstrate our commitment to the principles of integrated reporting as aligned with our ability to create value in the short, medium and long term, which we define as less than twelve months, one to five years, and beyond five years, respectively.

Materiality

We consider material matters to be those issues that could substantively affect our ability to create value over time, and as part of our commitment to understand and provide information on those material matters, we undertake a structured process involving senior decision-makers within the Group to identify and prioritise them.

This process includes a considered review of our business model and strategy, our operating environment, and the interests of our key stakeholders as expressed by them during our normal business engagements with them.

Through research and analysis, and our engagement with stakeholders, we strive to identify and gain insight into the environmental, social and governance issues that present significant risks, and or provide opportunities, to our business, and our ability to create and deliver value for our stakeholders.

In providing the basis for a broader understanding of the risks and opportunities inherent in our business, our process of determining the material matters that pertain to our activities is central in both guiding our decision-making and underpinning our strategy.

Our approach to the preparation of our Integrated Report

Integrated thinking is intrinsic to how we manage our business, our strategy development and reporting practices. Our strategy, with its four strategic pillars, has been developed to ensure that we manage the key resources and relationships that enable us to create value over time. Considered assessment of our four strategic pillars informs our strategy and the materiality process used to determine the content and structure of this report, whose drafts, concepts and structure have been systematically reviewed and supported by the ultimate assurance of independent assurance providers.

Our reporting frameworks

This report is prepared in accordance with the International Financial Reporting Standards (IFRS) Framework and the International Integrated Reporting Framework. Our reporting process is guided by the principles and requirements of IFRS, the Nairobi Securities Exchange (NSE) Listings Requirements and the Kenyan Companies Act, 2015 (the Act).

Forward-looking statements

This report contains certain forward-looking statements in respect of our strategy, performance and operations, and refers to certain global, regional and domestic political, social and or macro-economic conditions. By nature, these forward-looking statements involve risk and uncertainty as they relate to future events and circumstances which are difficult to predict, and therefore beyond our control. The conditions described could thus cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Assurance

Both our Board Audit, Risk and Compliance Committee and our Nominations and Remuneration Committee provide internal assurance to the Board on an annual basis on the execution of our strategic priorities. The Group's financial, operating, compliance and risk management controls are assessed by its internal audit function, which is overseen by the Board Audit, Risk and Compliance Committee. Our Annual Financial Statements are assured by our external auditors, Ernst & Young LLP.

Directors' Statement of Responsibility

The Board has a statutory duty to provide oversight in promoting the business success of the Group for the benefit of its stakeholders. In fulfilling this duty, the Board has due regard for the long-term implications and consequences of their decisions, as well as the legitimate interests of all the Group's stakeholders and the impact of our operations on the community and the environment. The Board acknowledges its overall responsibility for good corporate governance across the Group and ensures that the Group's governance policies and mechanisms are appropriate to its structure, business and risks.

As a fundamental principle of its commitment to full and transparent compliance with all laws, regulations and standards applicable to it, the Board ensures adherence to the standards and practices of good corporate governance, and to the principles, practices and recommendations set out under the Code of Corporate Governance for Issuers of Securities in Kenya (the Code) as well as the Act.

The Board has established internal procedures and monitoring systems to promote compliance with applicable laws, regulations and standards, and is supported by qualified legal and compliance professionals.

The Board has applied its collective mind to the contents of this report and believes that it fairly represents the Group's material matters and that it offers a balanced view of our strategy, business model, financial and non-financial activities and value-creation. On the recommendation of the Board Audit, Risk and Compliance Committee and the Nominations and Remuneration Committee, the Board approved the Safaricom PLC Consolidated Audited Financial Statements on 8 May 2024.

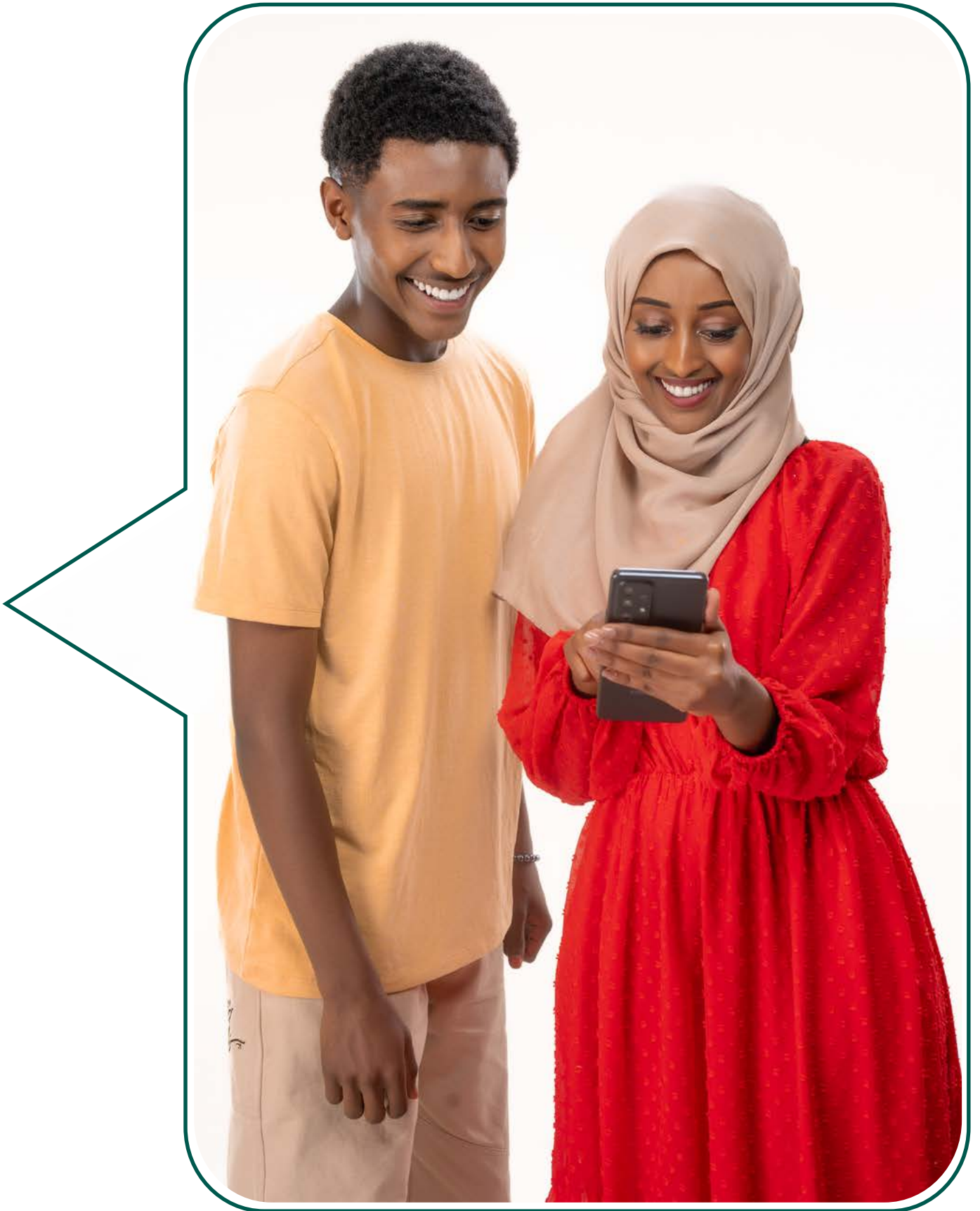
Signed on behalf of the Board



Adil Arshed Khawaja (MGH)
Chairman



Peter Ndegwa (CBS)
Chief Executive Officer





Who We Are

• OUR CAPITALS	17
OUR GUIDING SDG FRAMEWORK FOR THE KENYAN BUSINESS	18
OUR STAKEHOLDERS	20
• OUR PRINCIPAL SHAREHOLDERS	20
• FOREIGN AND EAST AFRICAN SHAREHOLDER SPLIT	20
THE SPIRIT OF SAFARICOM	22
CUSTOMER OBSESSION	23

Who We Are

Safaricom is one of a select group of about 400 companies across Africa whose annual revenues exceed USD1 billion. Many of these companies are pan-African in their operations and are active in increasingly diverse sectors. Safaricom Group operates in Kenya and Ethiopia via Safaricom Telecommunications Ethiopia Limited, being our latest expansion since July 2021.

We invest in a unique way of doing business through our purpose of Transforming Lives and seek to create opportunities for Kenyans and Ethiopians to be a part of our ongoing story of progress, by empowering them with the right tools for their own economic growth. The Group has 49 million customers on our network and over 33 million people use our M-PESA service. We also have over 6,500 towers connecting Kenyans across the country and 2,806 active 2G/3G/4G base stations in Ethiopia.

Care, education and dignity

Through our M-PESA and Safaricom Foundations, we work to enable Kenyans access to quality healthcare, education, skills and sustainable employment, by providing resources, opportunity, hope and dignity to communities.

In 2006, we signed up to the UN Global Compact (UNGC) and in 2012 we began reporting on our approach to sustainability and progress. In 2016, we brought our approach into alignment with the aims of United Nations Sustainable Development Goals (UNSDGs) to help translate our sustainability ideals into meaningful and concrete plans. These range from overarching objectives to simple daily activities that could be put into practice throughout the organisation.

In 2018, we were awarded UN Global Compact LEAD Company status in recognition of our commitment to the 10 principles of the UNGC. LEAD companies are identified annually for high levels of engagement as a participant in the United Nations Global Compact.

Participation in the UN Global Compact at the LEAD-eligible level provides a unique opportunity to be recognised for commitment, and to take a leading role in the quest for a new era of sustainability by bringing committed companies together with relevant experts and stakeholders in action platforms.

Our current strategy builds on our strong history of results and partnerships and aims to contribute towards the UNSDGs, nine of which we have adopted to help guide us into our next phase of growth.

We subscribe to the belief that the UNSDGs represent humanity's shared vision of the actions that need to be taken to create growth for the benefit of everyone, and thereby form a social contract between the world's leaders and its people.

In accordance with this belief, and with the commitment it requires, we became the first Kenyan company to integrate sustainability within the core of our every business decision. We use the UNSDGs to transform and boost the success of our business and enhance our purpose of Transforming Lives.

For more on our strategy see page 43.

Our vision – where we see ourselves going

We are a purpose-led technology company that uses innovation to drive social and socio-economic empowerment in society.

Our mission – what we aim to accomplish

To Scale Tech Solutions in order to be a Purpose-Led Technology Company by the end of 2025.

Our culture – how we conduct our journey

Purpose-driven, customer-obsessed, innovative and collaborative.

Our values – the principles which govern our conduct

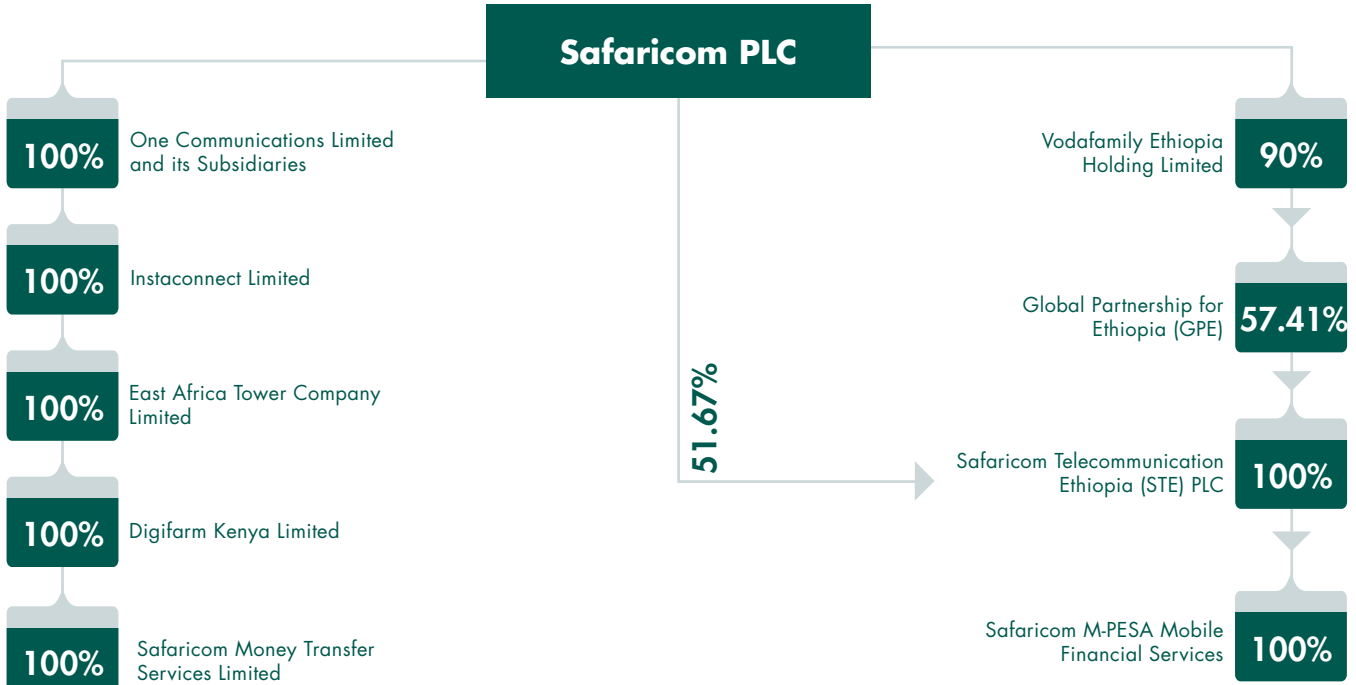
- Simple – in the way we reach out to you
- Transparent – in what we deliver to you
- Honest – in what we say to you

Our brand promise is founded on these values: Simple. Transparent. Honest. FOR YOU

This promise expresses our commitment to inspire trust and belief in our customers. It is indicative of who we are, and what differentiates us from our competitors. It embodies what our customers can expect to experience when engaging with us, and it is built on authenticity across all the facets of our brand.



Our Group structure



Note: IFC joined the consortium during the year which diluted the shareholding of the other 4 consortium members.

Our capitals



Financial Capital

The pool of funds and assets that we maintain.



Human Capital

Our employees, and all the competencies, abilities experience and expertise that they bring to the Group.



Intellectual Capital

The policies, procedures, intellectual property (IP), knowledge that exists and is cultivated in our organisation, including our vision, mission, purpose, reputation, and the value of our brand.



Social And Relationship Capital

The partnerships and relationships that we build and maintain with all our stakeholders, including our employees, providers and suppliers, and our communities.



Manufactured Capital

Our buildings, properties, fibre-optic and cable networks, towers and other infrastructure, and vehicles that support our operations.



Natural Capital

The beneficial projects that help to sustain the environment in which we operate.

Who We Are (continued)

Our guiding SDG framework for the Kenyan Business



We commit ourselves to deliver connectivity and innovative products and services (SDG9) that will provide unmatched solutions to meet the needs of Kenyans, by enabling access (SDG10) through our technologies and partners (SDG17), and by exploring opportunities in health (SDG3), education (SDG4) and energy (SDG7). We will do so by managing our operations responsibly (SDG12) and ethically (SDG16). This will stimulate growth and generate value (SDG8) for our company, society and economy.

Through M-PESA, we are able to help restore dignity to thousands of refugees. Through a partnership with the World Food Programme, we are leveraging M-PESA to help more refugees access food, through a product known as Bamba chakula. M-PESA has enabled us to digitise food delivery to over 110,000 households.

For more on our contribution to society and communities, and on M-PESA, see pages 120 and 95 respectively.

Partnerships

Through our partnerships with various groups, we deliver more than just voice or data to communities across Kenya by leveraging our respective strengths to deliver healthcare solutions to Kenyans through various health care providers. We are in partnership with the government, in addition to farmers. We have partnered to streamline payments to: Health care workers (Global Fund), Social protection payments to the Elderly, Orphaned and vulnerable children, flood victims and HELB sponsored students.

For more on our partnerships see page 119.

Our awards and accolades – FY2024

We are proud that during the year under review, we received a number of awards and accolades from external stakeholders.

Diversity & Inclusion	Sustainability Awards	Brand	Financial Reporting	Top Employer
<p>2023 Safaricom Women in technology Award by Institute of Electronic Engineers (IEEE)</p> <p>Most Inclusive Listed Company in Kenya 2024 by Diversity, Inclusion Awards and Recognition (DIAR)</p>	<p>Environment sustainability award by the United Nations Environment Programme (UNEP) and Kenya Private Sector Alliance (KEPSA)</p> <p>Loan Currency, Loan Deal of the Year; by Bonds, Loans & ESG Capital Markets Africa Awards</p> <p>Best ICT Adoption in Supply Chain by Kenya Institute of Supplies Management (KISM) SPURS</p>	<p>4th Edition of the Consumer Market Study of the Top 100 Most Loved Brands by Women in Kenya, 2024</p> <ul style="list-style-type: none"> M-PESA; No. 1 Safaricom PLC; No. 2 <p>Payment Card Industry Data Security Standard (PCI DSS) Certification</p>	<p>FiRe Awards – ICPAK</p> <p>Various awards on Integrated Reporting, Environmental & Social Reporting & Governance</p>	<ul style="list-style-type: none"> 3rd Best Employer in Africa Ranking by Forbes Top Employer Certification 2024 – Kenya & Africa by the Top Employers Institute (TEI)

Our services and solutions*

We provide an extensive offering of financial, technological and innovative services and products catering to the needs of all our society's key business and consumer sectors.

Our financial services include

- **M-PESA** – A mobile phone-based money transfer service, payments and a micro-financing service platform launched in 2007
- **M-PESA Go** – designed for children aged between 10 and 17, allowing them to use M-PESA services, with guardians and parents retaining the ability to guide their financial journey
- **M-PESA Interoperability** – A joint project between Safaricom, Airtel and Telkom that allows all customers to pay for goods and services at any merchant outlet regardless of the network on which they operate
- **M-PESA Global Pay Virtual Visa Card** – providing a fast, efficient and easy app that allows users to transact worldwide, facilitating payments on international online merchants such as Netflix and Amazon, using card details
- **Lipa Na M-PESA** – Enables merchants to transact using a till number to collect payments from customers
- **Fuliza** – An overdraft facility that enables customers to access an unsecured line of credit by overdrawing on M-PESA to cover short-term cash-flow shortfalls subject to applicable predetermined limits
- **KCB M-PESA** – A savings and loan service that enables M-PESA customers to save as little as KShs1, and access credit from KShs1,000
- **M-Kesho** – A bank account product launched to enable Safaricom's mobile money clients to access their Equity bank accounts directly
- **M-KOPA** – provides solar home systems that innovatively integrate machine-to-machine technology (M2M) with a micro-payment solution
- **M-TIBA** – A health payment application or e-wallet that enables low-income earners to save towards their healthcare expenses and helps donors to target funds accurately and confidently
- **M-Shwari** – a micro-lending/savings product
- **Soma Na Shupavu 291** – An SMS- and USSD-based education platform that enables students to study without an internet connection
- **M-Salama** – A USSD and SMS platform that sends early warning information
- **Pochi La Biashara** – Allows M-PESA to register informal business owners such as food vendors, kiosk owners, boda-boda operators and second-hand clothes dealers, to receive and separate business funds from personal funds on their M-PESA number

Our customer-centric apps

- **M-PESA Consumer App** – An app that delivers the suite of M-PESA solutions, redesigning the M-PESA customer experience journey to reduce call-centre demand and simplify multiple payments
- **M-PESA Consumer App Mini-Apps** – A mini-apps programme, available via the M-PESA App, it is a key component of our ecosystem, effectively enabling us to function as a play store

- **M-PESA Business App** – An app that allows merchants and businesses to better visualise their payment collections and spend, see full statements, and transact directly from their M-PESA Business Till App

Our innovative enterprise solutions

- **Kifaru Net** – A fast, secure fibre internet connection with 24/7 firewall protection that, in addition to easy website management for employees, reduces the cost of owning, managing and maintaining a physical firewall in-office device
- **Cloud Services** – A computing service whereby software, hardware and information are provided to business as a metered service over the internet
- **Scaling Cloud & Security in Large Enterprises** –
 - Full stack cyber security including security operations center (SOC)
 - Integrated offerings; Hosted contact centers, professional services, unified communications & professional services
- **Accelerated IoT Solutions** – Smart Water project and Fleet management telematics solutions
- **Fibre to the Business (FTTB)** – Fast and affordable internet service for small and medium sized businesses that are located in buildings that have Safaricom internet fibre

Our home value propositions

- Fibre-to-the-Home (FTTH) with add-ons like secure-net, smart TV box, home CCTV and home insurance
- Seamless and fast WIFI internet via 4G and 5G Wireless Connection.

*For more details on these, and the partners with whom we collaborate to deliver and meet our customers' requirements, please visit our website at: www.safaricom.co.ke

Our strategic focus*

Our strategy is founded on four strategic pillars

- **Our strategic focus for FY24**
To scale technology solutions in order to be a purpose-led technology company by 2025
- **Our strategic focus for FY25-FY2030**
To become Africa's leading purpose-led technology company

Invested in our society

As a responsible corporate citizen, we consider the broader needs of the society in which we operate, as we pursue our mission to scale technology solutions in order to be a purpose-led technology company by 2025.

*For more on our strategy, see page 43.

Who We Are (continued)

Our stakeholders

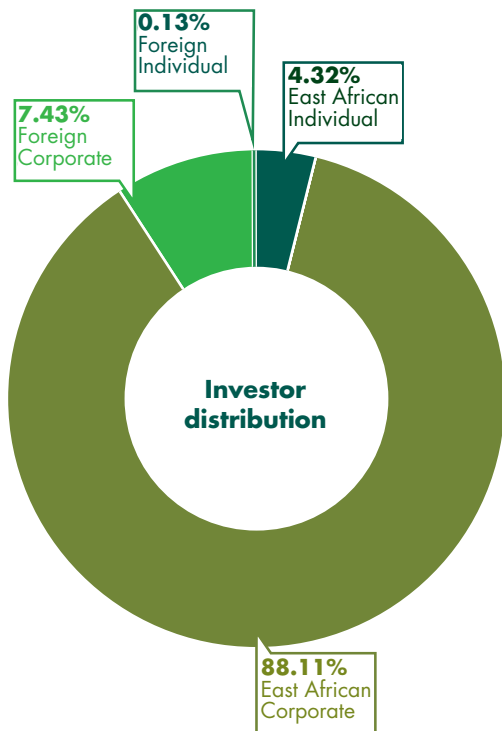
GR Governments and regulators	S Our suppliers
Cu Our customers	SC Society and communities
IS Investors and shareholders	BP Business partners
E Our employees	M Media

For more on stakeholder engagement, see page 64.

Our principal shareholders

For a list of the 10 largest shareholders in the Company (ordinary shares only) and the respective number of shares held as at 31 March 2024 please see Appendix on page 270.

Foreign and East African shareholder split





Who We Are (continued)

The Spirit of Safaricom



The Spirit of Safaricom forms an important part of our human, intellectual, social and relationship capitals. It is the foundation of our culture, guides our beliefs, behaviours and language, and comprises four key pillars – purpose, customer obsession, collaboration and innovation.



During the year under review, we continued to enable and empower staff to adopt and foster the change and culture that will support us in our purpose of transforming lives. This involves:

Key element	Our enabling beliefs
Purpose	<ul style="list-style-type: none"> Empowering others with the resources and autonomy to win Emphasise efficiency, production and value Providing clarity and consensus on purpose and mission Removing impediments to achieving missions
Customer Obsession	<ul style="list-style-type: none"> Putting the customer at the centre Using insights concerning the external environment to act on opportunities Putting the customer first, so that value will follow Promoting ownership and developing simple, clear, customer-centric solutions
Innovation	<ul style="list-style-type: none"> Experimenting and learning quickly Playing to win by doing what is right Creating a safe space to speak up Driving innovation and creativity
Collaboration	<ul style="list-style-type: none"> Recognising everyone’s contribution Empowerment in being honest, transparent and candid Undertaking blameless post-mortems for the sharing of learnings and information Working together towards the same goal

Where we measured our success in FY2024

- 96% | Response rate
- 97% | Purpose – Transforming Lives
- 96% | eNPS (Employee Net Promoter Score)
- 86% | Experiment and Learn Fast (Innovation)
- 81% | Agility Index
- 70% | Leadership Index

Customer obsession



As in integral and integrating philosophy, customer obsession is not only one of the four pillars of our Spirit of Safaricom culture, but is a key part of our social and relationship capitals. It is central to the way we do business, in that it drives our quest to meet the needs of our customers in digitally, relevantly and affordably promoting the identity of the brand as one that provides a superior product and service experience, while internally underpinning our strategic imperative of new growth areas.

Customer obsession thus stands at the core of our business, and we work to embed it among all our employees, to better deliver our brand promise of *Simple, Transparent, Honest*. We do this in terms of a framework centred on:

Our Agile Operating Model	Future-ready talent	Culture
<p>Measured against the Agile Pulse Survey and the quarterly Agile Maturity Platform</p> <ul style="list-style-type: none"> 49% (2,721 full-time equivalent (FTE)) of our employees have adopted Agile across 25 tribes, 11 CoEs and 83 squads, including: <ul style="list-style-type: none"> 752 in Commercial* 1,557 in Technology* 412 Corporate functions 	<p>Including:</p> <ul style="list-style-type: none"> Succession cover for critical roles Women in leadership roles Pay equity and competitiveness Persons with disability (PWDs) <ul style="list-style-type: none"> 90% of all actions for top talent new/ stretched roles completed Quarterly extended leadership forums 19 New hires and women-in-leadership promotions Launch of Safaricom Connected Women 42% Women in leadership roles Employee Value Proposition (EVP) Framework completed 261 Digital Academy graduates 99% Gender pay equity 99% Internal pay competitiveness 16 PWDs taken on as Customer Experience Executives 30 PWDs onboarded 	<p>90% Employee engagement, including through submissions for:</p> <ul style="list-style-type: none"> Vodacom CEO's Awards Spirit of Safaricom Awards Vodacom Customer Excellence Awards <ul style="list-style-type: none"> 100% SEMA cascades completed across all divisions Launch of harassment advisors to embed psychological safety and bully-free environment

*For more on these areas of our business, see pages 76 and 78 respectively.

Our customer obsession strategy

Our customer obsession strategic journey has comprised three phases:

- FY2022: Phase 1 – to *establish the foundations* for ensuring that we are a customer-obsessed organisation
- FY2023: Phase 2 – to *embed and anchor* customer obsession
- FY2024: Phase 3 – to *entrench* customer obsession as a way of working

Accordingly, our strategic focus during the year was on examining our processes, the ways in which we operate, and our structure to ensure that they fully facilitate putting the customer first, and that there are governance structures in place to underpin the approach, and drive ownership.

To aid us in measuring our progress, we employ key performance indicators (KPIs) that are aligned with, and support, the company's business strategy.

KPI	Indicator
Net Promoter Score (NPS)	#1 Benchmark, iNPS (40pts baseline)
Brand love	+3pts, Consumer 63%
Detractors	<6%
Customer Obsession Score	87%
M-PESA downtime	<4 hours
Fraud prevented	91%
System uptime/availability	99.95%

Who We Are (continued)

Customer obsession (continued)

Our consumer business

Customer obsession in our consumer business* during the year under review, was predicated on:

- Enhancing value through:
 - Integrated propositions for connectivity and content
 - Enhanced experiences through dignified journeys via apps and 5G
 - 30.3% growth in all-in-one plans following the Go Monthly promotion
 - Offers on integrated for as low as KShs 20 under Shine Kenya Bundles
 - Delivered simple DIY post-pay journey
 - Use of Machine Learning to deliver personalised offers
 - Launched Innovative Cluster Based CVM Platform that delivers differentiated value at a site level
- Leveraging on:
 - Accelerated 4G device penetration through our device financing programme
 - Strategic partnerships to drive relevance, including with Google, Meta, TikTok and ShowMax
 - Our vast network of customer experience touchpoints
- Demonstrating value by:
 - Protecting the base with relevant voice offers
 - Innovation via digital gamification to drive acquisitions
 - Providing integrated propositions to accelerate growth.
- Accelerated 4G+ Devices
 - 17.5 million 4G+ devices on the network
 - Open market support with mobile data bundles
 - Over 1.3 million customers supported with a device under Lipa Mdogo Mdogo
 - Launched new Neon Smarta and Neon Ultra to enable 4G affordability
- Consumer segmentation driving personalisation and relevance
 - 4.5 million youth on Safaricom hook platform accessing propositions
 - Over 50% of base using Tunukiwa personalised offers, Okoa (call completion), reverse call, Bonga points (loyalty programme) innovations
 - Over 1,000 customers engaged in networking event on financial wellness

The challenges we faced in FY2024*

Challenge	How we responded
Macro-economic issues as reflected in the consumer pricing index (CPI)	Introduction of value offerings through: <ul style="list-style-type: none"> • Cutting pricing by up to 50% • Review of data pricing • Device financing • Increased organisational productivity, ensuring agile adoption
Regulatory risk pertaining to requirements of: <ul style="list-style-type: none"> • Communication Authority (CA) • Central Bank of Kenya (CBK) • Data Protection Commissioner 	<ul style="list-style-type: none"> • Know your customer (KYC) adherence • Leverage M-PESA agent network to assist with SIM swap • Monitoring security and fraud
Maintain our market share of 67%	<ul style="list-style-type: none"> • Promote our attractive proposition, including SIM, network and product and service innovation • Provide increased app availability for a one-stop-shop experience • Integrated propositions • Introduce a value proposition for the youth market • Training in service culture • Governance and accountability that monitors delivery and addresses customer needs • Net Promotor Score (NPS) surveys • Leverage customer insight through data analysis and audits • Rollout of 155 additional sites • Roll out franchises through channel and distribution teams • Continued investment in systems

*For more on our operating environment, material matters and risk management, see pages 84, 44 and 50 respectively.

How we measured our performance

We maintain a large quality assurance team to ensure delivery against defined KPIs. During the year under review, we assessed our performance with respect to the following criteria:

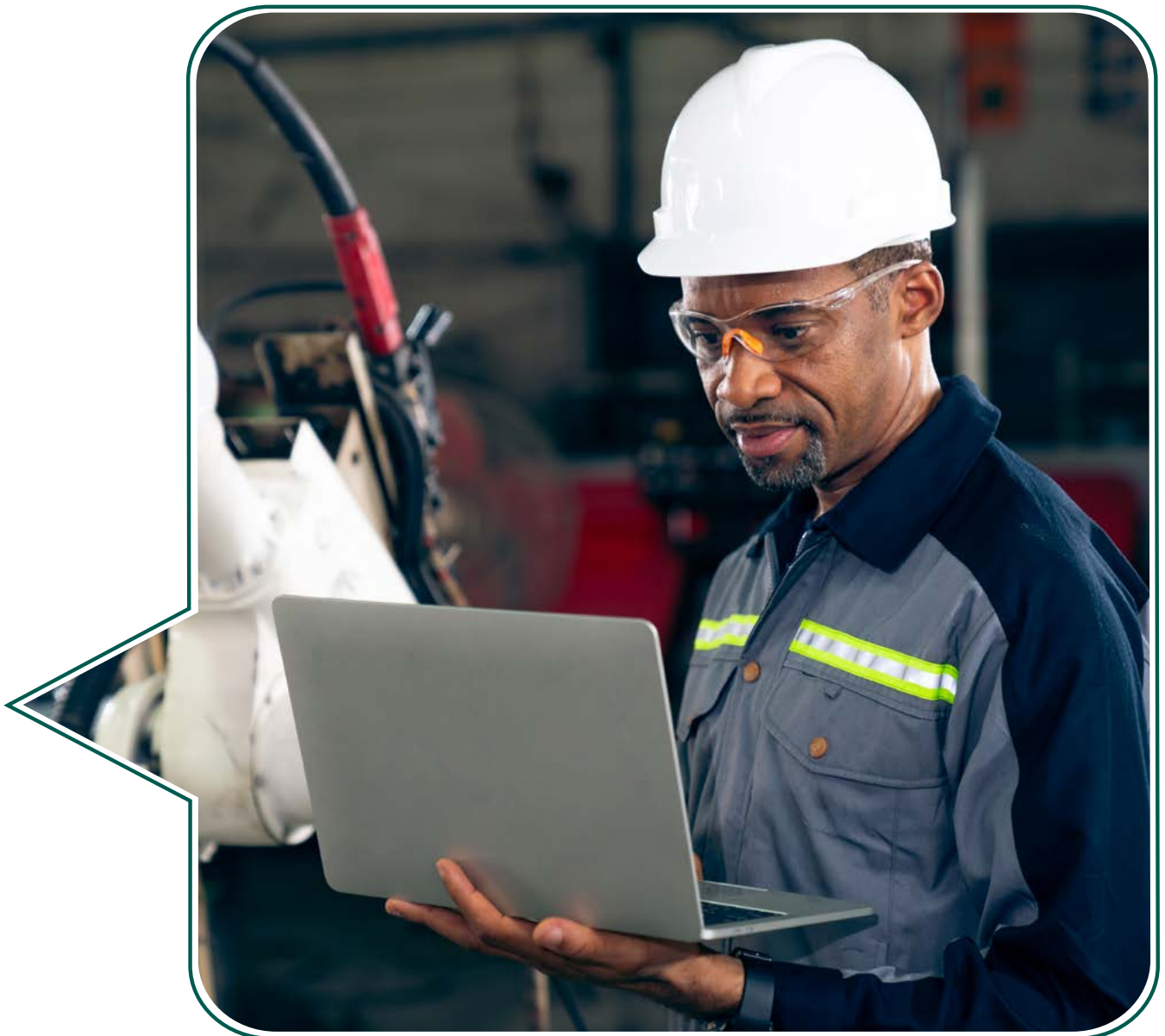
Looking ahead

In the short-, medium- and long-term, we will continue to promote our customer-first culture. To this end we have completed a six-year strategy to guide us to the year 2030.

In the short term we will focus on fixing the basics in order to meet customer expectations. The aim will be to become the customer experience leader in Africa by leveraging on artificial intelligence (AI) to enable effective delivery of the customer journeys we envisage. This will include, from an internal perspective, the building of a customer experience governance framework.

We also continue to evolve our agency network into franchise outlets, and repurposing the dealer ecosystem by ensuring digitisation.

In the medium- to long-term we will endeavour to establish a customer experience academy to build capabilities across the Company and provide certification. We will also seek to gamify the journeys and experiences we offer to ensure that they are immersive with both augmented reality (AR) and virtual reality (VR).







Message from the Chairman

Message from the Chairman



It has been a year in which a dynamic operating environment has posed several challenges for both Safaricom and its customers. The year under review was characterised by a tough operating environment both for Safaricom and our customers. However, I am encouraged by the resilience demonstrated to deliver a very strong set of financial results. This success is attributable to strong strategy execution which has seen us through the difficulties of pandemic, drought and global uncertainty, and has once again guided our decisions to deliver for our shareholders while giving more value to our customers.

I am proud that on behalf of the Board I can express satisfaction that we have been able to perform extraordinarily well and deliver the positive returns for our shareholders.

It has also been a transformative year for the Company. We not only continued our expansion into Ethiopia, but we also laid out a new strategy to take us through to 2030, to realise our vision of becoming Africa's leading technology company. The Board reaffirms its commitment to providing strategic advice and support to management as they execute the company's strategy by remaining faithful to our purpose of Transforming Lives.

Indeed, our expanding presence in Ethiopia marks a significant milestone in our overall growth trajectory. We are encouraged by the resilience that the business has shown since we switched on our network. Moreso we are happy to see the Ethiopia business attaining significant milestones such as M-PESA growth, rapid network deployment, and high data usage by customers amongst others. We are committed to building sustainable partnerships and contributing to Ethiopia's digital transformation.

For more on our Ethiopian operations, see page 114.

Our changing operating environment

Against the backdrop of a rapidly evolving regulatory landscape, which included changes in taxation and mobile termination rates (MTR) in Kenya, we fully embraced the growing needs of our various stakeholders across both Kenya and Ethiopia. It is pleasing to see our contribution to social and economic development in both countries so meaningfully continuing.

For more on the environment in which we operate, see page 84.

Transforming lives

Like all members of the Board, I am extremely proud of Safaricom's purpose of transforming lives. It is gratifying to note that the organisation has continued to be actively involved in supporting the communities among which we operate. This was exemplified during the year by the support we have offered to those people who have been affected by the recent floods.

I would also like to acknowledge the good work that both the M-PESA and Safaricom Foundations have done in Kenya during the year under review. I look forward to seeing Board members continuing to participate and join staff in activities that assist our communities.

For more on our corporate social investment, see page 120.

Dividend

It gives me great pleasure to report that the Board has proposed a final dividend of KShs 0.65 per ordinary share – amounting to KShs 24.84 billion – to be approved at the Annual General Meeting (AGM). This is in addition to the interim dividend of KShs 0.55 per ordinary share that was already declared and paid during the year.

For more on our financial performance, see page 83, and the Annual Financial Statements section of this report from page 159.

Engaging with our stakeholders

I would like to emphasise the immense significance we place on the relationships that we have with our various stakeholders. We understand the added value that collaboration with committed and able partners brings.

That is why, as a Board, we continued during the year, to engage with all our stakeholders. We unwavering in ensuring that our strategy, vision, and purpose reflect and meet the needs and expectations of the individuals, communities and other stakeholders who are impacted by what we do as a business.

During the year under review, we also maintained our programme of constructive engagements with policymakers. In that regard, we remain committed to collaborating with government, regulatory bodies, and all our stakeholders to drive positive change and promote sustainable growth.

I would therefore like to express the Board's sincere gratitude to both the Kenyan and Ethiopian governments for their steadfast support. There is no doubt that the alignment of our strategy with the national visions of the two countries was a crucial ingredient in our impressive results this year.

The Board appreciates the commitment of the governments of both Kenya and Ethiopia, to creating an environment that fosters growth and innovation in the telecommunications sector. Indeed, the support extended by both governments has played a pivotal role in enabling Safaricom to carry out its role in society effectively and efficiently.

For more on our engagements with our stakeholders, see page 64.

The effectiveness of the Board

I would like to extend my appreciation to my fellow Board members for their continued strategic guidance. Their insights and effective and knowledgeable leadership have been instrumental in steering Safaricom.

For more on our governance, see page 129.

Looking ahead

In the short, medium and long term, I anticipate that Safaricom will continue to go from strength to strength, as we implement and realise our strategic vision, and bring cutting edge technology to the lives of the people and communities we serve. We will continue to bolster the economies in which our endeavours play an increasingly important societal and financial role.

Safaricom's journey over the past financial year reflects resilience, innovation, and a deep commitment to our purpose. I am certain that as we expand our footprint into Ethiopia and continue to lead in Kenya, we will drive positive change and create value for our company, customers, and the communities among whom we operate.

It is my sincere conviction that we will continue to nurture a harmonised business environment by working together with all our stakeholders to ensure our sustained success.

Acknowledgements

On behalf of the Board, in addition to our sincere appreciation of the support of the governments, regulators and indeed all our stakeholders, I would also like to commend our management team and all the people who work at Safaricom for their exceptional dedication diligence, commitment and loyalty. It is their very capable hard work which has translated into the impressive numbers we are reporting.



Adil Arshed Khawaja (MGH)
Chairman

Ujumbe kutoka kwa Mwenyekiti



Umekuwa ni mwaka ambao mazingira ya uendeshaji shughuli yalikuwa na changamoto kadhaa kwa Safaricom na wateja. Mwaka tunaouangazia ulikuwa wa mazingira magumu kwa Safaricom na wateja wetu. Hata hivyo, nimetiwa moyo na ukakamavu uliodhihirishwa na kufanikisha matokeo mazuri sana ya kifedha. Mafanikio haya ni kutokana na utekelezaji imara wa mkakati jambo ambalo limetusaidia kupitia changamoto za janga la ugonjwa, ukame na misukosuko duniani, na kwa mara nyingine limetuongoza katika maamuzi yetu kuridhisha wenyehisa wetu huku tukitoa thamani zaidi kwa wateja wetu.

Ninajivunia kwamba, kwa niaba ya Bodi, ninaweza kueleza kuridhishwa kwangu kwamba tumeweza kupata matokeo mazuri sana na kuzalisha faida kwa wenyehisa wetu.

Umekuwa pia ni mwaka wa mabadiliko kwa Kampuni. Tuliendelea upanuzi wetu Ethiopia, lakini pia tukawa tunatekeleza mkakati wetu mpya wa kuelekea 2030, ili kutimiza ruwaza yetu ya kuwa kampuni ya kiteknolojia inayoongoza Afrika. Bodi inakariri kujitolea kwake kutoa ushauri wa kimkakati na kusaidia wasimamizi wa kampuni wanapotekeleza mkakati wa kampuni na kutimiza lengo letu la Kubadilisha Maisha.

Kwa kweli, upanuzi wa shughuli zetu Ethiopia ni hatua muhimu sana katika mkondo wetu wa ukuaji wa jumla. Tumetiwa moyo na ukakamavu ambao biashara yetu imeonyesha tangu tulipoufungulia mtandao wetu humo. Muhimu zaidi, tunafuraha kuona biashara yetu Ethiopia ikipiga hatua kuu kama vile ukuaji wa M-PESA, usambazaji wa mtandao wetu, na matumizi makubwa ya data na wateja wetu, miongoni mwa mengine. Tumejitolea kujenga ushirikiano endelevu na kuchangia katika mabadiliko ya kidijitali nchini Ethiopia.

Kwa maelezo zaidi kuhusu shughuli zetu Ethiopia, tazama ukurasa 114.

Mabadiliko katika mazingira tunayohudumu

Mazingira ya kisheria na usimamizi yamekuwa yakibadilika kwa haraka, ambapo miongoni mwa mengine kulikuwepo na mabadiliko katika kodi na ada ya kupiga simu kutoka mtandao mmoja hadi mwingine (MTR) nchini Kenya. Lakini tuliendelea kukumbatia mahitaji yanayobadilika ya wadau wetu mbalimbali nchini Kenya na Ethiopia. Inaridhisha kuona mchango wetu katika ustawi wa kijamii na kiuchumi katika mataifa hayo mawili ukiendelea na kuwa wa manufaa.

Kwa maelezo zaidi kuhusu mazingira ambayo tunayudumu, tazama ukurasa 84.

Kubadilisha maisha

Kama wanachama wengine wote wa Bodi, ninajivunia sana lengo la Safaricom la kubadilisha maisha. Inaridhisha kwamba kampuni yetu imeendelea kushiriki moja kwa moja katika kusaidia jamii maeneo tunayohudumu. Hili lilionekana wazi katika mwaka huo kupitia usaidizi ambao tuliutoa kwa watu walioathirika na mafuriko ya hivi majuzi.

Ningependa pia kutambua kazi nzuri ambayo imefanywa na Wakfu wa M-PESA na Wakfu wa Safaricom nchini Kenya katika mwaka tunaoungazia. Nasubiri kuona wanachama wa Bodi wakiendelea kushiriki na kujiunga na wafanyakazi katika shughuli za kusaidia jamii.

Kwa maelezo zaidi kuhusu uwekezaji wetu kwenye jamii, tazama ukurasa 120.

Mgawo wa faida

Ni furaha yangu kuu kuripoti kwamba Bodi imependekeza mgawo wa faida wa mwisho wa KShs 0.65 kwa kila hisa ya kawaida – ambazo ni jumla ya KShs 24.84 bilioni – ili kuidhinishwa katika Mkutano Mkuu wa Kila Mwaka (AGM). Hii ni juu ya mgawo wa faida wa muda wa KShs 0.55 kwa kila hisa ya kawaida ambao ulitangazwa na kulipwa katika mwaka huo.

Kwa maelezo zaidi kuhusu matokeo yetu ya kifedha, tazama ukurasa 83, na sehemu ya Taarifa za Kifedha za Mwaka katika ripoti hii kuanzia ukurasa 159.

Kuwashirikisha wadau

Ningependa kusisitiza umuhimu mkubwa ambao tunauweka kwenye uhusiano ambao tunao na wadau mbalimbali. Tunafahamu thamani ya ziada ambayo huletwa na washirika waliojitolea na wenyewe.

Hii ndiyo sababu, kama Bodi, katika mwaka huo tuliendelea, kuwashirikisha wadau wetu wote. Tuko imara katika kuhakikisha kwamba mkakati wetu, ruwaza, na lengo kuu vinaonyesha na kutimiza mahitaji na matarajio ya watu binafsi, jamii na wadau ambao huguswa au kuathiriwa na shughuli tunazozifanya kama biashara.

Katika mwaka tunaoungazia, tulidumisha pia mpango wetu wa kuwa na mashauriano mwafaka na watunzi wa sera. Kuhusu hili, bado tumejitolea kushirikiana na serikali, mamlaka zinazosimamia sekta yetu, na wadau wote ili kufanikisha mabadiliko ya manufaa na kuwezesha ukuaji endelevu.

Kwa hivyo, ningependa kutoa shukrani za dhati za Bodi, kwa serikali za Kenya na Ethiopia kwa uungaji mkono wao muhimu. Hakuna shaka kwamba kulainishwa kwa mkakati wetu na ruwaza za mataifa hayo mawili kulikuwa kiungo muhimu katika matokeo yetu ya kuridhisha ya mwaka huo.

Bodi inatambua kujitolea kwa serikali za Kenya na Ethiopia, katika kuunda mazingira mahsusi ya kuchochea ukuaji na uvumbuzi katika sekta ya mawasiliano. Kwa kweli, usaidizi ambao umetolewa na serikali zote mbili umeiwezesha Safaricom kutekeleza mchango wake katika jamii kwa urahisi na kwa njia bora zaidi.

Kwa maelezo zaidi kuhusu mashauriano na uhusiano wetu na wadau, tazama ukurasa 64.

Ufanisi wa Bodi

Ningependa kutoa shukrani kwa wanachama wenzangu katika Bodi kwa uongozi wao mwema. Ujuzi wao na uongozi wao bora na wa busara vimekuwa muhimu sana katika kuiongoza Safaricom.

Kwa maelezo zaidi kuhusu utawala katika kampuni yetu, tazama ukurasa 129.

Kutazama Mbele

Katika kipindi kifupi, cha wastani na kirefu, ninatarajia kwamba Safaricom itaendelea kukua na kuimarika zaidi, tunapotekeleza na kutimiza ruwaza yetu ya kimkakati, na kufikisha teknolojia za kisasa kwa watu na jamii tunazozihudumia. Tutaendelea kusaidia uchumi katika mataifa tunayohudumu ambapo huwa tunatekeleza mchango muhimu wa kijamii na kifedha.

Safari ya Safaricom katika mwaka wa kifedha uliopo ni ishara ya uthabiti, uvumbuzi na kujitolea kutimiza lengo letu. Nina uhakika kwamba tunapopanua shughuli zetu Ethiopia na kuendelea kuongoza Kenya, tutaongoza mabadiliko ya manufaa na kuendelea kuunda thamani kwa ajili ya kampuni, wateja na jamii maeneo ambayo tunahudumu.

Ni imani yangu kwamba tutaendelea kuchochea mazingira mazuri ya kibashara kwa kufanya kazi kwa pamoja na wadau wetu kuhakikisha ukuaji endelevu.

Shukrani

Kwa niaba ya Bodi, kando na shukrani zetu za dhati kwa serikali, wasimamizi wa sekta na bila shaka wadau wote kwa uungaji mkono wao kwetu, ningependa pia kushukuru kundi letu la wasimamizi na watu wote wanaofanya kazi katika Safaricom kwa bidii na kujitolea kwao pamoja na uaminifu wao. Ni bidii yao ambayo imetwezesha kuandikisha matokeo haya mazuri ambayo tunayaripoti.

Adil Arshed Khawaja (MGH)

Mwenyekiti





Message from the CEO

Message from the CEO



In the financial year under review, we experienced a challenging operating environment. Nonetheless, the business displayed significant resilience in producing outstanding growth in both our top and bottom lines. This enabled us to achieve a major milestone, attaining – in our Kenyan business alone earnings of more than USD1 billion before tax and interest (EBIT). Safaricom is the first company in the Eastern Africa region to attain this landmark number.

Purpose – Transforming Lives

In the year under review, we were firmly guided by our purpose of Transforming Lives, exhibiting this in four key ways, through:

- Product development such as Boost ya Biashara
- Active support of communities through the right tools and technology, and helping fulfil their potential through our M-PESA and Safaricom Foundations
- Helping address societal needs through Ndoto Zetu, assisting deserving Kenyans to achieve their dreams
- Our commitment to transparency and accountability by publishing our operations and business activities with our twelfth Sustainability Report

We have demonstrated at first-hand the transformative power of leveraging technology to change lives, create shared value, drive positive change, and develop solutions that address societal challenges at scale.

Business Performance

It is extremely gratifying that the growth we have seen during the year under review has been broad-based, as it means that all our growth-engines are performing well. This, taken together with the commercial momentum we are making in Ethiopia, bodes well for the significant value that we anticipate the Company will deliver in the medium- to long-term.

For more on our financial performance and Ethiopian operations, see pages 83 and 114 respectively.

The challenges

The year under review proved to be an extremely difficult period for our operations in both Kenya and Ethiopia. High rates of interest and inflation produced challenging conditions during the year, even with resilient GDP growth in Kenya of 5.6% in 2023.

Currency weakening together with a tightening of monetary policy in Kenya, and the controlled currency in Ethiopia compounded this effect, and impacted energy pricing. This in turn exacerbated the consequent inflationary outcome and the constraints on disposable income.

It is important to note that all this played out against a still unsettled global economy, in which war and its effects on trade, logistics and energy continued to exert knock-on pressures across the world and especially on developing economies.

For more on our operating environment, see page 84.

A further challenge emanated from the regulatory landscape, where we saw increased excise duty rates imposed on mobile money transfer services and additional taxes on SIM cards. We continue to keep a watchful eye given the impact that additional taxes could have on the business and our operations.

The opportunities

With the approval of our 2030 strategy by the Board, our goal is to become Africa's leading purpose-led technology company. Led by this vision, we aim to maximise the opportunities we have identified. Among these is the strong commercial momentum that we forecast for Ethiopia in the short- to medium-term. This includes growing a

quality subscriber base, monetising opportunities such as mobile data – which has recorded a very high usage – acceleration of M-PESA penetration, and scaling our operations across the country thanks to a stable security environment. We note and appreciate the support and collaboration of the Ethiopian government as we work together towards supporting its ambition of creating Digital Ethiopia.

Ethiopia has the second-largest population on the continent, and it is weighted towards the young. However, it still only exhibits a 50% connectivity penetration, a fact that demonstrates the potential of the market. We closed the year with 2,800 sites and we anticipate that that we will have integrated 3,500 into our network by the end of FY2025. This will facilitate our aim of being in the forefront of digitisation and financial inclusion in that market.

With our connectivity business in Kenya already largely mature, we see an opportunity in mobile financial services, enabling us to provide more access and drive financial inclusion in the process. We are advancing M-PESA into becoming a platform that offers wealth management, diversified credit and savings propositions amongst others.

We are working with government to enable the digitisation of government services and ease of service delivery to citizens. Together with various industry players and with the support of Government of Kenya, we launched a first-of-its-kind device assembly plant in Kenya that will manufacture smart phones and other devices, making it easier for the Government's digital economy agenda to be realised.

For more on our strategy, see page 43.

Delivering against our strategy

During the year we saw significant growth in our connectivity business, as well as in mobile data. In the latter, affordable devices that we are now able to deliver through our own manufacturing facility began to make an impact – further proof that we have the correct and relevant propositions for our customers.

By carefully segmenting our market, and targeting the segments with what they most need, we have increasingly been using AI and big data. We are powering growth and innovation for our large as well as micro, small medium enterprises (MSMEs) through efficient and cost-effective IoT and ICT solutions. Amongst other solutions for enterprises, we are scaling those in cloud and cyber-security, layering them on our connectivity products. In addition, we are aiding our MSMEs with solutions such as SME digital adoption plans which provide cloud-enabled productivity tools.

For more on our technology and services, see pages 76 and 19 respectively.

We believe that we have successfully increased usage by focusing on:

- What our customers really require
- The way they experience our services
- The journeys they undertake with us

We attribute these growing volumes to our customer obsession philosophy, as well as to the ongoing material reduction in pricing across our product base by between 40% and 60% over the last four years.

Message from the CEO (continued)

Technology has become an integral part of our daily lives, driving innovation and progress across various sectors of the economy, and our transition from a Telco to a TechCo is underpinned by our firm commitment to bridge digital and financial divides. While demonstrating our ability to utilise technology and provide relevant solutions that solve societal issues, we have cemented our strategic move to become a technology company.

For more on customer obsession, see page 23.

It is pleasing to note that our Company ecosystem remains geared for growth. We have put in place the measures to facilitate this by driving efficiency and cost reduction through our technology, infrastructure and culture, as well as through our commitment to green principles. Indeed, solar energy is already driving a full 24% of our sites.

For more on our financial performance, see page 83.

Growing in Ethiopia

We have been operating in Ethiopia for around 18 months, and I am extremely proud of the strides we have made there. Our focus has been on scaling our operations to occupy the key position in that country's telecommunications industry that we envisage for ourselves.

We now cover 40% of the population and have grown our customer base to over 9.4 million since inception. Our goal of playing a central role in the digitisation of Ethiopia remains in place, with both infrastructure and usage demonstrating that we are poised for solid growth in that country.

Supporting society

I am proud to reaffirm that Safaricom's commitment to the people among whom we operate, and the environment in which we all live, remained as strong as ever during the year under review. In the space of a year, the country went from drought to floods, itself a sad confirmation of the climate crisis. I am honoured to be able to lead the private sector's representation on the National Disaster Response Appeal Fund, to complement government efforts.

Our two foundations continued their essential work in alleviating health, education, financial literacy and inclusion difficulties. The dedicated support and innovation that the foundations provide remain an essential part of our obligations as a responsible corporate citizen.

Moreover, our support of the Chapa Dimba football tournament this year enabled thousands of young Kenyan girls and boys across 3,300 teams, to realise their passion for the game. It is gratifying to see them connecting through sport and music and advancing their talent.

For more on our foundations, CSI and environmental efforts, see pages 119 and 127 respectively.

Looking ahead

I believe that we are extremely well-positioned to continue our path of strong growth in the short, medium and long term. In the medium term, I anticipate that we will break even in Ethiopia by the end of year four of our operations there.

In Kenya, with our mission of transforming lives, we are now implementing our new vision and strategy. We will continue to see growth, as we work towards assuming the mantle of being Africa's leading technology company by 2030.

I believe that with our agile ways of working, our culture of customer obsession and societal relevance, we have both the impetus and the tools to cement the growth that we have built on during the year.

Acknowledgements

I am extremely grateful to our new Board for the careful considered, committed and diligent way in which they have supported me and indeed all our management team. Their wise leadership has provided us with the solid foundation that has enabled delivery of the pleasing results we have seen.

I would also like to thank the primary regulators in both Kenya and Ethiopia, whose support is intrinsic to the way we operate. Our dealers and agents in both countries, too, have continued to play a crucial role in our success. I would like to thank them for their loyalty and commitment to growing our brand.

To all my colleagues throughout the business – I am very proud of your dedication, talent and unstinting embodiment of our ways of working, our customer obsession and our determination to change lives. It is your efforts that enable us to deliver the results we do.

I would like to thank all our shareholders, and all our partners and stakeholders who have continued to show us the support that is so important to our business.

Finally, I would like to thank our customers for their loyalty in what I know has been a tough year for consumers. We greatly value your ongoing confidence in us to deliver the services and products you need.



Peter Ndegwa
Chief Executive Officer

Ujumbe kutoka kwa Afisa Mkuu Mtendaji

Katika mwaka wa kifedha tunaouangazia, tulikumbana na mazingira magumu ya uendeshaji shughuli. Hata hivyo, biashara yetu ilidhihirisha ukakamavu mkubwa katika kuandikisha ukuaji mkubwa katika mapato, mauzo na katika faida. Hili lilituwezesha kufikia hatua kubwa sana, kutimiza – mapato ya zaidi ya USD1 bilioni kabla ya ushuru na riba (EBIT) katika biashara yetu ya Kenya pekee. Safaricom ndiyo kampuni ya kwanza kabisa kanda ya Afrika Mashariki kufikia takwimu hiyo muhimu.



Ujumbe kutoka kwa Afisa Mkuu Mtendaji (mwendelezo)

Lengo – Kubadilisha Maisha

Katika mwaka tunaoungazia, tulikuwa imara katika kuongozwa na lengo letu la Kubadilisha Maisha. Tulidhihirisha hilo kupitia njia nne kuu, ambazo ni:

- Uandaaji wa bidhaa na huduma kama vile Boost ya Biashara
- Kusaidia jamii moja kwa moja kupitia vifaa na teknolojia zifaazo, na kuwasaidia wanajamii kutimiza uwezo wao kupitia Wakfu wa MPESA na Wakfu wa Safaricom
- Kusaidia kutimiza mahitaji ya jamii kupitia Ndoto Zetu, kwa kusaidia Wakenya waliostahili kutimiza ndoto zao
- Kujitolea kwetu kuhakikisha uwazi na uwajibikaji kwa kuchapisha maelezo kuhusu shughuli zetu za kibiashara na nyinginezo katika Ripoti ya Uendeleo ya kumi na mbili

Tumeonyesha moja kwa moja nguvu ya mabadiliko inayopatikana kwa kutumia vyema teknolojia kubadilisha maisha, kujenga thamani ya pamoja, kuongoza mabadiliko ya manufaa, na kutoa suluhu kwa changamoto zinazoikabili jamii

Matokeo ya Biashara

Inaridhisha sana kwamba ukuaji ambao tumeushuhudia katika kipindi tunachokianguzia umekuwa mpana, kwani hii ina maana kwamba injini za ukuaji zinafanya kazi sawa sawa. Hili, ukilinganisha pamoja na kasi ya ukuaji ambao tunaupata Ethiopia, linaendana vyema na thamani kubwa ambayo tunatarajia Kampuni itaweza kuhakikisha inapatikana katika kipindi cha wastani hadi kipindi kirefu.

Kwa maelezo zaidi kuhusu matokeo yetu ya kifedha na shughuli zetu Ethiopia, tazama ukurasa 83 na 114 mtawalia.

Changamoto

Mwaka tunaoungazia ulikuwa kipindi cha wakati mgumu sana kwa shughuli zetu Kenya na Ethiopia. Viwango vya juu vya riba na mfumko wa bei vilizalisha mazingira magumu sana mwaka huo, hata licha ya ukuaji mzuri wa GDP wa 5.6% mwaka 2023 nchini Kenya. Kudorora kwa thamani ya sarafu pamoja na kukazwa kwa sera ya kifedha nchini Kenya, na kudhibitiwa kwa sarafu nchini Ethiopia vilizidisha makali ya changamoto hizo, na kuathiri bei ya kawi. Hili nalo lilizidisha shinikizo za mfumko wa bei na kupunguza kiasi cha fedha za matumizi ya hiari miongoni mwa watu.

Ni muhimu kueleza kuwa haya yote yalikuwa yakitokea katika mazingira ya uchumi wa dunia ambao ulikuwa bado wenye misukosuko, ambapo vita na athari zake kwenye biashara, uchukuzi na kawi vilielelelea kuongeza shinikizo kote duniani na hasa katika mataifa yanayoendelea kiuchumi.

Kwa maelezo zaidi kuhusu mazingira yetu ya uendeshaji shughuli, tazama ukurasa 84.

Changamoto nyingine ilitoka upande wa kisheria, ambapo tulishuhudia kuongezwa kwa viwango vya kodi ya bidhaa katika miamba ya kutuma pesa kwa njia ya simu na pia kodi ya ziada kwenye laini za simu. Tunaendelea kufuatilia kwa karibu yanayotokea, ukizingatia kwamba kuongezwa kwa kodi kunaweza kuathiri biashara yetu na shughuli zetu.

Fursa

Baada ya Bodi kuidhinisha mkakati wetu wa 2030, lengo letu sasa ni kuwa kampuni ya kiteknolojia inayoongozwa na malengo inayoongoza Afrika. Kwa kuongozwa na ruwaza hii, tunalenga kutumia kikamilifu fursa ambazo tumezitambua.

Miongozi mwa fursa hizi ni kasi ya kibiashara ambayo tunaitarajia nchini Ethiopia kuanzia kipindi kifupi hadi cha wastani. Hii ni pamoja na ongezeko la idadi ya watu wanaotumia mtandao wetu, fursa za kufaidi kifedha kama vile data kwenye simu – ambayo tumeshuhudia ongezeko kubwa katika utumiaji wake - kuongezeka kwa wanaotumia MPESA, na kusambazwa zaidi kwa huduma zetu kote nchini humo kutokana na kuwepo mazingira yenye usalama. Tunatambua na kuthamini sana usaidizi na ushirikiano wa serikali ya Ethiopia tunapofanya kazi kwa pamoja kuisaidia kutimiza azma yake ya kujenga Ethiopia ya Dijitali.

Ethiopia ni ya pili kwa idadi ya watu barani, na wengi ni vijana. Hata hivyo, matumizi ya simu ni 50% pekee, jambo linaloashiria uwezo mkubwa wa soko hilo. Tuliufunga mwaka huo tukiwa na vituo 2,800 vya mitambo ya kutoa huduma za mawasiliano na tunatarajia kwamba tutakuwa tumeongeza maeneo 3,500 kwenye mtandao wetu kufikia mwisho wa mwaka wa kifedha wa 2025. Hili litawezesha kutimizwa kwa lengo letu la kuwa mstari wa mbele katika ukumbatiji wa dijitali na ujumuishaji wa wengi katika mifumo ya kifedha katika soko hilo.

Ukizingatia kwamba biashara yetu ya huduma za mtandao Kenya tayari imekoma, tunaiona fursa katika huduma za kifedha kwa njia ya simu, jambo litakalotwezesha kufikishia wengi huduma za kifedha na kuhakikisha watu wengi wanajumuishwa katika mifumo ya kifedha. Tunaiendeleza MPESA ili kuifanya kuwa jukwaa linalotoa huduma za usimamizi wa mali, na huduma mbalimbali za mikopo na uwekaji akiba.

Tunafanya kazi pamoja na serikali kusaidia kufanywa dijitali kwa huduma za serikali na kurahisisha utoaji huduma kwa raia. Kwa pamoja na wadau wengine katika sekta hii na kwa usaidizi wa Serikali ya Kenya, tulizindua kiwanda cha kipekee cha kufunganisha mitambo Kenya ambacho kitazalisha simu za kisasa na mitambo mingine, na kuifanya kuwa rahisi kutimiza ajenda ya Serikali ya uchumi wa dijitali.

Kwa maelezo zaidi kuhusu mkakati wetu, tazama ukurasa 43.

Kutumiza dhidi ya mkakati wetu

Katika mwaka huo, tulishuhudia ukuaji mkubwa katika biashara yetu ya huduma za mtandao, pamoja na data kwa njia ya simu. Katika data kwa njia ya simu, simu za bei nafuu ambazo tunazitengeneza kupitia kiwanda chetu zimeanza kuonyesha matokeo – ishara nyingine kwamba tunatoa huduma sahihi na zifaazo kwa wateja wetu.

Kwa kuligawa soko kwa busara, na kuangazia sehemu mbalimbali za soko kwa huduma wanazohitaji zaidi, tumekuwa tukiongeza matumizi ya akili bandia, au AI, na pia data katika kuongoza maamuzi. Tunachochea ukuaji na uvumbuzi kwa biashara kubwa na pia biashara ndogo na za wastani (MSMEs) kupitia huduma bora na za gharama nafuu za Teknolojia ya Mtandao katika Kila Kifaa (IoT) na Teknolojia ya Habari na Mawasiliano (ICT). Miongoni mwa suluhu nyingine kwa biashara, tunaimarisha suluhu za tarakilishi kwenye wingu, yaani cloud, na usalama wa mtandaoni, kwa kuzifungamanisha na bidhaa zetu za huduma za mtandao. Kadhalika, tunasaidia MSMEs na suluhu kama vile mipango ya kutekeleza dijitali katika SME ambayo hutoa vifaa vya uzalishaji vilivyowezesha kutumia teknolojia ya tarakilishi kwenye wingu, yaani cloud.

Kwa maelezo zaidi kuhusu teknolojia na huduma zetu, tazama ukurasa 76 na ukurasa 19 mtawalia.

Tunaamini kwamba tumefanikiwa kuongeza matumizi kwa kuangazia:

- Mahitaji hasa ya wateja
- Jinsi wanavyoingiliana na huduma zetu
- Safari wanazozichukua wakiwa nasi

Tunaamini ukuaji huu umetokana na filosofia yetu ya kuangazia mteja katika kila jambo, pamoja na mpango unaoendelea wa kupunguza bei za bidhaa zetu katika vitengo vyote kwa kati ya 40% na 60% katika miaka minne iliyopita.

Teknolojia imekuwa kiungo muhimu katika maisha yetu ya kila siku, ambapo inaongoza uvumbuzi na maendeleo katika sekta mbalimbali za uchumi, na kubadilika kwetu kutoka kampuni ya mawasiliano hadi kampuni ya kiteknolojia kunaongozwa na kujitolea kwetu kuziba mapengo yaliyopo katika kufikia huduma za kidijitali na za kifedha. Kwa kudhihirisha uwezo wetu wa kutumia teknolojia kutoa suluhu zinazotatua shida mbalimbali kwenye jamii, tumetilia mkazo safari yetu ya kimkakati ya kuwa kampuni ya teknolojia.

Kwa maelezo zaidi kuhusu kuangazia mteja, tazama ukurasa 23.

Inafurahisha kueleza kwamba mfumo ikolojia wa Kampuni yetu umepangwa sawa kuhakikisha ukuaji. Tumeweka mikakati ya kufanikisha hili kupitia matumizi bora ya rasilimali na upunguzaji wa gharama kupitia teknolojia, miundo mbinu, na pia kujitolea kutimiza maadili ya uhifadhi wa mazingira. Kwa sasa, nishati ya jua au sola, tayari inatumika kuendesha 24% ya mitambo yetu ya mawimbi ya mawasiliano.

Kwa maelezo zaidi kuhusu matokeo yetu ya kifedha, tazama ukurasa 83.

Kukua nchini Ethiopia

Tumekuwa tukihudumu Ethiopia kwa takriban miezi 18, na najivunia sana hatua ambazo tumezipiga nchini humo. Lengo letu limekuwa kupanua shughuli zetu ili kujiweka katika nafasi muhimu kwenye sekta ya mawasiliano ya simu nchini humo kama tunavyotazamia.

Kwa sasa, tumefikia 40% ya wananchi nchini humo na tumeongeza wateja wetu hadi zaidi ya 9.4 milioni tangu kuanza shughuli zetu. Lengo letu la kutekeleza mchango muhimu katika kuifanya Ethiopia kuwa ya kidijitali bado lipo, kupitia miundo mbinu na matumizi, mambo yanayodhihirisha kwamba tupo katika nafasi nzuri ya ukuaji nchini humo.

Kuisaidia jamii

Ni fahari yangu kukariri kuwa kujitolea kwa Safaricom kwa watu katika maeneo tunayohudumu, na kwa mazingira kote tunakoishi, kulisalia imara katika mwaka tunaoungazia. Katika kipindi cha mwaka mmoja, taifa lilitoka kwa kiangazi na kuingia kwenye mafuriko, jambo ambalo lenyewe ni ushahidi wa athari za mabadiliko ya tabia nchi. Ni heshima yangu kuweza kuongoza uwakilishi wa sekta ya kibinafsi katika Mfuko wa Msaada wa Kukabiliana na Janga la Taifa, na kusaidia juhudi za serikali.

Nyakfu zetu mbili ziliendelea kazi yake muhimu katika kutatua changamoto za kiafya, kielimu na kifedha na ujumuishaji. Usaidizi na uvumbuzi ambao nyakfu hizo hutoa vinasalia kuwa sehemu muhimu ya jukumu letu kama shirika raia wa kuwajibika.

Isitoshe, udhamini wetu wa shindano la kandanda la Chapa Dimba mwaka huu uliwawezesha maelfu ya vijana kutoka timu 3,300 kote nchini, kutimiza ndoto yao kuhusu mchezo huo. Inaridhisha sana kuwaona wakikutana na kujumuika kupitia michezo na muziki na kuendeleza vipaji vyao.

Kwa maelezo zaidi kuhusu nyakfu zetu, CSI na mazingira, tazama ukurasa 119 na ukurasa 127 mtawalia.

Kutazama mbele

Ninaamini kwamba tupo kwenye nafasi nzuri ya kuendelea kwenye mkondo wetu wa ukuaji thabiti katika kipindi kifupi, cha wastani na kirefu. Katika kipindi cha wastani, ninatarajia kwamba tutaanza kutengeneza faida nchini Ethiopia kufikia mwisho wa mwaka wa nne wetu kuwa na shughuli zetu humo.

Nchini Kenya, kwa azma yetu ya kubadilisha maisha, sasa tunatekeleza ruwaza na mkakati mpya. Tutaendelea kushuhudia ukuaji, tunapojizatiti kuwa kampuni ya kiteknolojia inayoongoza Afrika kufikia 2030.

Ninaamini kwamba kwa njia zetu za wepesi wa kufanya kazi na kuchukua hatua, utamaduni wetu wa kuangazia mteja katika kila kitu na kuwa na manufaa kwa jamii, tunao msukumo, nguvu na vifaa vya kuimarisha zaidi ukuaji ambao tumeupata mwaka huo.

Shukrani

Ninaishukuru sana Bodi yetu mpya kwa jinsi walivyoniunga mkono kwa kujitolea, bidii na umakinifu na bila shaka kundi lote la wasimamizi. Uongozi wao wa hekima umetupatia msingi imara ambao umetuwzesha kufanikisha matokeo ya kuridhisha ambayo tumeyaona.

Ningependa pia kushukuru mamlaka simamizi za sekta yetu nchini Kenya na Ethiopia, ambazo uungaji mkono wake ni muhimu sana katika jinsi tunavyoendesha shughuli zetu. Wauzaji wa bidhaa na huduma zetu na maajenti katika mataifa hayo mawili, pia, wameendelea kuchangia pakubwa katika ufanisi wetu. Ningependa kuwashukuru kwa uaminifu wao na kwa kujitolea kukuza nemo yetu.

Kwa wenzangu kote katika biashara yetu – ninajivunia sana kujitolea kwenu, vipaji na kwa kufuata mtindo wetu wa ufanyaji kazi, kuangazia mteja katika kila jambo na kujitolea kwetu kubadilisha maisha. Ni juhudi zetu ambazo zimetuwzesha kufanikisha matokeo haya.

Ningependa kuwashukuru wenyekazi wetu wote, na washirika wetu wote pamoja na wadau ambao wameendelea kutuunga mkono, jambo ambalo ni muhimu sana kwa biashara yetu.

Mwisho kabisa, ningependa kuwashukuru wateja wetu kwa uaminifu wao katika mwaka ambao ninajua umekuwa mgumu sana kwa wateja wetu. Tunathamini sana imani yenu kwetu kuwapa huduma na bidhaa mnazozihitaji.



Peter Ndegwa
Afisa Mkuu Mtendaji

2024 Investor Day in Ethiopia

Our 2024 Investor Day held on 22 and 23 February in Addis Ababa, Ethiopia, was attended by over **43 investors/analysts** from Kenya, South Africa, UK, US, British Virgin Islands and Singapore, in addition to Safaricom Plc, GPE & Ethiopia Board members, Management/EXCO teams, Ethiopia Regulators & Government representatives and relationship partners (bank representatives).



Attendees of Investor Day representing investors, Analysts, Safaricom PLC and Ethiopia Board Members and Management teams.

With the theme **“Scaling our operations for Ethiopia’s digital future”**, this event enabled us to showcase the progress of our business, network and infrastructure roll out.

Key take aways from the event on execution progress in Ethiopia

People & Organisation

- As at 31 December 2023, we had 891 staff, of which 89% are in market talent.
- The company will continue to evolve into a **fully-fledged Ethiopian-run organisation** over the next 12–18 months.

Network Infrastructure

- We are **on track** to meet our coverage obligations, 55% by June 2025.
- We have taken a **self-build/sharing model** with Ethiotel and, partnering with Ethiopia Electric Power (EEP) (high voltage long-distance transmission) and Ethiopia Electric Utility (EEU) (last mile distribution and grid connection).
- Ethiopia produces **cheapest electricity in Africa**, so we have cost efficiencies to maximise.
- As of 31 December 2023, we had **2,242 base stations** (1,252 own built & 990 collocated) covering 33 cities including large and medium towns. This represents **33% population coverage**.
- Our focus now is to **densify connectivity** to continue enhancing quality of connectivity as we create a contiguous network.
- Our **FY24 CAPEX guidance of KShs 45 – 48Bn remains unchanged**. We are on track to achieve our targeted 3,000 sites by end of FY24.
- We have a 24/7 call center providing services in six languages, with plans to build a second call centre serving more languages.

Sales & Distribution

- Our S&D model has evolved since we launched operations guided by **coverage, sites capacity, distribution infrastructure and performance targets**.
- This is now **focused on scaling sites, critical mass reach and cost efficiencies**. Since commercial launch, we have taken learnings on the go to establish effective, efficient and engaged distributor network.
- We are also focusing on establishing **one customer** for both GSM & M-PESA services to drive acquisitions and, **one trade** without differentiation of retailers for GSM products and M-PESA agents & merchants.

- Territory management** is also key in creating clear **accountability and visibility** to drive distribution cost efficiencies focusing on building a merchant network, accepting payments and selling airtime via M-PESA float.

Our winning strategy as the Challenger

- We are positioning our brand as **the international brand** for the Youthful population of Ethiopia over indexing on youth volume and value market share to:
 - Win with Best-in-class Digital experience** for (a) Know (b) Buy (c) Service Proposed digital first order to interact with our customers; App then Telegram then USSD.
 - Win with supporting community** via Technology-Leverage on technology as an enabler of Youth Economic progress.
 - Win the battle on Quality across all touchpoints** – Data network experience, Products, Customer Service.

M-PESA

- The opportunity.**
 - Banking penetration in urban areas is high, but 99% of small value transactions are in cash.
 - Only 11% of the population has had access to loans from financial institutions.
 - The social construct is less geared to town-to-village money transfer.
 - USD 6.9Bn Annual Diaspora Remittances.
- Progress since acquiring the license.**
 - Customer acquisition;** 3.1Mn M-PESA Registered Customers and 95% conversion of daily GSM gross adds
 - Agent & Merchant Ecosystem;** 43K Merchants and 70+ Supermarket outlets and 26k Agents
 - Partnerships;** 12 Banks, 3 e-commerce and for International Money Transfer: 12 partners + 3 corridors (100+ corridors)
 - Technology Platform;** 400 TPS Platform, over 99% service availability, converged App and USSD channels and open API platform
 - Agile Delivery;** 6 Active Squads - Consumer, Credit, Merchants, Integrations, onboarding & support, Technology operations
 - We have leveraged on our experience to build a complete **3-Sided ecosystem** from Day 1; a **Business, Consumer and Developer** community to drive a robust fintech platform.

We also had the privilege of hosting various government representations to make key note speeches on **Ethiopia’s macro-economic conditions** and the **government’s initiatives impacting our operating environment**.

These were Eng. Balcha Reba the Director General, Ethiopian Communications Authority, Mamo Mihretu the Governor, National Bank of Ethiopia, Dr Brook T. the Director General, Ethiopian Capital Market Authority, Dr Habtamu Simachew, Senior Legal Advisor, Ethiopian Investment Commission (EIC) and Yodit Kassa, Chief Business Development Officer, Ethiopian Securities Exchange (ESX).



Government representatives during the panel discussion after key note speeches



Dilip Pal, Peter Ndegwa and Mamo Mihretu- Governor NBE



Caroline Wambugu, HOD-Finance Planning, Analysis & Investor Relations



Adil Khawaja, Chairman Safaricom Plc Board and Mamo Mihretu, Governor, National Bank of Ethiopia



Michael Joseph Safaricom Ethiopia Board Chairman



M-PESA Showcase booth



James Maitai, Chief technology officer, Safaricom Ethiopia during the technology showcase



Mamo Mihretu, Governor, National Bank of Ethiopia on the left and Dr. Brook T. the Director General, Ethiopian Capital Market Authority on the right during their presentations



Safaricom PLC and Safaricom Ethiopia Investor Day event organisers



Peter Ndegwa, Safaricom Group CEO



Wim Vanhelleputte, Safaricom Ethiopia CEO



Safaricom PLC Team at the Device Assembly booth





Our Strategic Approach

OUR MATERIAL MATTERS	44
MANAGING RISK	50
• OUR ENTERPRISE RISK MANAGEMENT (ERM) PROCESS	50
• OUR RISK HEAT MAP	53
OUR STRATEGIC FRAMEWORK	54
• OUR STRATEGIC PERFORMANCE REVIEW	56
OUR VALUE-CREATING BUSINESS MODEL	61
OUR APPROACH TO STAKEHOLDER MANAGEMENT	64

Our Strategic Approach



Our strategic approach is informed by all six of our capitals, while comprising a fundamental part of our intellectual and financial capitals. It constitutes an integral part of the thinking, planning, procedures and implementation of all the elements that underpin the way we do business. Together with our strategic framework, it includes our material matters, risk and opportunity management, as well as our business model and the way we conduct and foster the relationships with our key stakeholders.



Our material matters



Our material matters are the most important environmental, social, economic and governance imperatives and opportunities for our organisation and our stakeholders.



Our last materiality assessment was conducted in 2021 and our priorities align with the 2023 materiality assessment conducted by GSMA for mobile operators. Below is a summary of our five material topics with key highlights, challenges, and future focus.

In determining the internal and external factors that inform and influence our ability to create and deliver value, we follow a rigorous and ongoing assessment process, which includes consideration of the UN SDGs, as well as the concerns and insights arising from our interactions with our stakeholders.

For more on the UN SDGs, see page 16.





Our Strategic Approach (continued)

Our material matters (continued)

How we rank and manage our material matters

1 Our platforms

Why it is important:

Our platforms – networks, stations and digital ecosystems – are the core foundation of our business, facilitating inclusive, sustainable economic development and innovation to transform lives.

In keeping with our Customer Obsession focus, which means putting our customers first in everything we do, we monitor the critical components of our network – quality, availability and coverage – to ensure that we provide our customers with the best overall experience.

This material matter incorporates the perspective of our customer and reflects our transition from a telco to a technology company.

Our response:

Our focus on the customer remains unwavering as we seek to reconnect with our customers and deliver more value to them.

Network: It is critical that our network experience is both of reliable and quality. In the year under review, Safaricom’s Network NPS maintained 1st position as compared to the competition scoring 78 points. Safaricom led in Network NPS across the year, leading in both the Voice and Data metrics of NPS. This was achieved through continuous Network Optimization at the Core and Radio network, capacity expansion and rollout of new coverage sites in areas that previously lacked coverage. 155 new sites were built to resolve coverage and capacity issues, while 1,380 4G cells were also upgraded to increase their capacity.

Safaricom has 800 5G sites currently on air. These initiatives ensured that the customers had a good network experience with Safaricom maintaining to be the best network in Kenya. Current broadband population coverage (4G) stands at 96.3%. Indoor network coverage has also been a challenge thereby we had 190 new sites deployed to mitigate the challenge. Areas where indoor coverage improvement was prioritised are Nairobi CBD, Eastleigh, Kasarani, Embakasi and Kayole. More initiatives are being made to ensure good indoor coverage which has been a challenge as we see mushrooming high-rise buildings in the major cities, especially in Nairobi.

2 Environmental stewardship

Why it is important:

The way in which we live and work in the environment underpins our strategic focus on customers, colleagues, community and company.

As one of the major players in Kenya’s economy, we have a particular responsibility not only to manage and minimise our impact on the environment, but to demonstrate best practice in the ways in which we achieve, as well as in reporting our environmental performance openly and transparently.

Aligned with our net-zero-commitment, we manage our operations responsibly and work with our stakeholders to achieve this.

Our response:

Safaricom is committed to managing our operations responsibly, decreasing our environment impact and promoting responsible behaviour among all our stakeholders. Our planet strategy has four key pillars: climate action, circular economy, conservation and restoration of biodiversity & ecosystems and environmental compliance.

In the year under review, the key highlights for this material topic included:

- Environmental compliance: achieved 100% compliance.
- Promoting circularity: 98% recycling rate of our solid waste in 71 facilities; 195 tonnes of network waste disposed through auctioning.
- Environmental Management Systems (EMS): Recertification of the ISO 14001 with 14 minor nonconformities as an opportunity to improve. A corrective action plan has already been developed for these.
- 1.5M trees grown cumulatively as part of the carbon offset programme and 56,700 donated towards community decarbonisation.
- Achieved a score of A- in the annual Carbon Disclosure Project (CDP), an improvement from the B score in FY23.
- Biodiversity: in partnership with Vodafone and WWF, leveraging on technology, piloted a human wildlife conflict solution called m-Twiga- an early warning and deterrent system that notifies communities of the presence of specific wildlife species.
- Sustainable Finance: announced the closure of a multi-billion Sustainability Linked Loan (SLL) to strengthen its Environmental, Social and Governance (ESG) agenda. The KShs 15 billion deal, which is up scalable to KShs 20 billion by accordion, is the largest ESG linked loan facility ever undertaken in East Africa, and the first of its kind for Safaricom as well as the first Kenya Shilling denominated SLL in the market.

SDG alignment:



The quality of the service we provide enables decent work and economic growth.



Facilitating increased accessibility and data connectivity by making affordable smartphones available to everyone in the market.



We work to promote financial inclusion across all sectors while promoting digital and gender inclusion. The focus is to reduce inequalities by enabling equal access to opportunities for everyone, especially to vulnerable groups, using Safaricom leadership, network, solutions and technology.



Partnering and building collective capacity of people, organisations and nations to promote and advance the SDGs.

Future focus areas:

- Expand the number of 5G sites to more than 1,700 in FY2025
- Continue with public Wi-Fi provision
- Drive financial health, complementing the financial inclusion milestones so far achieved
- Drive the adoption of digital mobile financial solutions to consumers and merchants
- Further develop, in the long term, digitalisation of the transport sector through a cashless parking solution with contactless vehicle verification

SDG alignment:



Our focus is to transition to the use of clean energy at our sites and leverage technology to provide clean energy solutions, including payment solutions for local and renewable energy. Our commitment is to be a net-zero-emitting company by 2050.



We built our own energy dashboards which have enabled remote monitoring thereby improving network stability and energy efficiency.



We partner with licensed mini-grid providers in remote regions or grid-power-deficient areas where we are the anchor tenant.

Future focus areas:

- Biodiversity: Conduct biodiversity impact assessment for our direct and upstream activities to help determine the magnitude of impacts of our operations on biodiversity; Explore shared value partnerships for nature and technology convergence
- Decarbonisation: Review and update our science-based targets in line with the latest science of keeping global warming within 1.5 degrees Celsius above the pre-industrial period; Adopt and disclose our climate risks through IFRS 2; Accelerate growing of 3.5 million trees towards offsetting our hard to abate emissions and supporting our communities to decarbonise and finalise the Planet Strategy, Green House Gas Recalculation policy; engage our Suppliers to set climate targets and reduce their carbon emissions; expand scope 3 emissions reporting
- Circularity: Grow e-waste collection and recycling by 20%, end to end digitisation of e-waste, general waste activities and regulatory permits/licenses; develop and grow impactful circularity partnerships,
- Environmental Compliance: 100% compliance to environmental statutes on waste, noise, air quality and water quality; carry out Environmental impact assessment for new base stations and Environmental audits for 786 BTSs and buildings; develop air quality licenses tracking system.

Our Strategic Approach (continued)

Our material matters (continued)

How we rank and manage our material matters (continued)

3 Innovation and partnerships

Why it is important:
As a purpose-led technology company, we consider innovation to be central to achieving our strategic objectives, retaining our competitive edge and ensuring that we continue to grow.

For us, innovation is not just about product innovation, but extends also to innovation related to financing, partnerships and engagement – solutions throughout the value chain that transform lives in many different ways.

Constant innovation is an important aspect of ensuring our continued success and resilience.

Our response:

The focus continued to be identifying, developing, piloting, and scaling sustainable product innovations and establishing shared value strategic partnerships in the key verticals: health, education, wealth, humanitarian, agriculture, and essential services. It is important that the innovations are designed, developed and deployed in a responsible and ethical manner without infringing on the rights of the users. It is also key that they are human-centric and can be trusted as customers are increasingly more dependent on mobile services for many aspects of their daily lives.

SDG alignment:



Leveraging our mobile technologies and our Foundations to transform lives by improving access to quality and affordable health care services and by promoting well-being for all.

4 Governance, business ethics and risk

Why it is important:
Good corporate governance enables a company to generate long term value and also helps in regulating risk. Robust governance and board effectiveness are key elements of corporate governance.

While complying with ethical and responsible business practices is viewed as a business requirement, as Safaricom, we strive to go beyond compliance to ensuring that our entire ecosystem operates in an ethical manner.

Our response:

Privacy and Data Protection:

- In order to protect our customer data and comply with our obligations under the Kenya Data Protection Act and the General Data Protection Regulations, we have adopted a robust Data Protection Framework that is guided by the relevant laws and regulations as well as the principles of ISO 27701 Privacy Information Management System. An independent maturity assessment of our Privacy programme ranked it at 3.4 on a scale of 1 to 5. Our ambition for the coming year is to achieve at least a score of 4 out of 5.
- Our multi-faceted training programme covers our Board, staff members, tailored training for specialised groups, dealers, agents, suppliers and FSI partners such as banks, saccos and integrators as well as content service providers. In FY24 we were able to train and test 98.3% of all our employees via e-learning supplemented by face-to-face tailored training across the business on their data protection roles and responsibilities.
- Our suppliers' roles and responsibilities are clearly laid out in their contracts and supplier code of conduct with reminders shared through supplier bulletins and the supplier annual forum. Similarly for our dealers and agents as well as our FSI partners such as banks, saccos and integrators as well as content service providers, annual training is conducted via online forums, partner bulletins, sms reminders and contractual terms to further safeguard individuals' personal information processed.
- Regulatory engagement with the Office of the Data Protection Commissioner (ODPC) during the year is consistent to ensure a free exchange of ideas and information to further promote a strong culture of privacy. Awareness sessions shared by the ODPC were shared with our suppliers, dealers and agents with sessions attended by our staff as well. 4 complaints forwarded from the Office of the Data Protection Commissioner (ODPC) this financial year were resolved with no negative determination against Safaricom.

5 Regulatory environment

Why it is important:
The regulatory environment plays a significant role in Safaricom's ability to operate effectively, as we reflect and respond to change in the socio-economic environment.

These two environments together have the capacity to impact our strategy, its expression in our business model, and consequently our decision-making.

Our response:

- Mobile network quality of service (QoS) 2022–2023 period: overall performance of 90% surpassing the minimum requirement of 80% set by the Communications Authority. This achievement is a direct result of our commitment to providing a reliable and high-quality mobile network experience for our customers.
- Assignment of two new MNDCs 0116 & 0117: The Authority assigned Safaricom two new Mobile Network Destination Codes (MNDCs)- 0116 and 0117. This assignment will bolster our capacity for customer acquisition and network expansion.
- Universal Service Fund "USF" Projects: We're actively engaged in the nationwide rollout of the USF Phase 2 Project. As of March 2023, we received confirmation for completion of additional 11 sites and aim for swift activation upon their readiness. Furthermore, in October 2023, the Authority awarded us a separate contract for Phase 2R and 3. This entails supplying, installing, and commissioning telecommunication infrastructure to deliver mobile services in 93 designated sublocations. We have commenced site surveys.
- WRC-23: Shaping the Future of Mobile Connectivity: We participated at the World Radiocommunication Conference 2023 (WRC-23) in Dubai. Our active engagement in discussions on identifying spectrum for International Mobile Telecommunications (IMT), covering technologies such as 4G, 5G, and the forthcoming 6G, was particularly exhilarating. Contributing to a landmark decision, we successfully advocated for the allocation of new spectrum bands in the 3 GHz (3.3–3.4 GHz, 3.6–3.8 GHz), 4 GHz (4.8–4.99 GHz), and 6 GHz (6.425–7.125 GHz) ranges specifically for IMT. This crucial step lays the foundation for faster mobile speeds, broader coverage, and the development of next-generation IMT services.

*For more on customer obsession, see page 23.



Expanding access to education through innovative solutions, our network and through partnerships.



Transitioning to the use of clean energy at our sites and leveraging technology to provide clean energy, including payment solutions.



We unlock access to market for micro, small, medium enterprises (MSMEs).



Delivering connectivity and innovative products and services that will provide unmatched solutions to meet the needs of Kenyans.



Reducing inequalities by enabling equal access to opportunities for everyone, especially to vulnerable groups, leveraging Safaricom leadership, networks, solutions and technology.



We were awarded part of the tender for the Universal Service Fund. We are in a partnership in the licence which will assist in stimulating economic growth in Ethiopia.

Future focus areas:

- Future focus will be acceleration of the new growth areas through shared value strategic partnerships in line with our purpose of transforming lives. Customer satisfaction is important and so we will focus on simplifying customer journeys and incorporating customer feedback into innovation and company processes.

SDG alignment:



Providing decent work within Safaricom and our broader ecosystem, including enforcing effective health and safety practices both internally and by suppliers, simultaneously contributing to the local and national economy through innovative solutions to increase employment and facilitate economic activity amongst suppliers and customers.



We support peace, justice and strong institutions.



Partnering and building collective capacity of people, organisations and nations to promote and advance the SDGs.

Future focus areas:

- ISO 27701 certification
- Enhance further our data minimisation initiatives to protect our customers data when they make payments using M-PESA

SDG alignment:



Delivering connectivity and innovative products and services that will provide unmatched solutions to meet the needs of Kenyans.



Managing our operations responsibly, decreasing our environmental impact and promoting responsible behaviour among all our stakeholders.



Managing our operations responsibly and ethically and fighting corruption in all its forms.



We collaborate with regulators (SDG16 and SDG17) to significantly increase access to information and communications technology (SDG 9) while ensuring sustainable consumption and production patterns both within our own organisation and amongst our stakeholders (SDG12).

Future focus areas:

- Engagement with regulators on numerous draft regulations, guidelines, and bills
- 100% single-use, plastic-free organisation with the aim of going green in all our retail shops by doing away with single-use tumblers, and by introducing sustainable solutions such as paper cups
- 98% of solid waste from Safaricom facilities in Nairobi recycled
- One million trees to be grown in line with our net-zero by 2050 carbon offset programme
- Maintain 100% of key operating licences and resources.
- Continue with implementation of the USF projects.
- Continuous improvement of our Network QoS

Our Strategic Approach (continued)

Managing risk



We recognise that the identification and prioritisation of the risks we face is an essential part of continual creation of value and long-term sustainability for our business. As such, the management of risk is a central part of our intellectual and financial capitals. In defining and implementing our risk management process, we not only take into consideration the challenges faced by key economic sectors but also the enablers and the interdependencies. We understand that the market within which we operate, connectivity, technology and agility are of particular importance, and carry with them very particular risks, challenges and opportunities.*

*For more on the global and domestic operating environment, see page 84.

Our Enterprise Risk Management (ERM) process

Our commitment to robust risk management practices as an integral part of good management is evident in our top-down approach, with the Board assuming overall responsibility for the management of risk.

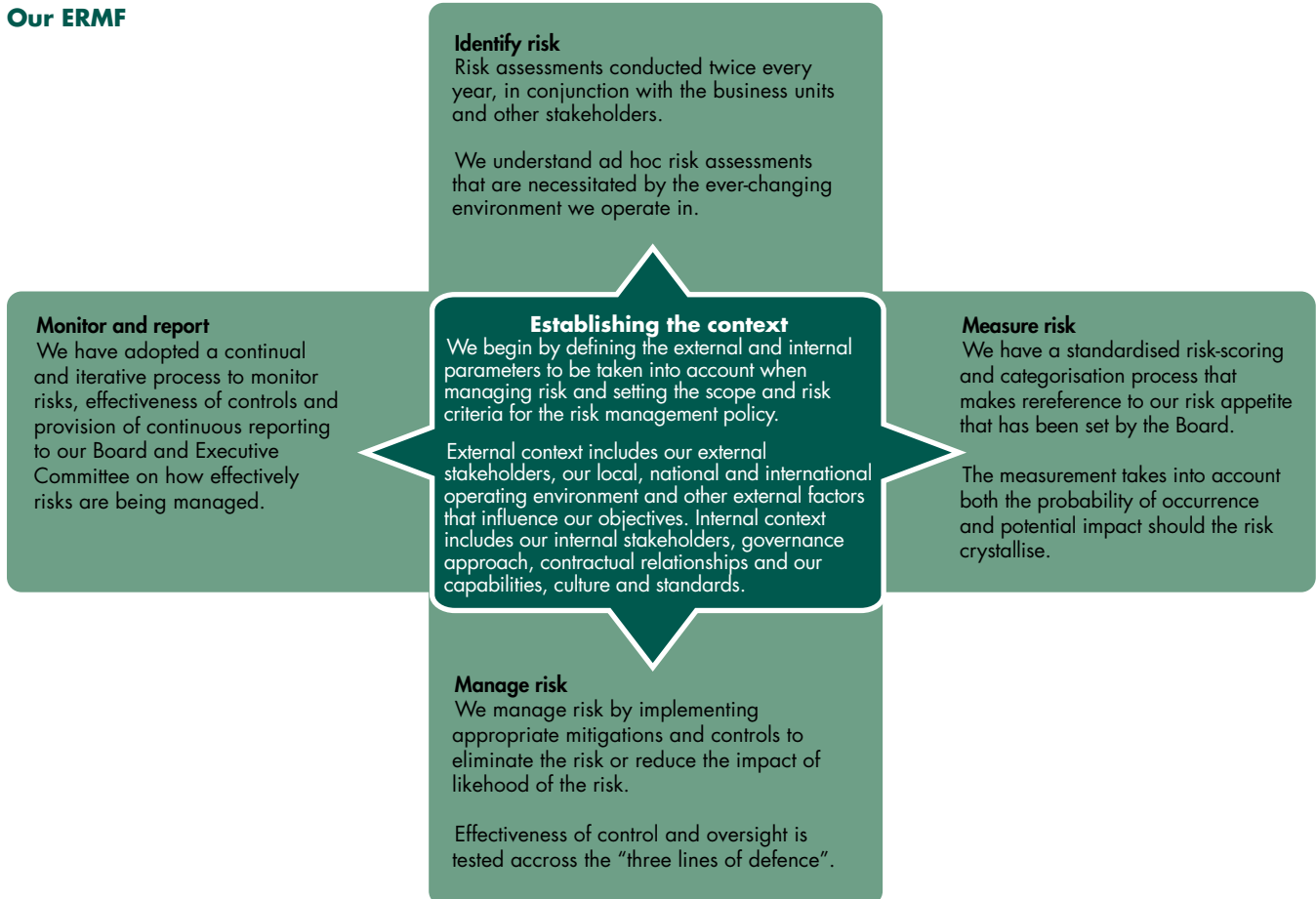
From this level, appropriate support for risk management is disseminated throughout the Company, driving a positive risk culture across the organisation. Our risk management framework is aligned to the ISO 31000 Enterprise Risk Management Standard, allowing us to identify, measure, manage and monitor strategic and operational risks across the business.

The Enterprise Risk Management Framework (ERMF) provides our management with a clear line-of-sight over risk and enables informed decision-making.

Our ERMF

In addition, we continuously review our framework to ensure the effective provision of the appropriate foundational and organisational arrangements for identifying, treating, reporting, monitoring, reviewing and continually improving the management of risk.

- Our risk management process includes:
- Establishing the risk context and scope
 - Identifying risks
 - Measuring risks
 - Managing risks
 - Monitoring and reporting risks



Establishing the context

We classify our risks into two categories – Strategic Risk and Operational Risk. We then proceed with defining the requisite external and internal parameters for managing risk and setting the scope and risk criteria for the risk management policy.

Our external context includes:

- Our external stakeholders
- The local, national, and international environment
- Other external factors that influence our objectives

Our internal context includes our:

- Internal stakeholders
- Approach to governance
- Contractual relationships
- Capabilities, culture, and standards

Our Three Lines of Defence

For effective risk management across the organisation, we have adopted the Three lines of Defence system (3LoD). 3LoD ensures distribution of risk management responsibilities throughout the Company, enhances risks ownership and ensures that there are adequate checks and balances.

Categories of risk

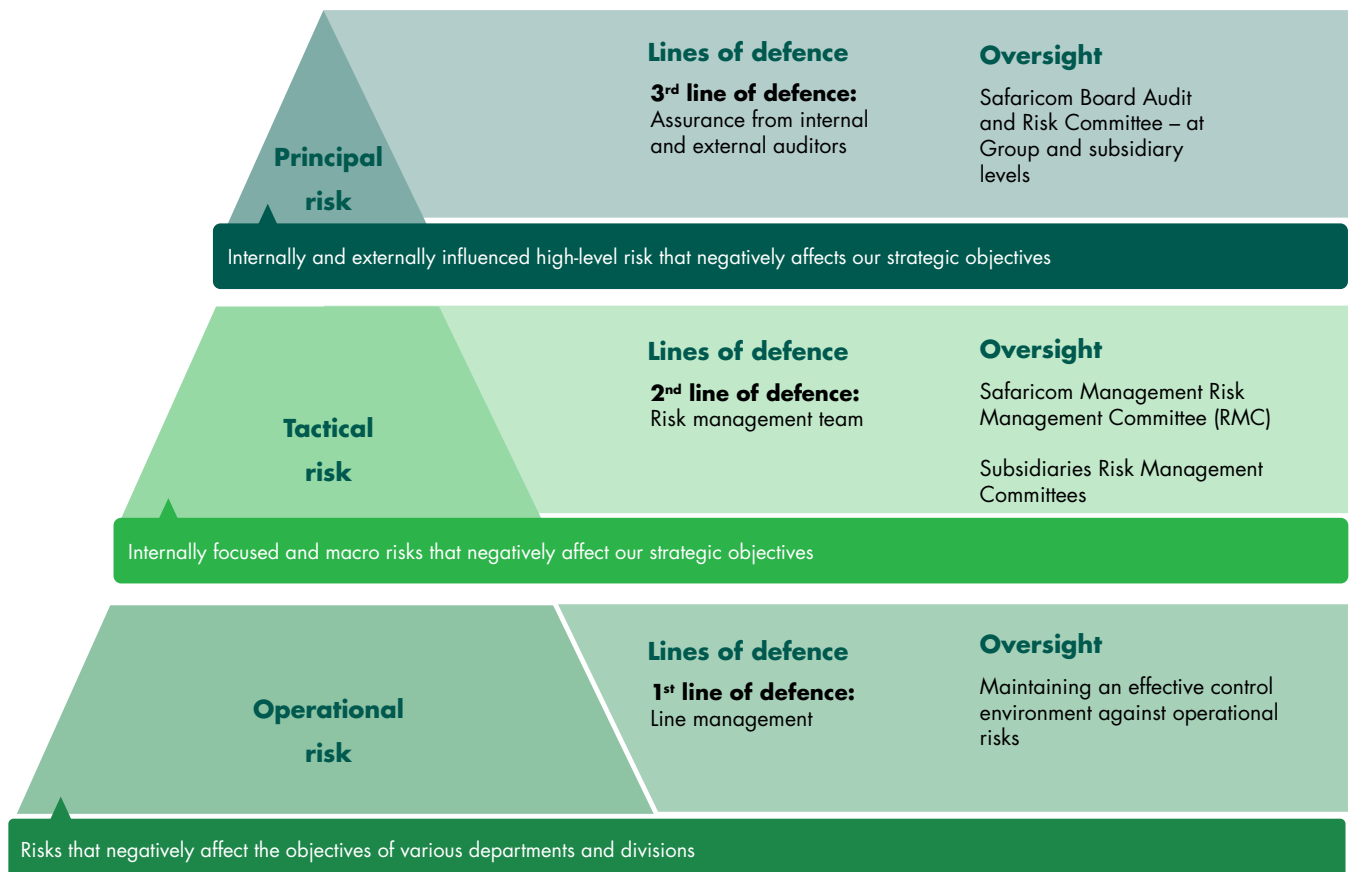
To facilitate the management of the risks we identify and their associated opportunities, we classify them into two categories:

- Strategic risks
- Operational risks

Monitoring and management of risk and opportunity

We undertake and plan the monitoring and review of risks as part of our risk management process. This involves regular checking and surveillance of the risk landscape.

We have established an extensive monitoring and review regime one that clearly defines and allocates responsibilities. Our monitoring process ensures that appropriate and timely corrective measures are taken and that any weaknesses in the process are addressed. The monitoring process involves regular review and update of the respective risk registers based on the existing Key Risk Indicators (KRIs).



Our Strategic Approach (continued)

Managing risk (continued)

Our Enterprise Risk Management (ERM) process (continued)

Monitoring and management of risk and opportunity (continued)

The KRIs enable the organisation to respond to threats at an early stage and to take appropriate action. Monitoring and review determine whether:

- Risk measures adopted have resulted in what was intended
- Procedures adopted and information gathered have been appropriate
- Improved knowledge would have helped to reach better decisions
- There are lessons to be learned for future assessments and management of risks

Our principal risks and how we manage them

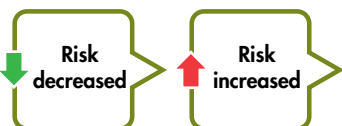
During the year under review year our principal risks have largely remained the same as for the prior year, with only their likelihood and impact having either increased or reduced depending on various risk factors.

For full details of our risk management, including context, mitigation and associated opportunities, see page 160 of this report in the Directors' Report.

Our top ten risks



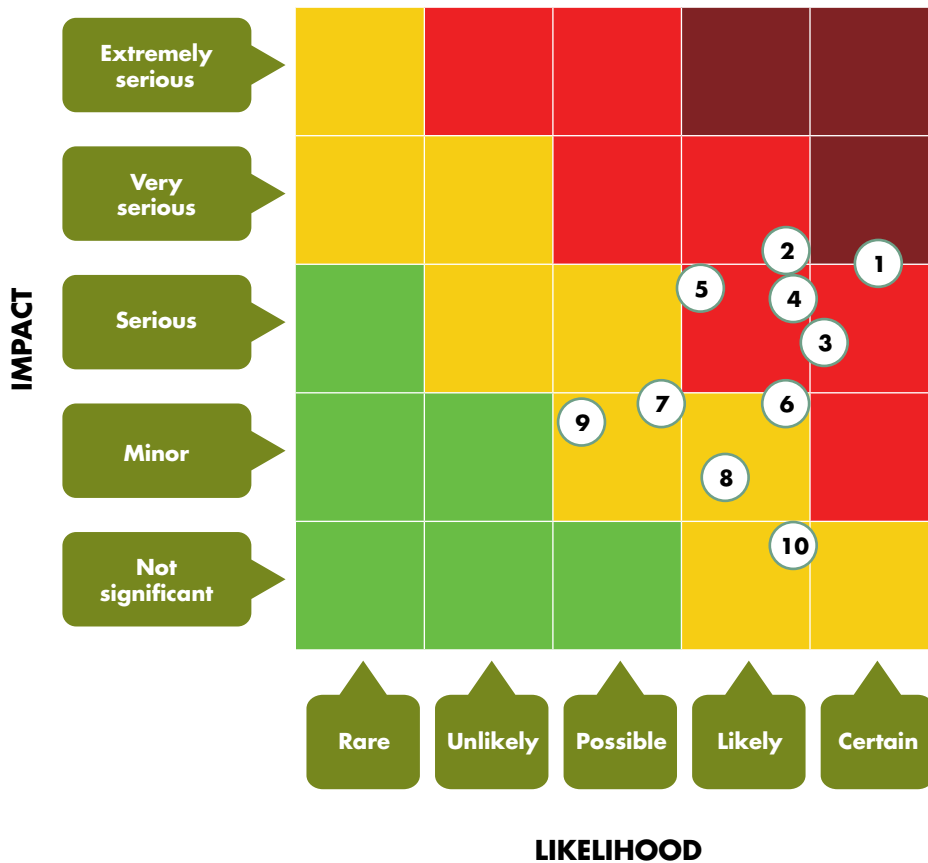
Key



(Icon description can be found in the flap).

Our risk heat map

Our risk heat map sets out the principal risks as identified through the risk management process that covers strategy and operations. It depicts the residual risk rating after the institution of mitigating controls. The rating is obtained as an interaction between the probability of the risk and its impact rating.



Looking ahead

In the short term we anticipate that the ever-evolving regulatory landscape will pose a growing risk, with compliance requirements increasing in complexity.

In the medium- to long-term, the increased cost of living will remain a concern, and despite an improvement in forex and oil processes, the short-term outlook continues to be highly uncertain. Lack of economic opportunity has been recognised globally as a top risk.

Sovereign debt levels are also a growing concern, and while public debt is assessed as sustainable, there remains a high risk of debt distress. With the increase of approximately 30% of GDP being spent to service debt repayments, current and fiscal balances will be more vulnerable to external shocks.

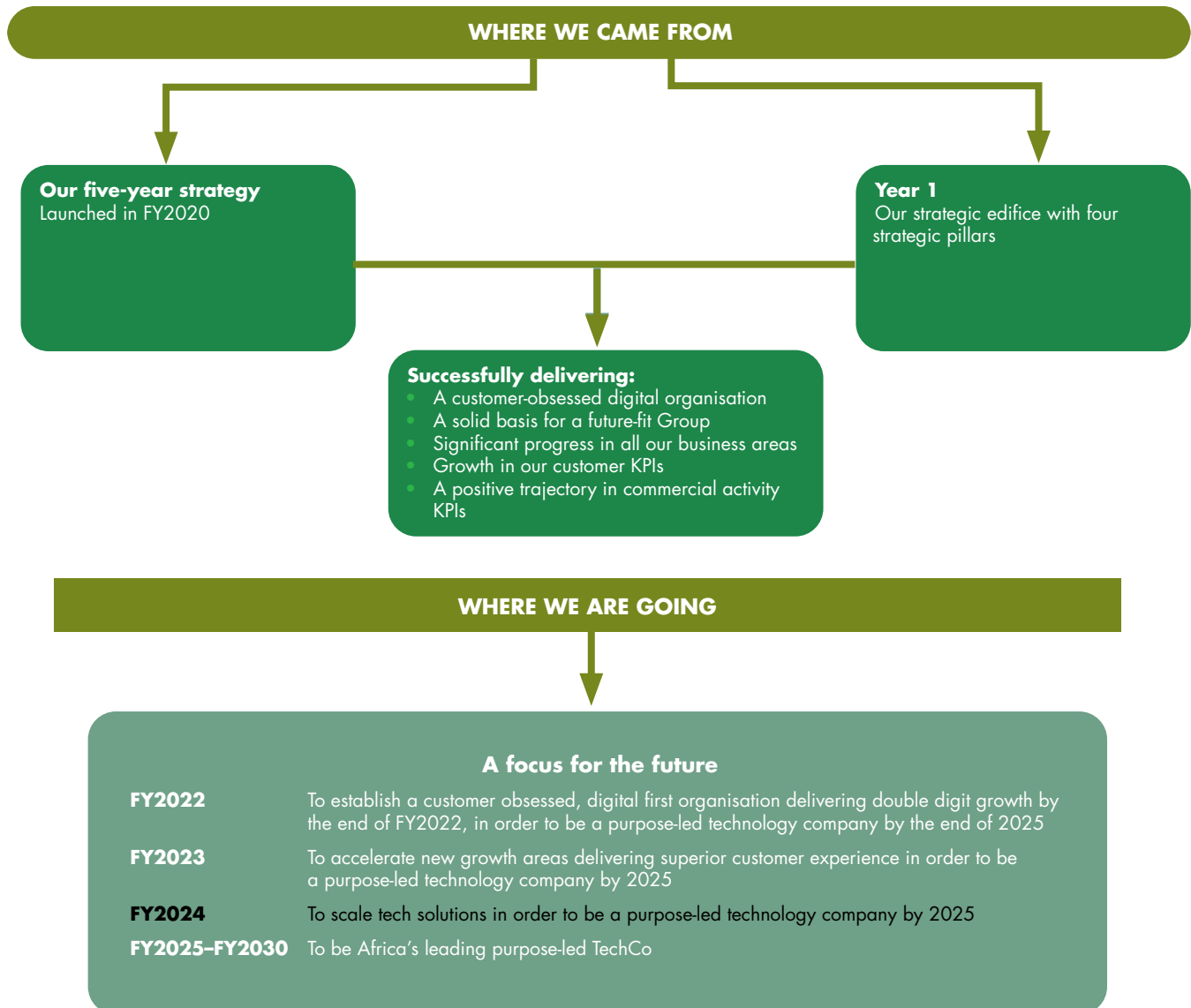


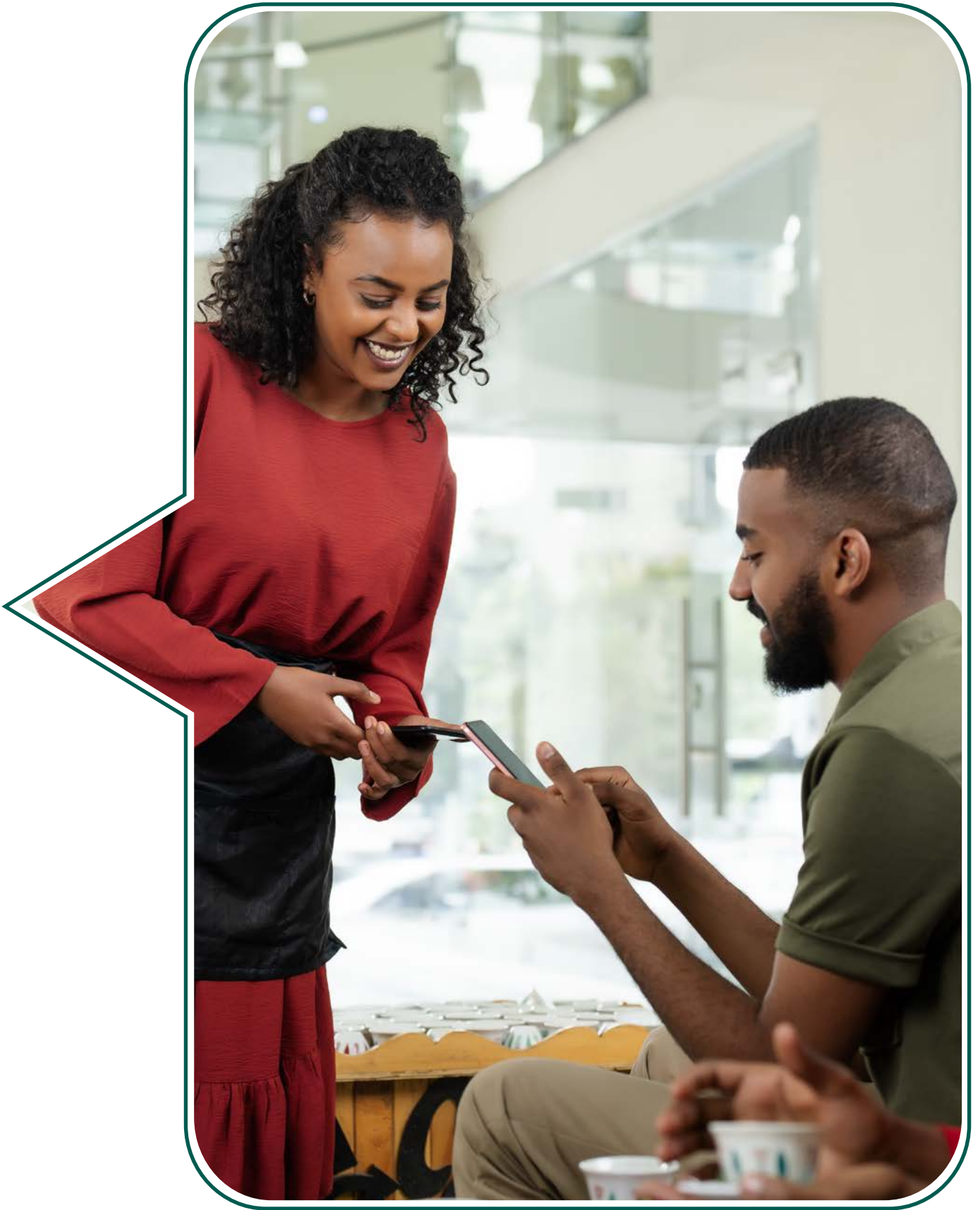
Our Strategic Approach (continued)

Our strategic framework



Our strategy forms a key part of our intellectual capital, and it underpins our purpose of transforming lives. The year under review constituted the final year of a five-year plan designed to set us on the path of becoming a technology company by 2025.



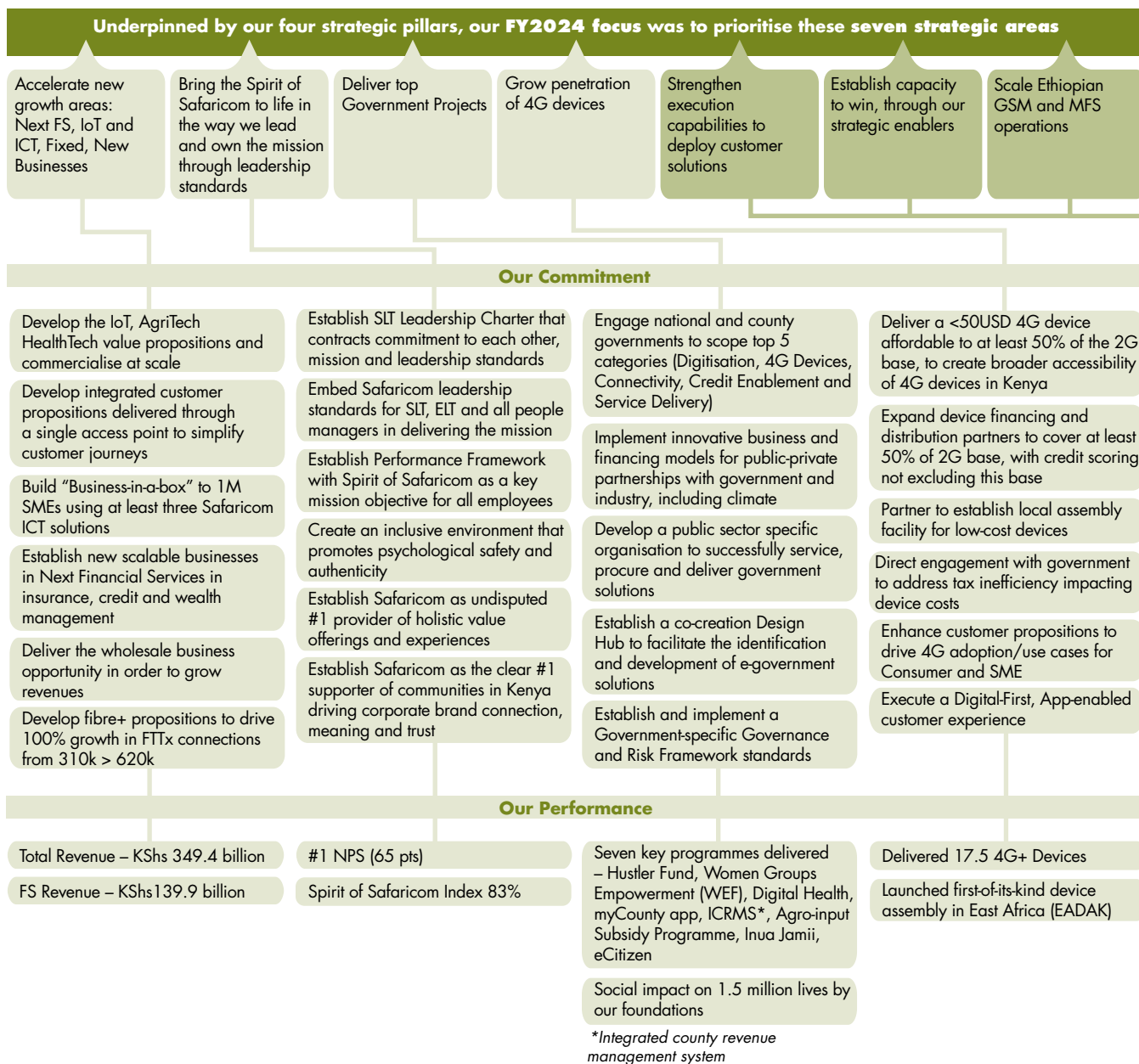


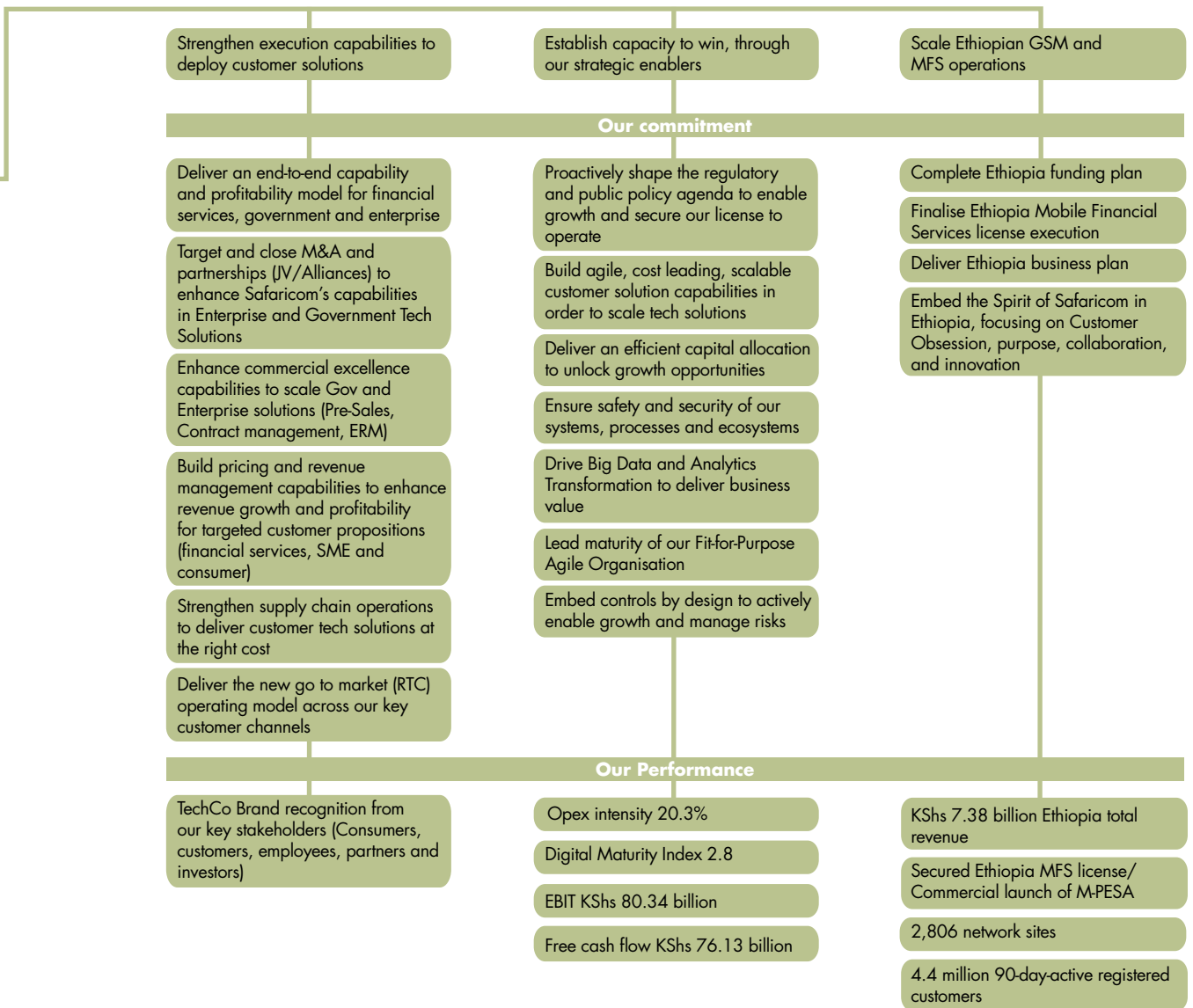
Our Strategic Approach (continued)

Our strategic framework (continued)

We design our strategy to reflect the consideration we give to the macro-economic environment in which we operate, as well as to what differentiates us from our competitors. In addition, we take into account feedback and input from our customers, bolstered by our commitment to our society as a responsible corporate citizen. At the heart of our strategy is our determination to enable Safaricom to decisively deliver what our customers need, and to empower and enable them to transform their lives through technology.

Our strategic performance review



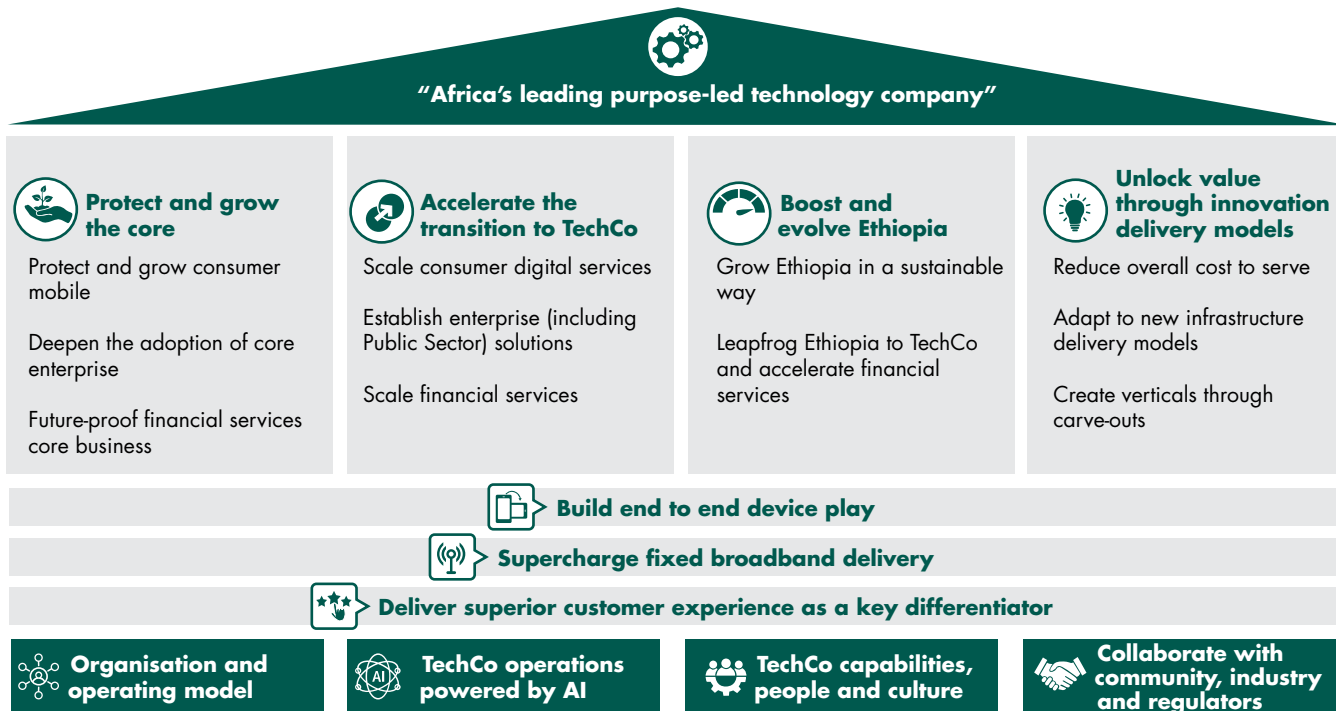


Our Strategic Approach (continued)

Our strategic framework (continued)

Our strategic performance review (continued)

Looking ahead – Our Vision 2030 Strategy is to become Africa’s leading purpose-led TechCo



We have identified near term priorities and measures of success to track the progress on strategy execution

Strategic Pillars	Strategic Priorities	How we measure success
1 "Protect and grow" the core	Protect and grow consumer mobile	Grow integrated bundle revenue contribution Maintain customer market share
	Deepen the adoption of core enterprise	Grow penetration of integrated solutions in base
	Future proof financial services core business	Monthly-active Fintech customers Customer growth for business (Pochi + LNM Merchants)
2 Accelerate the "transition to TechCo"	Scale consumer digital services	Grow TechCo revenue by 49%
	Establish enterprise (including Public Sector) solutions	Service revenue contribution from new growth areas (incl. M-PESA+ ICT, IoT)
	Scale financial services	% of Fintech revenue from digital financial services (wealth, insurance, credit) # of developers (on Daraja)

Strategic Pillars	Strategic Priorities	How we measure success
3 Boost and evolve Ethiopian business	Grow Ethiopian business in a sustainable way	Remain within funding budget for Ethiopia Contribution margin Total sites GSM gross subscribers (90-day)
	Leapfrog Ethiopian business to TechCo and accelerate financial services	M-PESA subscribers (30-day)
4 Fund future growth and unlock value through innovation delivery models	Reduce overall cost to service	Deliver value from implementation of five large-scale AI use cases Network sites solarised to save KShs 479 million
	Adapt to new infrastructure delivery models	Evolve Group Holding Structure
	Create verticals through carve-outs	Evolve Group Holding Structure

We will promote customer centricity and digital inclusion by delivering on our foundational imperatives ...

Strategic Priorities	How we measure success
5 Build e2e device play	Grow attached 4G+ Devices Grow number of 4G/5G devices financed and insured device Device supply from EADAK
6 Supercharge fixed broadband delivery	Grow fixed connected customers % of Fixed Home incident service requests closed within 12 hours Reduce Enterprise Fixed Churn Rate Reduce Fixed Delivery Cycle Time for 90% of installations
7 Deliver superior customer experience as a key differentiator	Customer journey NPS Grow monthly active users on SuperApp Improve Consumer Brand Love Core Net Promoter Score

Our Strategic Approach (continued)

Our strategic framework (continued)

Our strategic performance review (continued)

Tracking our progress on strategy execution while embedding critical enablers to deliver our TechCo ambition

Strategic Priorities	How we measure success
8 Organisation and operating model	Accelerate Safaricom adoption of Agile ways of working Reduce deepest organisational layer
9 TechCo operations powered by AI	AI adoption Digital maturity Index Percentage of growth contributed by Tech solutions
10 TechCo capabilities, people and culture	% of staff 2+1 tech courses certified Reduce tech talent attrition Spirit of Safaricom index Improve engagement index
11 Community, industry and regulators	Improve reputation score Secure operating licences and resources Drive Global Sustainability score

As we build a customer-centric and purpose-led business, our focus remains on what matters most: our customer. We are committed to providing truly differentiated experiences and propositions for our various customer segments. Our FY25 focus is therefore:

Embed customer-first tech capabilities in order to be Africa's leading Technology company by 2030, and we have prioritised seven strategic areas:

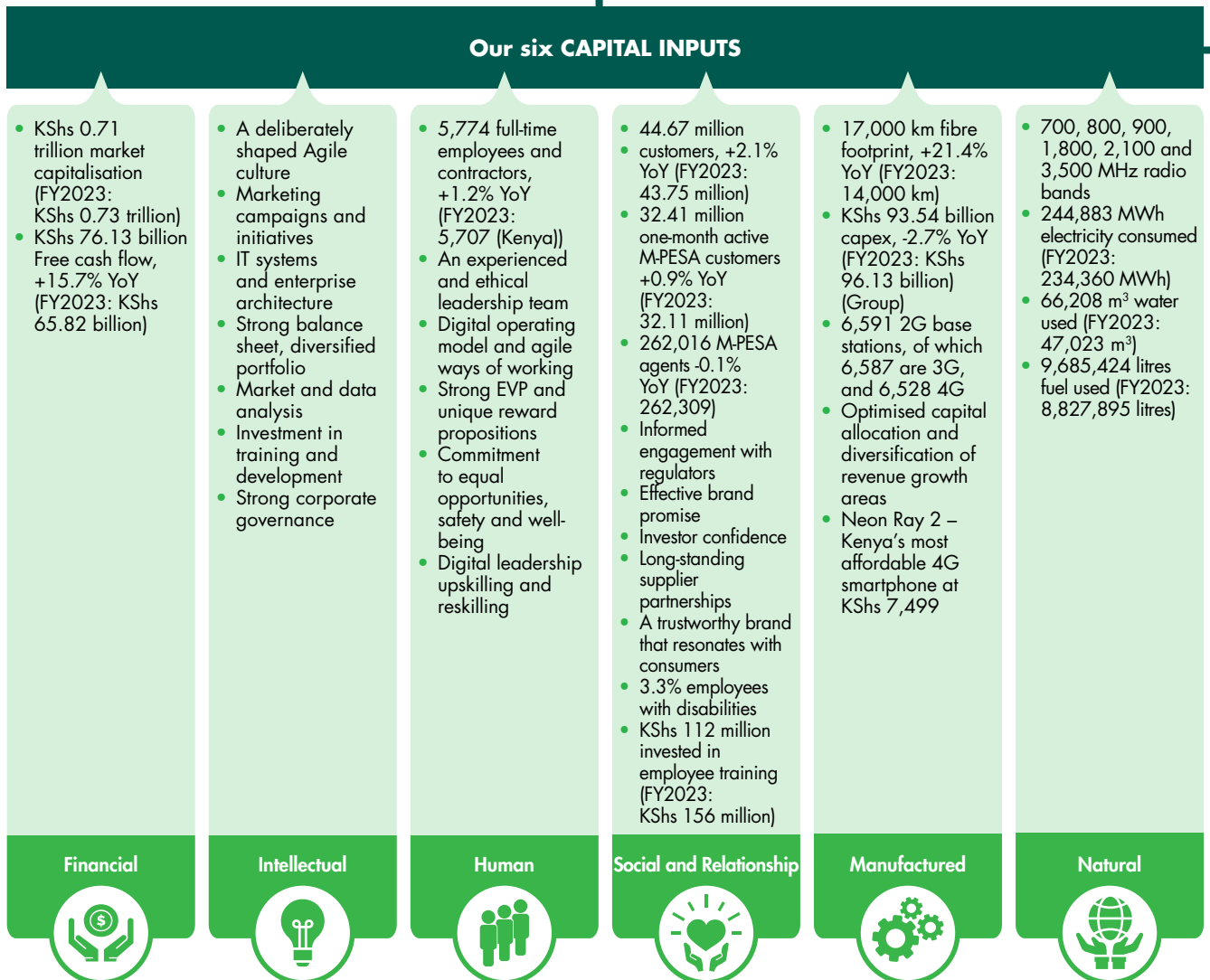
1. Deliver frictionless digital first customer experience
2. Unlock segment led growth opportunities for the core business
3. Deploy five large-scale, revenue-generating tech solutions
4. Invest in tech capabilities to accelerate path towards TechCo
5. Scale best-in-class fixed broadband services
6. Accelerate Ethiopia commercial execution
7. Secure social license to operate both in Kenya and Ethiopia



Our value-creating business model



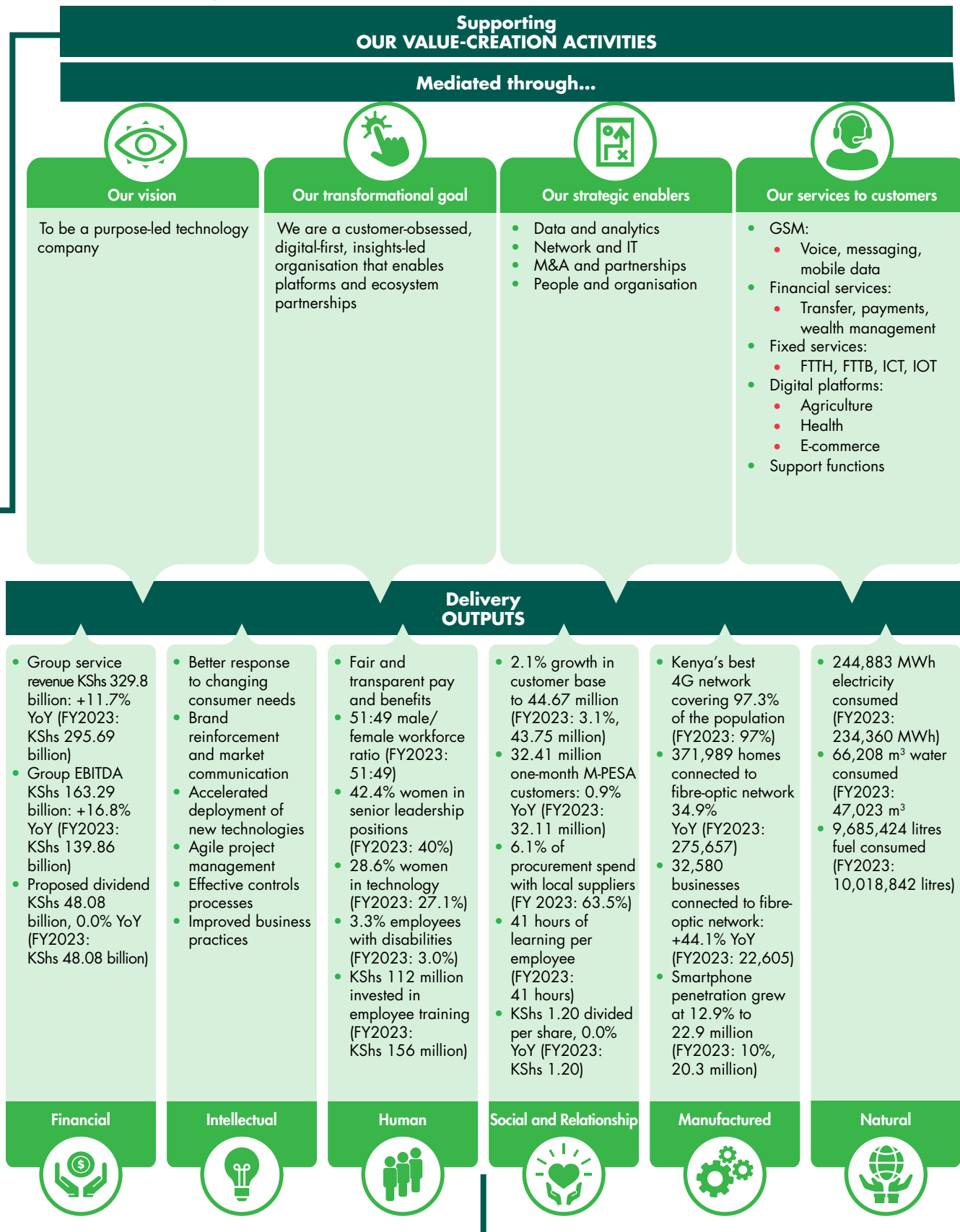
Our value-creating business model, while constructed on the inputs of all our capitals, is at the same time a fundamental part of our financial and intellectual capitals. Founded on the four pillars of our strategy, it frames the way we create value for all our stakeholders, and is the foundation of our growth through sustainable business, leveraging technology and centred on the needs of our customers.



All numbers are for Kenya except Capex which is for Group.

Our Strategic Approach (continued)

Our value-creating business model (continued)



Creating OUTCOMES

Stakeholders Impacted



Financial

- We leverage financial capital to invest in our business and grow our competitive market position
- Over 1.2 million businesses accepting payments via M-PESA
- 1.5 million Business App downloads
- 9.6 million Consumer App sign-ins and 1.5 million downloads on the Business App
- 16.5 million Active Lipa na M-PESA active customers

Stakeholders Impacted



Manufactured

- 371,989 FTTH connections (FY2023: 275,657)
- 32,580 FTTB connections: +44.1% YoY (FY2023: 22,605)
- 3,500 transactions per second on M-PESA
- Smartphone penetration grew at 12.9% to 22.9 million (FY2023: 10%, 20.3 million)
- 3.64 million 4G devices added on our network (FY2023: 2.26 million)
- 99.95% system availability and incident reduction (FY2023: 99.71%)
- 90% service quality assessment by CA (FY2023: 95%)

Stakeholders Impacted



Social and Relationship

- Network leadership maintained
- Social value through enhanced connectivity and services in inclusive finance, education and health
- Leading corporate taxpayer in Kenya
- Contribution to realising UN SDGs

With TRADE-OFFS...

... Between our capitals or portions of them

Significant people-related investments in initiatives negatively impacts our financial capital in the short term but positively impacts both the human and, social and relationship capitals, which, over the longer term, enables us to have the people and capabilities required to deliver our strategy and performance targets.

Ongoing investment in business processes and new systems is growing our intellectual capital and indirectly benefiting our human and social and relationship capitals, but negatively impacting financial capital in the short term.

... Over time

Our network infrastructure, data centres, distribution infrastructure and software applications are an important source of competitive differentiation. Investing in building and maintaining this infrastructure requires significant financial capital and appropriate levels of human and intellectual capital, as well as certain natural capital inputs and outcomes. Over the long term, the investments in manufactured capital typically generate net positive outcomes.

This infrastructure nevertheless impacts on the environment, and therefore the natural capital of the country.

... Between our capitals and those owned by others, or none

While certain business activities impact our natural capital (for example, use of fossil fuels and related emissions), these positively impact the human, social and relationship and financial capitals.

The addition of devices to our network – an increase to manufactured capital, can have a deleterious effect on the environment through eventual discarded waste.

Our Strategic Approach (continued)

Our approach to stakeholder management

Stakeholder Group	Material relationships	Means of engagement	Material interests	How we engaged in FY24/ Adapting to the macro-economic challenges and improving COVID-19 environment
Government and regulators	Provide access to spectrum and operating licences, the basis for creating value. Impose regulatory requirements with potential cost implications.	<ul style="list-style-type: none"> Participation in consultations and public forums Submission and engagement on draft regulations and bills Engagements when submitting regulatory returns Publication of policies and research engagement papers Partnering on key areas including education, health, and gender-based programmes. 	<ul style="list-style-type: none"> Ensuring the wide spectrum of interests is managed as a strategic resource, contributing to national <ul style="list-style-type: none"> broadband access and the digital economy, especially in underserved and rural markets. Others include: Promoting opportunities for job creation and socio-economic development Protecting consumer interests on service quality, costs, and privacy Regulatory compliance on issues such as mobile termination rates, price, returns, security, safety, health, and environmental sustainability Contribution to the tax base. 	<ul style="list-style-type: none"> Continued to advocate for an enabling regulatory environment through submission of outlooks and comments during public participation exercises. Implemented internal policies and procedures towards ensuring compliance with new regulatory obligations. A successful engagement with the regulator led to the allocation of two New Mobile Network Destination Codes (MNDCs) for bolstering our capacity for customer acquisition and network expansion. Participated in the World Radiocommunication Conference 2023, where stakeholders gathered to collaboratively allocate spectrum for various technologies, while ensuring efficiency and equitable access for all. We continue to be actively engaged in the nationwide rollout of the USF tower infrastructure projects with the readiness for swift activation upon their completion. The industry converged at a negotiated MTR of KShs 0.41 for an interim period of two (2) years down from KShs 0.58 with the guidance from the Regulator. The regulator plans is to undertake another network cost study during the interim period.
Customers	Investing in tools and products that are designed to give our customers variety and control through relevant products and services.	<ul style="list-style-type: none"> Call centres, retail outlets and online – MySafaricom app, www.safaricom.com, Zuri ChatBot, messaging and USSD channels Net Promoter Score (NPS) feedback Facebook and Twitter platforms Safaricom PLC website www.safaricom.co.ke Open days offering customers affordable deals on products. 	<ul style="list-style-type: none"> Relevant & better value offerings Faster data networks and wider coverage with the 5G rollout Making it simpler and quicker to deal and connect with us by using Safaricom self-care services Launch of converged solutions for business customers with the https://www.business.safaricom.co.ke/products/40-kifarunet Managing the challenge of data-usage transparency by using tools like My Data Manager and Subscription Manager Privacy of information & content through Securenet protecting our loved ones through parental control and anti-malware protection; Feedback on service-related issues via CARE in line with our Customer Obsession agenda. 	<ul style="list-style-type: none"> Digitise and simplify customer journeys. Grow number of customers interacting with our digital channels Enhance data experience by fixing network experience issues Hustler Fund launch designed to improve financial access to responsible finance for personal, micro, small and medium sized enterprises (MSMEs) in Kenya Reduction in Fuliza charges with up to 50% price reduction on the Daily Maintenance Fee M-PESA Go account product for juniors that will drive digital financial inclusion, financial literacy, and ultimate financial health amongst the younger generation.

Stakeholder Group	Material relationships	Means of engagement	Material interests	How we engaged in FY24/ Adapting to the macro-economic challenges and improving COVID-19 environment
Investors and shareholders	Provide sustainable financial capital required to grow and feedback to inform our management and reporting practices.	<ul style="list-style-type: none"> Investor engagements which include roadshows, conferences and meetings Annual and interim results announcements Annual General Meetings with shareholders to update them on our business strategy Investor relations section on the company website. 	<p>Sound investment to ensure sustainable growth and risk management and to ensure that we take advantage of the opportunities that arise. Others include:</p> <ul style="list-style-type: none"> Responsible allocation of capital and sustainable investment Sound corporate governance practices Transparent executive remuneration Stable dividend policy. 	<ul style="list-style-type: none"> Maintained a focus on credit, liquidity and capital management Focused on continued investor engagement with various funds with an aim to strengthen and grow our investor portfolio Last year during the FiRe awards – overall winner in integrated reporting section Held the second Investor Day and a first one in Addis Ababa Ethiopia in February 2024 Successfully paid an interim dividend payment to our shareholders in FY2024 as per the dividend policy.
Employees	Our employees' engagement, determination and skills drive our ability to realise our purpose of 'transforming lives'.	<ul style="list-style-type: none"> Internal website Newsletters, internal magazine and electronic platform communication Employee surveys Employee hotline Leadership coaching and mentorship forums CEO mailbox. 	<ul style="list-style-type: none"> Clear career paths through individual development plans and performance reviews to assist in career development Improved knowledge sharing across the Company Simplicity, agility and engagement Building the coaching and mentoring capability of leaders Better understanding of reward structures Competitive remuneration. 	<ul style="list-style-type: none"> Continuous communication, education and awareness forums for all Staff to support personal and financial development Future of Work – Hybrid Working implementation Training and upskilling of all staff through Safaricom Business School (SBS) learning Launch of Industry Digital Talent Programs leveraging on partnerships Launch of Alumni program Onboarded 80 early career talent/ management trainees.
Suppliers	Impact on our ability to offer quality and cost-effective products and services and to provide cutting-edge technology.	<ul style="list-style-type: none"> Timely payment and fair agreement terms Supplier engagement forums and ongoing site visits Audits/verification checks for high-risk suppliers Annual supplier self-assessment to check on compliance to supplier code of conduct. Annual supplier NPS to rate how our suppliers perceive and understand our processes as well as get feedback and address gaps. Quarterly supplier performance feedback sessions Supplier Day, WIB quarterly forum and Special Interest Group Forums. 	<ul style="list-style-type: none"> Timely payment and fair agreement terms Occupational Health and Safety Act compliance Improving health and safety standards Partnering on environmental solutions Timely communication on outcomes on various activities eg. tender process. Increase in volume of business given Improve knowledge sharing on understanding of Safaricom's card system and HSW incidents and accidents Remain accessible to partners for feedback Feedback on performance Strategy and general direction and focus of the business. 	<ul style="list-style-type: none"> Engagements with suppliers are still mostly virtual with few cases of face-to-face interactions. Virtual sessions enable the reach to our supplier be easier and wider especially for foreign suppliers. The physical site visits enabled us to engage on a face-to-face level with the high-risk partners and get to understand any challenges they experience when conducting business with us.

Our Strategic Approach (continued)

Our approach to stakeholder management (continued)

Stakeholder Group	Material relationships	Means of engagement	Material interests	How we engaged in FY24/ Adapting to the macro-economic challenges and improving COVID-19 environment
Communities	Transforming lives through sustainable development initiatives that strengthen the socio-economic context in which we operate.	<ul style="list-style-type: none"> Safaricom Foundation partnering with communities M-PESA Foundation investing in projects with corporate social investment Public participation in projects and initiatives that give back to society such as the Safaricom Marathon geared towards the Lewa Wildlife Conservancy. 	<ul style="list-style-type: none"> Access to digital service platforms, mobile voice and data services Digital Skills Programme Access to basic services such as finance, health, education, water and environmental conservation. Investment in infrastructure Responsible expansion of infrastructure Safaricom Foundation Strategy 2023–2026 Foundation co-created community-oriented programmes with partners focusing on three thematic areas: health, economic empowerment, and education. M-PESA Foundation Medical camps were launched to address healthcare disparities by providing essential medical services to underserved communities in Kenya. To improve the employability skills of Visually Impaired Youth through access to quality inclusive education and training in innovative digital assistive technologies Launch Ndoto Zetu Phase VI and the other Philanthropic projects – Pamoja, Usamaria and regional. 	<ul style="list-style-type: none"> Continued implementation of our 2023–2026 strategy that focuses on health, economic empowerment, education; and has integrated disaster response and access to water and employee engagement. 3,596,136 people reached with Foundations’ initiatives in the period under review The Safaricom Foundation@20 festivities began on 9 August 2023, with a CEO-led staff engagement event held at Kenyatta National Hospital, with active community participation. The Free Medical Camps initiative, a collaboration between Zuri Health, and M-PESA Foundation, has successfully conducted 11 medical camps, benefitting 30,258 people. The Foundation targeted engaging 4,411 employees in various activities by the end of FY 2024. So far 2,464 employees have participated in the various Foundation engagements. KShs 371 million realised under leveraged in funding education The Vodafone co-funded Digital Skills Programme supported the renovation of eight teacher-training colleges’ ICT laboratories. This will benefit 2,400. The goal is to renovate the 35 ICT centres to benefit at C2 - Safaricom Internal least 35,000 trainee teachers through digital skills. Wezesha TVET programme was launched on 12 October 2023 in Isiolo County. The programme’s goal is to improve access to quality, equitable and inclusive skills and learning opportunities for the youth of Kenya. is being implemented in Nairobi, Isiolo and Marsabit Counties by Catholic Relief Services (CRS). 900 Students are set to benefit from direct scholarships across selected TVETs. The M-PESA Foundation Academy continued to provide quality education to bright children from poor backgrounds from the 47 counties with an aim to model leaders, doers, and thinkers, with 551 during the year. 568 learners enrolled in various tertiary institutions in 4 cohorts across Australia (4), Grenada (2), Kenya (430), Switzerland (9), UK (80), and USA (43). The Foundation partnered with Kilimanjaro Blind Trust to enable 200 visually impaired youth to access quality inclusive education. M-PESA Foundation continues to implement projects under the Citizens of the Future Programme with over KShs 460 million committed to improving learning infrastructure.

Stakeholder Group	Material relationships	Means of engagement	Material interests	How we engaged in FY24/ Adapting to the macro-economic challenges and improving COVID-19 environment
				<ul style="list-style-type: none"> Integration of the Foundation’s response to the fistula burden in Kenya that aims to restore dignity for Kenyan women and girls suffering with the condition, is still under implementation across the country. A total of 383 surgeries have been performed against a target of 1,000. The Foundation supported 14,000 community members in Samburu and Kisumu Counties to access food and non-food items. Samburu still faces drought while Kisumu experienced floods. Launch of the Embu University TVET programme C2 – Safaricom Internal Continued implementation of medical camps across the 47 counties, and plan for a second phase. Continued resource mobilisation and strategic partners to increase our scale and impact in the community.
Business partners	A key interface with our customers; they are custodians of our brand and reputation and critical to ensuring our strategy of delivering the best customer experience. They include financial services partnerships, e.g. Visa, M-PESA Global pay, Fuliza and content providers.	<ul style="list-style-type: none"> One-on-one and virtual business meetings Training sessions on new products and services Market visits. 	<ul style="list-style-type: none"> Making it simpler and quicker to deal with us Fair treatment Involvement of top management. 	<ul style="list-style-type: none"> Build Partnerships with Tier 1 contractors and other partners for knowledge-building in the WIB community – e.g. Huawei, Cisco trainings. Strategic partnerships with government to provide digital platforms to Kenyans enhancing service provisions e.g. Hustler Fund, MyCounty App, Women Enterprise Fund Accelerate the next financial services products under wealth management, insurance, credit merchants, and embedded finance (Buy Now Pay Later) Continued with market visits to better understand customer needs and issues, to enhance customer experience Increased collaborations in the market to expand opportunities and implementation of digital platform
Media	Media performs a critical role as the contact point with external stakeholders and keeping them informed of the facts, business developments, new products, services and the impact of our business operations.	<ul style="list-style-type: none"> Media releases and product-related publicity Roundtables Product launches Face-to-face and telephonic engagements Interviews with the CEO and key executives. 	<ul style="list-style-type: none"> Updated on key activities and offerings by the business Transparency Change communication and new products and services. 	<ul style="list-style-type: none"> Critical role as the contact point with external stakeholders and keeping them informed of the facts, business developments, new products, services and the impact of our business operations.



The Value We Embed

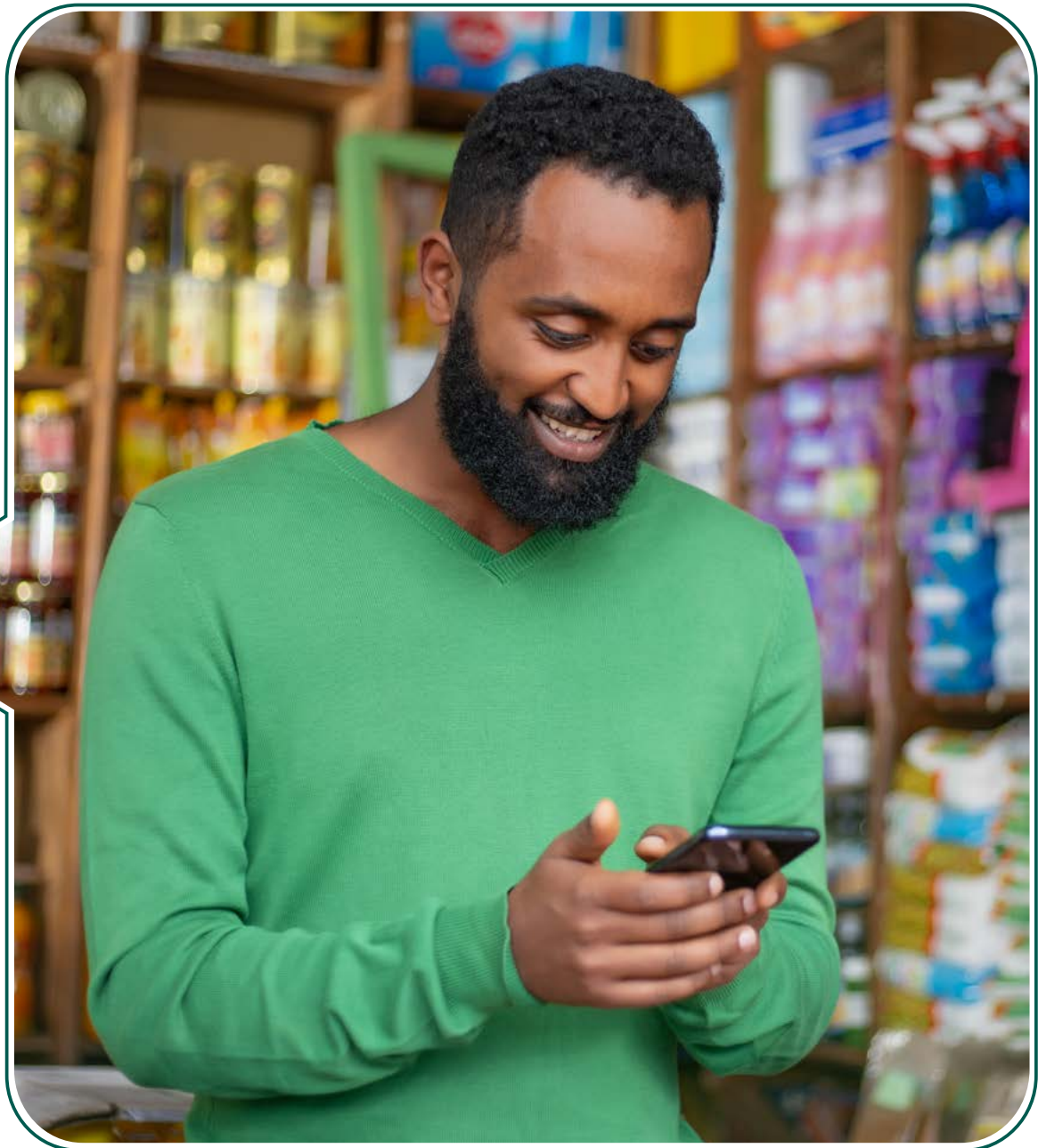
OUR HUMAN CAPITAL	71
OUR INTELLECTUAL CAPITAL – FY2024	76
• OUR TECHNOLOGY – FY2024	76
• OUR DIGITAL CHANNELS – FY2024	78
OUR MANUFACTURED CAPITAL	80

The Value We Embed



We strive to continually embed value within our organisation by aligning all our activities with our purpose, mission, vision and values, through the Spirit of Safaricom, Customer Obsession and our agile way of working. Together, these efforts and commitments constitute the culture that helps underpin our strategic pillars, business model, stakeholder relationships and diligent governance, which in turn, enable us to create and deliver value to our stakeholders. At the same time, we reaffirm through this approach, our commitment to making contributions towards the realisation of five of the UN SDGs*.

*For more on sustainability, see page 127.



Our human capital



Our human capital plays a central role in the way we do business, and in achieving the realisation of our strategic aim of becoming a purpose-led technology company. It also forms an inherent part of our social and relationship capital in mediating our cultural imperative of customer obsession in the Spirit of Safaricom*.

It all starts with our purpose to transform lives. Our aspiration is to be a purpose-led technology company and for Safaricom to be the best place for our customers, colleagues, community and shareholders.

*For more on the Spirit of Safaricom, see page 22.

Our staff complement – FY2024

Safaricom Kenya category	Female		Male		Total	
	2024	2023	2024	2023	2024	2023
Permanent	2,717	2,653	2,830	2,709	5,547	5,362
Temporary	12	86	26	106	38	192
Contractors	-	-	-	-	189	153
Total	2,729	2,739	2,856	2,735	5,774	5,707

Our employee philosophy – The Spirit of Safaricom

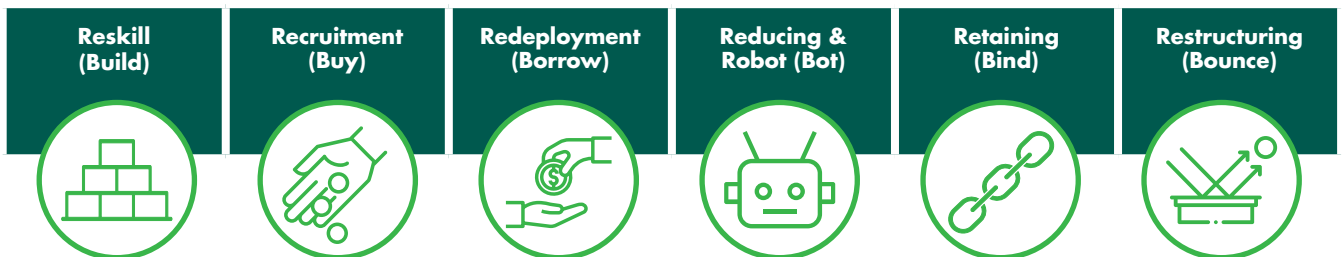
Our employee philosophy and management approach is anchored by our talent principles:

- Every person is viewed as talent and can grow and develop
- We focus on capability not role
- Our top leadership will own identification, development, growth and retention of talent
- With proper development, employees identified as top talent, accelerated talent and successors should become future leaders
- Diversity and inclusion are both good for our business and the right thing to do

- Growing our impact means:
 - Owning the things that matter to drive growth across our business and deliver for our customers, communities and teams
 - Identifying and working through challenges, assessing options and finding simple ways to move forward
 - Being exceptionally effective at achieving impact goals and role-modelling Spirit behaviours
- The quality of our people managers is key to success – the development of trusting and empowered managers who motivate, engage and coach their people makes the difference
- To build depth and breadth for critical experiences, we will provide mandatory functional, cross-functional and cross-market moves for talent.

Our approach to talent

Our approach to talent is based on six relationship-building (RB) aspects:



The Value We Embed (continued)

Our human capital (continued)

Our culture

Our main effort during the year under review was to bring the Spirit of Safaricom to life in the way we lead and own our mission. We characterised this as Bringing the Spirit Soul Back, an initiative that is predicated on consistent commitment from leadership through role modelling and ownership of each team's mission and transformation journey. This ongoing effort includes:

Mindset

We have consolidated all employee engagement communication and engagement under the #Living the Spirit tagline to excite the organisation and deepen understanding and ownership of the Spirit of Safaricom. We are also focused on socialising, as well as deepening understanding and ownership of our Leadership Charter for all people leaders. In addition, we have put significant effort into driving ownership and excitement in Agile and customer obsession through various initiatives such as:

- Weekly staff webinars, of which the majority are focused on the Customer Story
- Vodafone group hackathons
- Agile bootcamps
- Productivity sessions
- Safaricom CEO Heroes Event

We also undertook the embedding of purpose through the Doing Good campaign, with staff participating in corporate social responsibility (CSR) activities across the country as the Safaricom Foundation celebrates 20 years of support for society.

[For more on the Safaricom Foundation, see page 123.](#)

Phase 1 was completed during the year, with 818 leaders participating. Phase 2, while completed for some teams, remains ongoing with 377 participants.

We also hosted quarterly leadership mentorship sessions through the leadership forum, with the last three sessions focused on leading change and mental wellness. We have identified leading change as essential for all leaders as Safaricom transitions to become a Technology Company. It is to ensure the wellbeing of our leaders that we facilitated the mental wellbeing sessions. These contribute towards awareness of the support to which leaders have access through our Employee Assistance Programme.

Toolset

This involved defining the Leading with Spirit Framework that incorporates Spirit elements in how we lead – that is, leading with spirit. This framework clearly maps the leadership behaviours, competencies and traits that every leader in Safaricom needs to model. The framework itself is clarified for leaders through functional engagement sessions.

We have also included the framework in the refreshed performance management "Grow my Impact" framework defining the "How" of achieving our mission in order to strengthen leadership performance and succession. We track the outcome of the framework through our SEMA Survey metrics.

Skillset – Leadership development

To promote the delivery of our mission we continued to upskill and reskill our leaders through the Transformational Leadership Programme. This programme is aimed at creating a common language of mission and spirit performance across the organisation through:

- Purpose – Ensuring clarity on our priorities and actions to grow faster
- Customer Obsession – Being bold in attacking complexity, making it simple for our customers to choose us
- Innovation – Driving results, finding new ways to deliver an impact
- Collaboration – Developing talent and holding others to account.

Our staff complement

During the year under review, through collaboration with key stakeholders, we continued to consolidate our effort towards enhancing our diversity, equity, and inclusion (DEI) agenda.

Category	FY2024	FY2023	Target
Females in leadership	<ul style="list-style-type: none"> • 42.1% (+5.0%) • 2.6% growth in heads of department (women) • 1.5% growth in Senior Managers 	40.1%	45%
Women in tech management	28.6% (+1.5%)	27.1%	N/A
Staff with disabilities	3.3% (+0.2%)	3.1%	3.5%

Measuring our progress

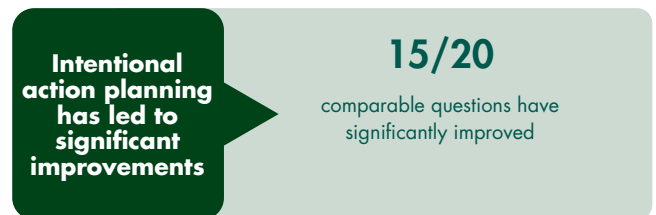
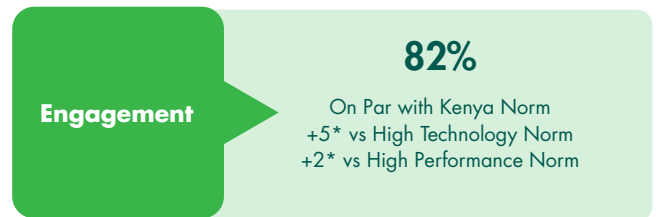
This is done through an annual SEMA staff survey. We conducted our annual SEMA survey in May 2024, with 5,518 employees participating and a 96% response rate, (FY2023: 93%) and translating into a 3% increase on the 2024 Annual survey.

The intent of the annual survey was to measure the progress of the actions taken following the Annual survey and to create a baseline for any emerging new issues.

The survey measured themes related to employee experience, in addition to capturing views on:

- The Spirit of Safaricom
- Customer Obsession
- Digitalisation
- Leadership
- Progress on becoming Agile and fully digital
- Key focus areas around:
 - Thrive (well being)
 - Customer Experience
 - Career Development

Overall, 15 out of 20 themes showed improvement over the Pulse survey with all scores above 60%.



Engaging with our employees

We utilise various platforms to enable engagement with our employees, and individual teams are free to adopt what is feasible for them. These platforms include live broadcast, townhall sessions at divisional level, cluster level sessions, monthly divisional fun sessions with purpose defined as Fun @ work, digital platform engagements among others.

Feedback and action-planning take a bottom-up approach with ownership allocated to Culture Champions and survey leads, who hold full responsibility for monitoring and reporting as well as for engaging with top leadership for appropriate sponsorship support.

Skills development and training

Our talent strategy has been designed to scale the delivery of diverse talent and future-ready skills in order to embed the Spirit of Safaricom. Our ambition is to ensure we deliver:

- Diversity: Females in leadership at 42%
- Persons with disabilities (PWD) at 3.5%
- Succession cover for leadership roles at 75%
- Retention of critical talent in Fintech, Cyber and Big Data at less 5% turnover
- An employee value proposition (EVP) that will make Safaricom the #1 Best Place to Be

To this end, during the year under review, we deployed a multi-year capability strategy on multiskilling and reskilling enabling the adoption of the *1 More Skill* campaign on 14 prioritised digital skill areas.

Our learning philosophy is anchored on the 70-20-10 approach, where:

- 70% of learning occurs on the job through challenging experiences, projects and assignments
- 20% occurs socially through coaching and mentoring
- 10% through instructor-led learning

This has resulted in significant cost savings, with total training investment for FY2024 standing at KShs 112 million.

The Value We Embed (continued)

Our human capital (continued)

Measuring our performance – FY2024

Focus	Key numbers
Employee survey	<ul style="list-style-type: none"> 72% of our staff believe their career goals can be met and achieved at Safaricom 78% of our staff have the opportunity to grow and learn at Safaricom
Safaricom Digital Academy	<ul style="list-style-type: none"> Five cohorts admitted to date, comprising: <ul style="list-style-type: none"> 561 employees, of whom 100% have been redeployed to support Agile 55 still in training 4,498 employees (79%) of staff complement completing Agile 101 courses 150 employees certified in Agile-related courses
Safaricom Grow platform	<ul style="list-style-type: none"> Upskilling/reskilling and multiskilling employees in functional and leadership areas with the aim of building careers 79% of our employees' individual development plan realised Over 100,000 were completed with at least 78% of our employees having completed a digital learning track with an average of 41 learning hours per employee 23,000 functional courses completed 2,310 employees attend instructor-led training sessions Upskilling of 80% of employees on Service Culture
Amazing People Leader Programme	<ul style="list-style-type: none"> 75% of leaders trained on Creating Psychological Safety: <ul style="list-style-type: none"> Influencing through Trust Performance Coaching Building Adaptive and Innovative Leadership Developing a Growth Mindset Leading Change
Transformational Leadership Programme	<ul style="list-style-type: none"> 818 leaders trained achieving: <ul style="list-style-type: none"> 100% training effectiveness Overall NPS score of 9 Manager Index at 88

Successor readiness

We are currently at 75% successor readiness for our critical roles. Talent reviews have been set up to provide each business unit (BU) an opportunity to review and analyse its talent and to put together specific action plans to address talent gaps and shortages; as well as to retain critical talent. Analysis of succession gaps in key leadership roles enables us to put plans in place to mitigate against the impact of these gaps on delivery of business results.

Measuring our employees' performance – FY2024

With the Company transitioning to agile ways of working, there is now more focus on specific business outputs and contributions as opposed to leveraging on role profiles.

Our Agile Contribution Model supports our new ways of working. Moreover, we have embraced agility through four components aimed at supporting collaboration, flexibility, growth and craftsmanship, with a bias for doers:

- Contribution-based career model
- Performance management model
- Employment contracts
- Remuneration and incentive model

Key performance indicators (KPIs)

Our Agile people mode ensures that all job profiles are linked to specific business KPIs. Each role has a mapped contribution level aligned with Craft, People and Mindset, Business and Customer.

Each employee is assigned Objective Key Results in line with the overall business mission. These are documented and reviewed through:

- Regular weekly retrospect meetings
- Monthly check-ins
- Quarterly business reviews
- 360 Review sessions
- Bi-annual and annual reviews

Following the launch and adoption of the agile people model, our agility index stands at 78% with a target of 80% in FY2024.

Performance development – Grow my impact

Grow My Impact is the new approach to performance development that we have adopted. It is underpinned by our Spirit behaviours and seeks to unlock and enable a high impact performance and learning culture.

Every employee has Impact Goals set as specified tasks as per the mission, as well as a Grow Goal – an individual development plan aligned with our agile contribution model themes of:

- Business and Customer
- People and Mindset
- Craft

This has achieved great synergy in enabling growth for both business and employee.

Employee health and wellness

Our mission is to ensure that no-one is harmed, either directly or indirectly, because of our business operations. Accordingly, we have put in place measures, including a strategic plan 'safety, health and wellbeing (SHW)', incorporating various preventative strategies to ensure that throughout our business operations, we minimise the risk of harm or injury, to create a secure environment for all. Our SHW plan is to foster safety leadership and culture that sets a "zero-harm" and "no one gets hurt" tone from the top.

During the year under review, employee safety, health and wellbeing continued to be a priority for the Company. While management of occupational road risk (ORR) remained our key risk area, risk management of our top safety, health and environment (SHE) risks, including supplier engagement and management, occupational health and wellbeing and community safety, ensured that we comprehensively addressed our risk areas. Moreover, the implementation of SHW strategy enabled us to achieve yet another fatality-free year of operations.

Our SHW strategic priorities

Our achievements in health and safety spanned our five strategic priorities of:

- Visible felt leadership
- Occupational road risk management
- Occupational health and wellbeing
- Supplier engagement
- Community safety

with notable successes including:

- Zero fatalities
- Three external awards, two CEO awards
- Advancing of our safety culture from Level 2 to Level 3
- Attainment of SHW country plan objectives
- Recertification for ISO 45001 to meet international best practice
- Legal compliance with all statutory obligations

HR policies and processes – FY2024

During the year under review, we instituted harassment advisors with the aim of embedding psychological safety and an environment free of bullying. The aim is to cement a workplace in which employees feel able to speak out, and where innovation is encouraged without the fear of proposing the wrong thing. Employees are reassured with the concepts of "fail fast" and "fail forward" to stimulate and expedite execution and turnaround time for projects. We believe that psychological security also enhances collaboration, which in turn improves outcomes.

HR Caravan Series

The HR Services Awareness programme #Caravan Series is designed for engagement and interaction between all Safaricom Staff and HR. This programme has enabled the HR team to address staff queries and demystify the role of the Resources Division in supporting the business in achieving its mission. During the Caravans, we unpack existing policies, procedures, programmes and practices, thereby enhancing employee experience.

The drivers for these Caravans include shifts and new developments in our operating model, including:

- Our strategic goal of becoming a purpose-led technology company by 2025
- Our agile transformation and customer obsession efforts
- New ways of working occasioned by the aftermath of the COVID-19 pandemic

The programme was devised out of our recognition that there was a need to re-connect, re-engage, and re-energise the teams. We are committed to continuing the engagements to ensure we cover all the chapters in Resources Division.

During the year under review, we ran a series of these virtual Caravans with the themes of:

- Talent and resourcing
- Health, safety and wellbeing
- Total reward
- Financial wellbeing
- Spirit of Safaricom

The Value We Embed (continued)

Our intellectual capital – FY2024

Our technology – FY2024

Part of these capitals



Informed by these strategic pillars



Impacting these stakeholders



Supporting these UN SDGs



Our operational overview

- We entered into nine strategic partnerships with the government, including one under contract with the Ministry of Health
- For customers we reduced technology demand by 44%
- Led NPS scores by more than 10 points ahead of our competitors in:
 - Fixed: 61
 - Network: 78
 - Enterprise: 43

Our strategic objectives

- **Lower the cost-to-serve**, to allow for assessment of product and service cost and understanding of Safaricom's cost-to-serve/cost-to-carry
- **Delivery of segmented low-cost product interventions** – To help attract and maintain customers whose disposable income has been depressed by challenging social and macro-economic conditions
- **5G capability** – To trial the 5G core and accelerate 5G rollout
- **Drive Innovation and New Product Development**
- **Fostering tech-co capabilities** – supporting the Decode 2.0 event that brings together the digital engineering community to ensure we have an enriched pipeline of talent across the industry that will play a key role in the positioning of Safaricom as a technology partner of choice for enterprises and the government
- **Embrace Secure and Sustainable Technology Solutions**
- **Digitisation** – Improving service delivery, efficiency and savings on man-hour costs

Measuring our performance

Target	How we performed	Status
Enterprise Revenue KShs 65 billion	KShs 55.18 billion at February 2024	Partially achieved
To be recognised as technology partner of choice in Government	Nine live, one initiated	Partially achieved
Implement Operation Excellency on Capex and Opex	IT opex: KShs 3.62 billion Network opex: KShs 18.93 billion Capex at KShs 47.47 billion	Partially achieved
Network NPS >80 (Connectivity and data)	#1 at 78 (15-point lead)	Achieved or on track
Customer pain reduction (tech-driven demand)	44% reduction, 14% within monthly target	Achieved or on track
A cyber-security score of 4.0	Cyber Security baseline (CSB) at 3.96	Partially achieved
Health, safety and wellness (HSW) – zero fatalities, HSW Maturity Level 4	Level 3 – advancing	Partially achieved
Five home-developed solutions commercialised externally	Five solutions developed	Achieved or on track
800 5G sites	803 5G sites as at March 2024	Achieved or on track

Achieved or on track Partially achieved Not achieved

Our key investments

Our total capital expenditure for the year amounted to KShs 22.5 billion

- Limuru Data Centre Build
- Over 700 sites upgraded to 5G technology
- Phase I CBS refresh
- 1,000+ 4G upgrades
- Fixed – 92K+ homes passed
- Support for the migration of government services to our internal Cloud

The challenges we faced

- Rising cost of fuel – solarising of sites to meet at least 20% of demand
- Forex depreciation – Local currency payment to all services offered locally

In addition we made several enhancements including investing in a data privacy protection tool that will assist in the discovery and protection of our PII data.

The risks we have identified

Although many positive impacts are attributed to recent technological changes, over the longer term, technological advances, including generative AI, will enable a range of access to an extensive breadth of knowledge that will underpin the conceptualisation and development of new disruption and malware tools.

Area of risk or impact

- **Our CVP:**
A major failure in critical network or information technology through natural disasters, insufficient preventative maintenance, or malicious attacks, would have a profound impact on our customers and business partners.

What we do in mitigation

- Comprehensive business continuity and disaster recovery plans in place
- Investments in cutting-edge technologies to ensure adequate redundancy capabilities and elimination of any single point of failure
- Implementation of ISO 22301 Business Continuity Management System maintaining certification by British Standard Institute (BSI) since 2014

For more on our management of risk, see page 50.

CSI

As part of our commitment to responsible corporate citizenship, we supported:

- The Safaricom Foundation in 20 initiatives
- Customer service week

For more on the Safaricom Foundation, see page

Looking ahead

In the short-, medium- and long-term we will need to address:

- Increasing fraud within financial services sector as we seek to ensure the security of customer funds and the education of customers so that they can identify social engineering tactics by fraudsters
- Early loading of budgets to ensure that equipment and hardware are purchased early, to facilitate sound planning
- Prioritising of *Tech for Good* initiatives to increase our NPS and foster the realisation of the Safaricom Purpose of transforming lives
- Sustainable business through investments in new growth areas such as health-tech and agri-tech.
- Capacity-building of staff through tech certifications in growth areas to capacitate our employees
- The retirement of 3G technologies in the medium term and 2G in the long term while taking into account the challenge of legacy mobile phone sales in the market, an issue which Safaricom cannot contain alone
- The entry of new players such as Starlink into the market, thereby increasing competition to our enterprise and fixed products
- Currency fluctuation, which has the capacity to impact our capex, as a significant portion of our radio network spend is in foreign currency

The Value We Embed (continued)

Our intellectual capital – FY2024 (continued)

Our Digital Channels – FY2024

Part of these capitals



Informed by these strategic pillars



Impacting these stakeholders



Supporting these UN SDGs



Our operational overview

The Digital Channels tribe is part of the Channels Division, and our specified tasks for the year under review were to:

- Grow APP, Web, ZURI (BOT), USSD and IVR usage (Monthly Active)
- Digitise channels organisation
- Implement the *Single View Of Customer* platform
- Facilitate cost efficiencies through digitisation
- Ensure fit-for-purpose Channels organisation

Our strategic objectives

Our strategic objectives shifted during the year under review from growing digital channel and self-service usage to digitising more of our trade operations and activities, this translated into the imperative to:

- Digitise Customer Journeys in order to deliver an advantaged omni-channel route to customer by end of FY24, with a key focus on:
 - Digitising trade and partner ecosystem operations and visibility through relevant reports
 - Growing digital channel usage on App, Web and Zuri
 - Growing digital transactional net promoter score (tNPS)

Our key initiatives

Demand deflection:

- Enhancement of existing menus on IVR, USSD and ZURI, and stabilisation of the service
- Unassisted contacts grew by 23% (425K to 519K) YTD

MySafaricom partner app:

Deployed on production with:

- Three key journeys
- Acquisition
- SIM swap
- KYC update

Single View of the Customer

Tolled out and fully scaled, with:

- More than 2,600 frontline customers onboarded
- Commencement of environment build-up for in-house portal with subscriptions page

MySafaricom partner portal

- Converged 17 portals into one unified portal to create efficiency of interaction with our partners
- Created 13 dealer reports

Measuring our performance

KPI	Actual Performance
Grow total self-service interactions	564,000
Grow monthly web (safaricom.com) users	730,000
Single View of the Customer (Unified Front-end) deployment	New portal deployed
Digital channel tNPS	36
Demand reduction	2,800 calls reduced
NLP – Smart IVR	38 journeys developed
Device financing – Lipa Mdogo Mdogo enhancements to grow 4G attachment	5 new devices added System stabilisation done
Partner portal/Dealer portal	Converged 17 portals Automated 13 dealer reports
New Jiandikishe app	Deployed new Jiandikishe App

The challenges we faced

- **Regulatory Changes** such as those pertaining to our unified send money journey for which we needed to reprioritise our squad priorities and deliver on key changes through Agile ways of working
- **Fraud** – Increased instances of fraud attempts were identified throughout the year. This risk was mitigated by enhancing the security of our digital touchpoints and enhanced encryption

Looking ahead

In the short term we will be working to digitise commercial operations’ customer journeys in order to deliver an advantaged omni-channel route to our customers. This will entail:

Specified tasks	Implied tasks
Delivering superior customer experience	<ul style="list-style-type: none"> • One-App development/ support digital-first strategy • Launch NLP enabled IVR (voice) to customers and Zuri (chat) • Gen AI platform migration
Digitising our commercial operations touchpoints	<ul style="list-style-type: none"> • Accelerate market rollout for the new Jiandikishe app and grow usage • Scale franchise SIM-swap journey on Jiandikishe app • New commercial terms implementation and PINless airtime sales on dealer portal • Franchise POS rollout
Delivering a seamless omni-channel experience for frontline teams	<ul style="list-style-type: none"> • Stabilisation of the SVC/Unified front-end to grow activity and user NPS
Building a fit-for-future Agile organisation	<ul style="list-style-type: none"> • Establish a Channels IT system

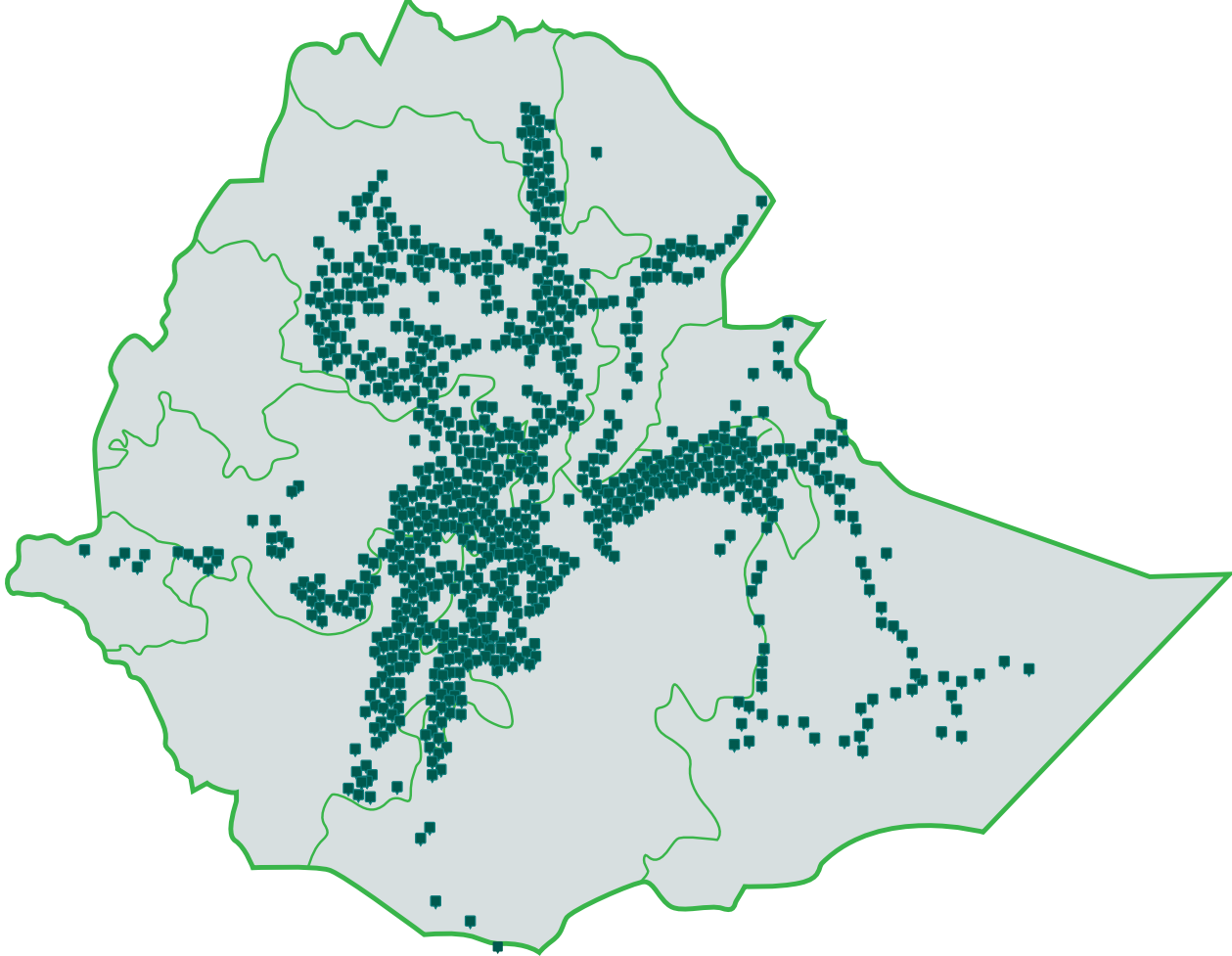


The Value We Embed (continued)

Our manufactured capital

Our network footprint and sites

Our Network coverage in Ethiopia



17,000 km

Cumulative fibre-optic footprint

↑ **21.4%**

(2023: 14,000 km)



371,989

Residential homes connected to fibre-optic network

↑ **34.9%**

(2023: 275,657)



KShs 93.5Bn

Capex Investment in Kenya and Ethiopia

↓ **2.7%**

(2023: KShs 96.1Bn)



560,261

Homes passed by fibre

↑ **20.3%**

(2023: 465,558)

Digitising Kenya

Launched the First-of-its-kind Smartphone Assembly Plant in East Africa

State-of-the-art East Africa Device Assembly Kenya Limited, located in Athi River, launched in October 2023 to manufacture:

- 4G-enabled Neon 5, Smarta and 6½ Ultra
- Additional devices to diversify the product range over time
- 3 million units annually

Benefits:

- Employee creation
- Affordable smartphones
- Customised and fitted with relevant local Apps

In partnership with a consortium of Local Mobile Network Operators (MNOs) and international device manufacturers.

Production capacity:

Capacity to produce up to 3Mn mobile phone units annually.



The Assembly Plant Launch officiated by the President of Kenya H.E. Dr William Samoei Ruto on 30 October 2023.

THE MOST AFFORDABLE SMARTPHONE MADE IN KENYA

INGIA DIGITAL NA **NEON**

Available at all Safaricom shops, dealer outlets and www.masoko.com

NEON SMARTA 7,499/-

NEON ULTRA 8,999/-

Available with Google apps

A PRODUCT OF **EADAK**

Safaricom



The Commercial Value We Deliver

OUR OPERATING ENVIRONMENT	84
• THE GLOBAL ECONOMIC PICTURE	84
• OUR COMPETITIVE LANDSCAPE	85
OUR FINANCIAL CAPITAL	90
CHIEF FINANCE OFFICER'S REVIEW	90
OUR KENYAN BUSINESS	90
• OUR ETHIOPIAN BUSINESS	101
OUR FINANCIAL SERVICES	108
• M-PESA PERFORMANCE	109

The Commercial Value We Deliver

Our operating environment

The global economic picture

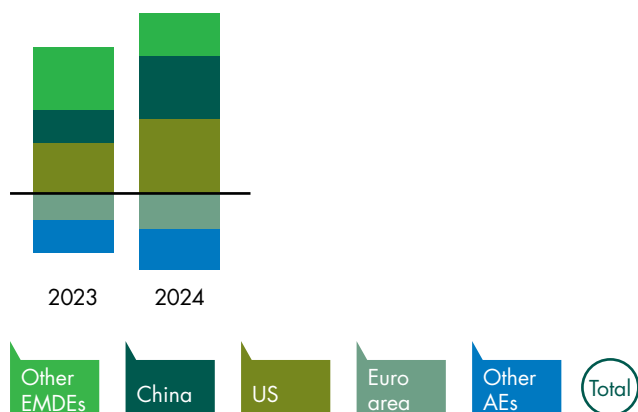
During the year under review, the world economy showed resilience despite monetary tightening, an increase in geopolitical conflicts and greater economic uncertainty. In several developed and developing countries, economic growth exceeded expectations, with labour markets supporting consumer spending, global inflation showed a significant decline with lower energy and food prices, allowing central banks to slow or pause interest rate hikes.

On the demand side, stronger private and government spending sustained activity, despite tight monetary conditions, while on the supply side, increased labour force participation, re-established supply chains and cheaper energy and commodity prices contributed to easing of conditions, despite renewed geopolitical uncertainties and conflict in the Middle East.

Global growth forecast

World real GDP growth revision

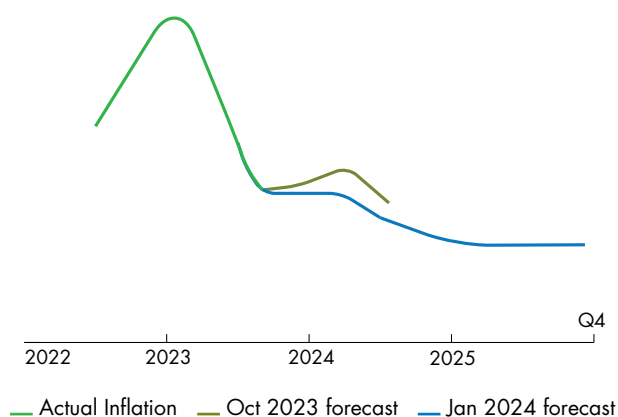
(vs. Oct 2023 WEO; percentage points)



Sources: IMF, World Economic Outlook; and IMF staff calculations.

Global headline inflation

(percentage; quarterly; y/y)

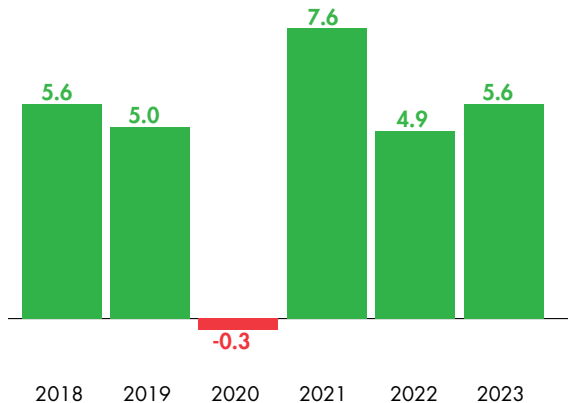


Sources: IMF, World Economic Outlook; and IMF staff calculations.

The domestic picture

After Kenya's strong rebound from the COVID-19 crisis at 7.6 percent in 2021, and GDP growth of 4.9% (revised) in 2022, economic performance bounced back to 5.6 percent in 2023, driven by a recovery in the agricultural sector.

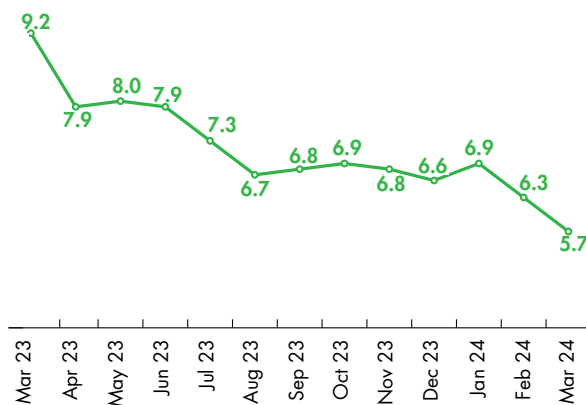
GDP growth rate (%)



Source: KNBS

Inflation declined to 5.7% in March 2024 from a high of 9.2% in March 2023 due to a significant decline in fuel and food prices. Credit growth in the private sector stood at 7.9% in March 2024 while the Non-Performing Loans (NPL) ratio for the entire banking sector rose to 15.7% during the same month. The country also saw high interest rates and a tight monetary policy, with the Central Bank Rate (CBR) at 13.0% in March 2024 (cumulative increase of 3.5% since March 2023).

Inflation rate (%)



Source: KNBS

Increased regulatory oversight by the Data Protection Commissioner

The office of the Data Protection Commissioner increased compliance oversight in the industry by issuing several penalties during the year under review, for those posting pictures and videos of both adults and minors without their consent.

In addition, in February 2024, Central Bank of Kenya (CBK) directed the industry to discontinue all services that allowed payments to unregistered numbers. This has enhanced compliance in AML monitoring and KYC requirement in the industry.

Nonetheless, the year under review saw a generally supportive regulatory environment. While there was a reduction in excise duty on telephone and internet data services, we also saw:

- A reduction in mobile termination rates (MTR)
- Increased excise duty rates on mobile money transfer services
- The introduction of a housing levy

The Finance Act 2023

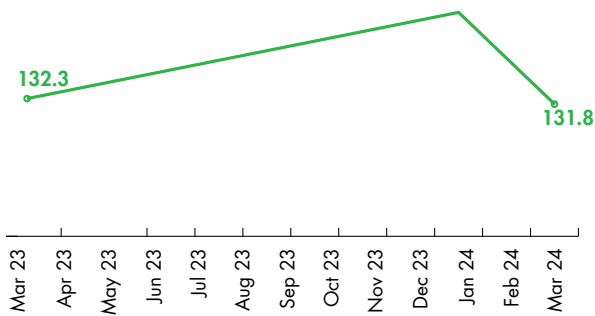
This piece of legislation then came into force in July, and includes the zero-rating of VAT on exported services that was previously impacting pricing on wholesale services from Kenya to the region. The act also zero-rated VAT on locally assembled devices and zero-rated excise duty for inputs required to assembly handsets.

Kenyan economic developments

Customers experienced a decline in food prices, although their constrained purchasing power impacted business across the economy, exacerbated by an increasing cost of borrowing, high energy tariffs and volatile fuel prices.

The Kenya shilling strengthened by 15.5% against the US dollar in the first quarter of 2024 compared to a depreciation of 26.8% in 2023, mainly supported by increased dollar inflows into the country after the Eurobond issuance by the government. In February 2024, the country raised US\$1.5 billion in a new Eurobond to partly meet the maturity of the US\$2 billion sovereign bond that matured in June 2024.

USD/KShs exchange rate



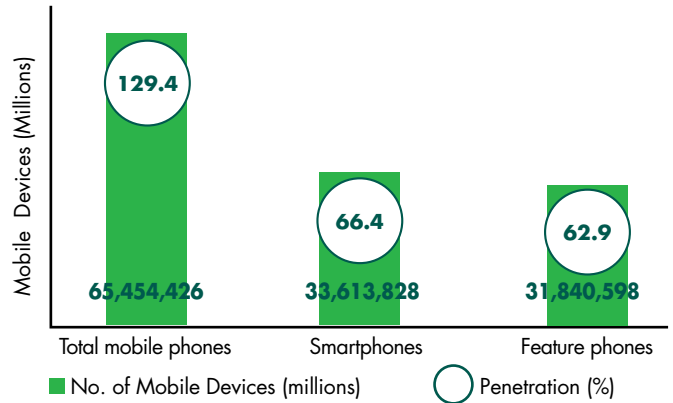
Source: Central Bank of Kenya (CBK)

Our competitive landscape

There were 65.45 million mobile phone devices owned in Kenya as at 31 December 2023, a number that translates into a device penetration rate of 129.4%. Penetration rates for feature phones and smartphones stood at 62.9% and 66.4% respectively.

Kenyan mobile network devices

During the second quarter of the year under review, the number of mobile subscriptions dropped from 67.1 million in the previous quarter to 66.7 million. This was attributable to high churn with respect to acquisitions with the mobile penetration rate declining by 0.8 percentage points to 131.9%.



Total mobile phone devices stood at 65.45 million as at 31 December 2023 translating to device penetration rate of 129.4 percent. Penetration rates for feature phones and smartphones stood at 62.9 percent and 66.4 percent respectively.

Source: CA Sector Statistics Report Q2 2023/2024

Indicator/Period		Q2 (Oct-Dec 23)	Q2 (Oct-Dec 22)	Yearly Variation (%)
Mobile Network Services				
Subscriptions to Mobile Services	Total mobile (SIM) Subscriptions	66,745,709	65,737,164	1.5
	Machine-to-Machine (M2M) Subscriptions	1,515,338	1,510,236	0.3
Mobile Money Transfer Services	Number of Registered Mobile Money Agents	327,162	318,607	2.7
	Mobile Money Subscriptions	38,002,803	38,645,654	-1.7
Mobile Data and Broadband Subscriptions	Mobile Broadband Subscriptions	36,518,744	31,888,468	14.5
	Mobile Data Subscriptions	51,015,188	47,760,337	6.8
Mobile Phone Devices	Feature Phones	31,840,598	33,618,061	-5.3
	Smartphones	33,613,828	29,742,690	13.0

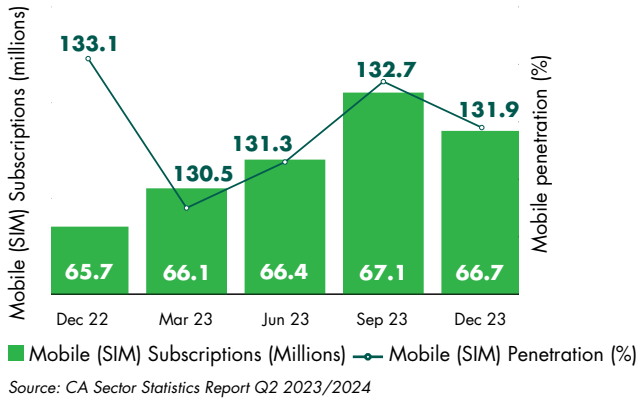
Source: CA Sector Statistics Reports: Q2 2023/2024 and Q2 2022/2023

The Commercial Value We Deliver (continued)

Our operating environment (continued)

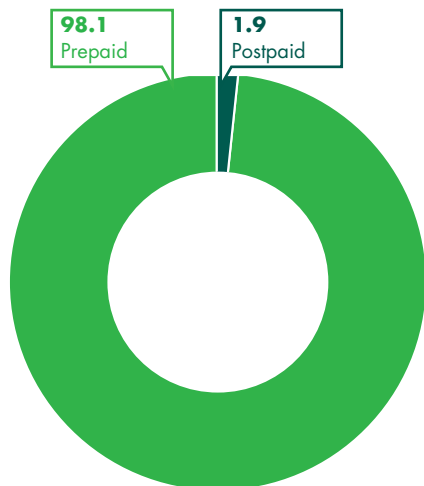
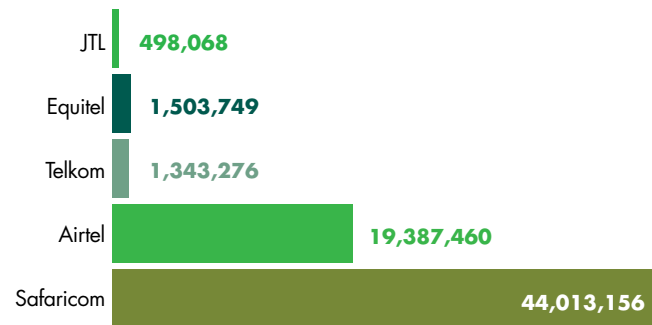
Our competitive landscape (continued)

Number of mobile (SIM) subscriptions and penetration rate



Number of mobile (SIM) subscriptions per contract type

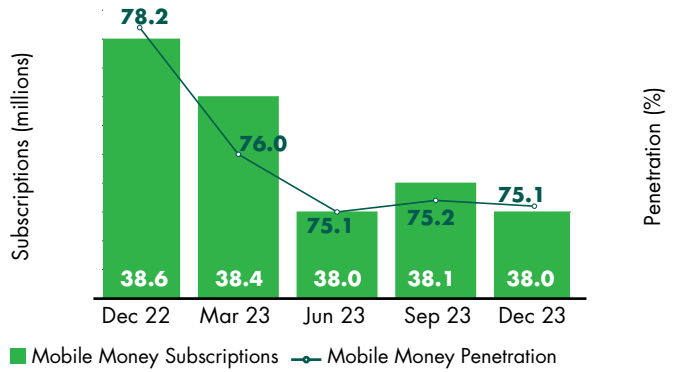
Mobile subscriptions per operator



Source: CA Sector Statistics Report Q2 2023/2024

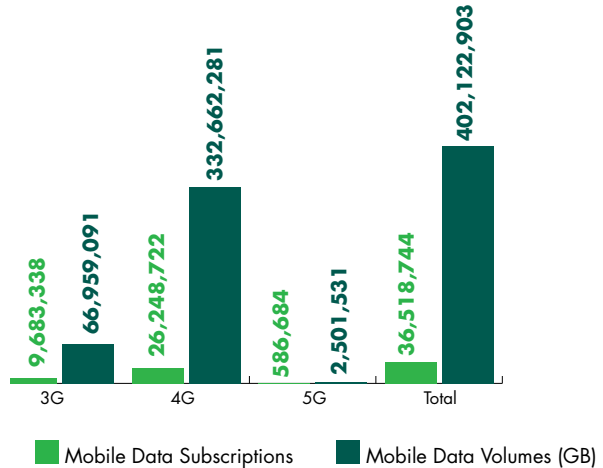
As of 30 December 2023, mobile money subscriptions fell, standing at 38.0 million, which reflects a penetration rate of 75.1%. This decline was attributed to the fall in the number of mobile subscriptions.

Mobile money services



During the year under review, 4G technology continued to gain popularity among mobile data services consumers, contributing up to 51.5 percent of total mobile data subscriptions. Mobile data volumes within the 4G network accounted for 82.7% of total data volumes. Network population coverage of 4G currently stands at 97%, with 2G and 3G still ahead at 98%.

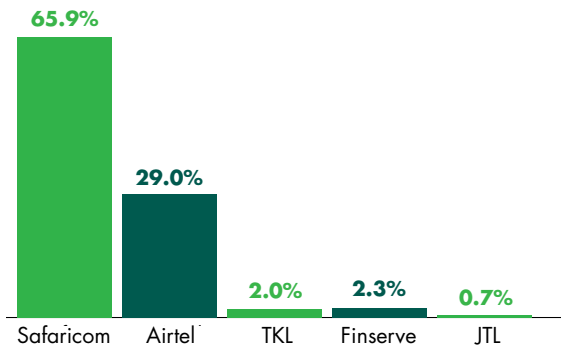
Mobile broadband subscription and consumption



Source: CA Sector Statistics Report Q2 2023/2024

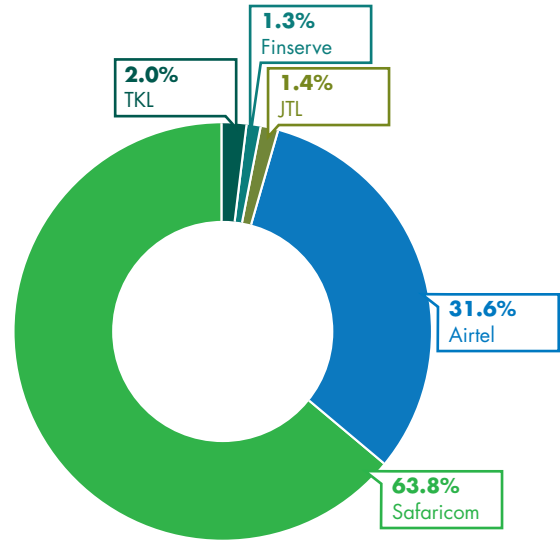
Market share in mobile services subscriptions

Mobile (SIM) subscriptions

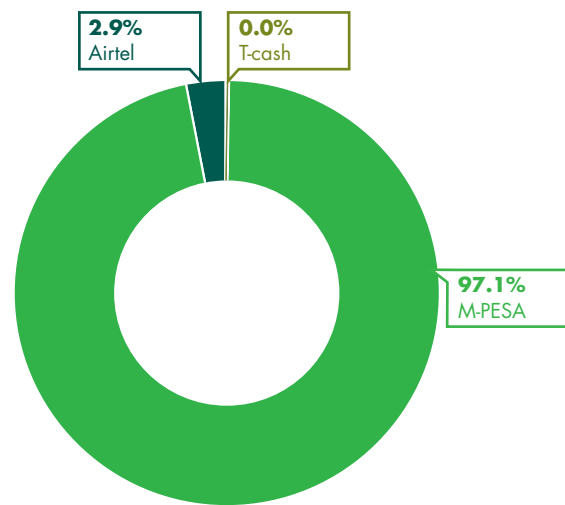


Source: CA Sector Statistics Report Q2 2023/2024

Mobile Broadband subscriptions



Mobile money subscriptions



Source: CA Sector Statistics Report Q2 2023/2024

The Commercial Value We Deliver (continued)

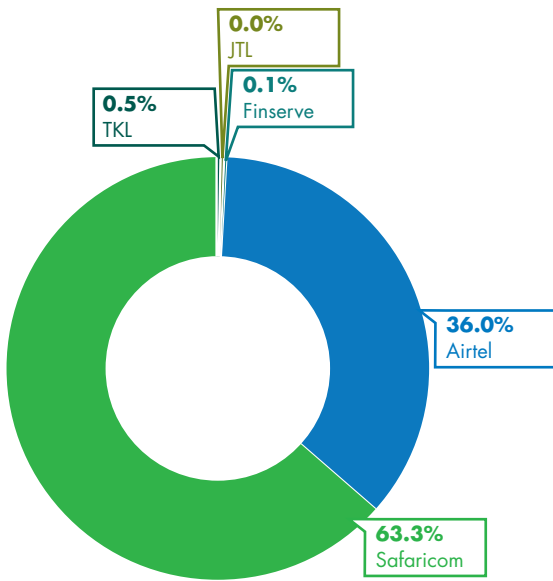
Our operating environment (continued)

Our competitive landscape (continued)

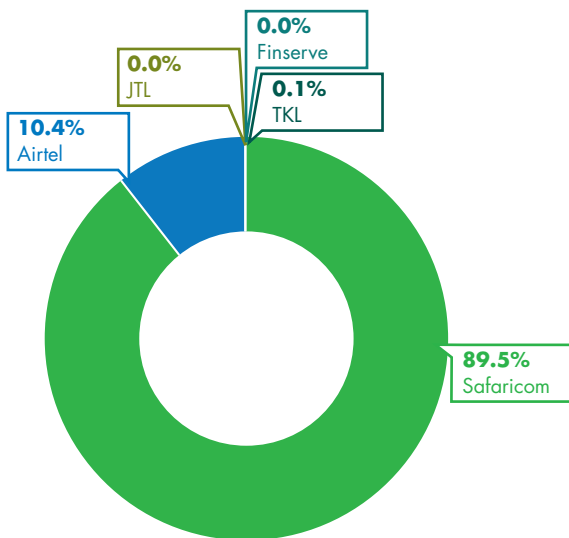
Domestic mobile and SMS market share

While there was intensified competition, we maintained our customer market-share at 65.9% (from 65.7%) by end of December 2023.

Voice



SMS



Source: CA Sector Statistics Report Q2 2023/2024

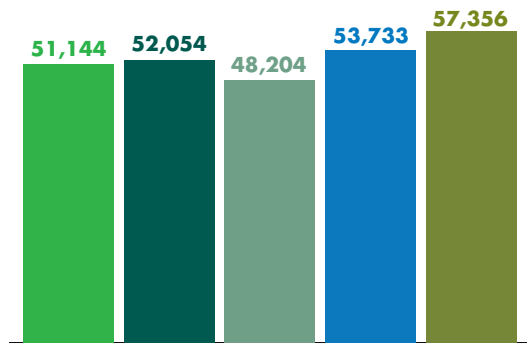
Fixed voice subscriptions

Competition within the fixed connectivity space continued to evolve as medium-sized players gained ground in key urban and residential areas through low-cost, medium-speed propositions.

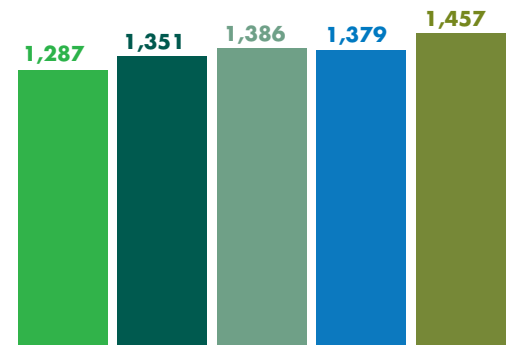
Fixed voice VoIP subscriptions grew by 6.7% in Q2 of 2023, reflecting an increase of 11.5% from Q1.

Our voice market-share declined slightly from 64% to 63% for the same period.

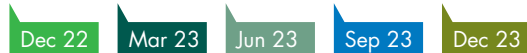
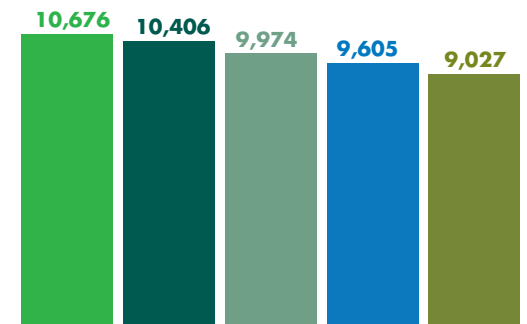
Fixed VOIP



Fixed wireless



Fixed line



Source: CA Sector Statistics Report Q2 2023/2024

Fixed data subscriptions by operator

Service Provider/Indicator	Number of data subscriptions	Market share (%)
Safaricom PLC	487,924	36.7
Jamii Telecommunications Ltd	315,819	23.7
Wananchi Group (Kenya) Limited*	261,723	19.6
Poa Internet Kenya Ltd	169,738	12.8
Mawingu Networks Ltd	26,907	2.0
Dimension Data Solutions East Africa Limited	16,465	1.2
Vilcom Network Limited	13,852	1.0
Liquid Telecommunications Kenya	10,979	0.8
Vijiji Connect Limited	5,131	0.4
Other Fixed Service providers	23,475	1.8

Source: CA Sector Statistics Report Q2 2023/2024

*Includes Wananchi Group, Wananchi Telecom, ISAT and Simbanet



The Commercial Value We Deliver (continued)

Our financial capital

Our financial capital lies at the heart of our business, and is fundamental to the way we both create and deliver value to all our stakeholders.

Despite a tough operating environment compounded by rising inflation that adversely affected our customers' disposable income, we produced a gratifying financial performance during the year under review.

Our Kenyan financial highlights – FY2024



Service revenue

↑+11.7% YoY

KShs 329.8 billion
(+12.1% YoY adjusted for MTR)



EBITDA

↑+16.6% YoY

KShs 187.0 billion



EBIT

↑+20.4% YoY

KShs 139.9 billion



Net Income

↑+13.7% YoY

KShs 84.7 billion



Operating free cashflow

↑+11.2% YoY

KShs 128.6 billion

Chief Finance Officer's Review

During the year under review, our Kenyan business recorded impressive results, with strong growth in M-PESA, mobile data, fixed service and wholesale transit revenue. We delivered double-digit growth in Service Revenue, EBITDA, EBIT, Net Income and Free Cashflow, with EBIT surpassing the \$1 billion milestone. Our margins showcase operational excellence, with EBITDA and EBIT margins reaching record highs.

Our Performance in FY24

Overall, our strategic execution throughout our business segments delivered double-digit growth across all the financial metrics for our Kenyan business – EBIT, EBITDA, net income and free cash flow. This growth largely derived from M-PESA, and connectivity revenue, which includes voice, messaging, and mobile data. Although messaging and voice revenues continue to decline in line with global trends, growth in the new business verticals continue to supplement the decline.

We are pleased with the results delivered for FY24 despite the tough operating environment brought about by macroeconomic challenges. We continued to pursue our strategic goal for the year which was to scale technology solutions in order to be Africa's leading purpose-led technology company by 2030.

As part of our strategic goals, we continued leveraging on technology and driving relevant products, services and solutions through innovation to meet our customer needs. During the year, we launched "Gomoka na Go Monthly" promotion in Kenya, ensuring that customers can enjoy more data for less, cushioning them against the current challenging economic times.

It has been one and half years since the commercial launch in Ethiopia, with FY24 being the first full year of operations. We are encouraged by the performance to date, confirming the great potential we see in the market. As the Ethiopia business gains scale, its positive impact on Group performance will be material.

These achievements deeply resonate with our purpose of transforming lives. By delivering innovative solutions and creating tangible value, we are impacting our communities positively. A heartfelt thank you to all our loyal customers and our colleagues for their invaluable contributions to this exceptional performance.

Group Performance Review

We are pleased with our performance in FY24 despite the tough operating environment compounded by rising inflation adversely affecting our customers disposable income. Our Group Service revenue grew 13.4% year on year (YoY) to KShs 335.35 Bn in FY24 mainly supported by M-PESA, Mobile Data and Fixed revenues.

Overall Group customers grew 6.8% YoY to 49.02Mn while one-month active customers grew by 9.1% YoY to 37.70Mn. Safaricom Kenya's overall market share stood at 65.9% as at December 2023.







Group Net Income attributable to owners of the Company grew 1.2% YoY to KShs 62.99Bn.

Our Group capital expenditure in the period stood at KShs 93.5 billion, of which Safaricom Ethiopia accounted for 49% at KShs 46.2 billion

FY24 Performance | Outstanding Kenya Performance. Outperforming Group Guidance

	Safaricom Kenya Performance		Safaricom Group Performance (Including Ethiopia)*	
	EBIT	Capex	EBIT	Capex
Achievement	KShs 139.9Bn +20.4% YoY (FY23: *1.8% YoY)	KShs 47.3Bn Capex Intensity 13.8% (FY23: 13.1%)	KShs 94.9Bn +3.5% YoY (FY23: +16.0% YoY)	KShs 93.5Bn Capex Intensity 26.8% (FY23: 30.9%)
Guidance (KShs)	129 - 132Bn	45 - 48Bn	87 - 93Bn	85 - 93Bn
	Group Service Revenue** KShs 335.4Bn +13.4% YoY		Group Net Income excluding Minority Interest** KShs 63.0Bn , +1.2% YoY	





Safaricom Group Performance

 <p>Service revenue grew ↑ 13.4% YoY to KShs 335,353.1 million</p>	 <p>Voice revenue declined ↓ 0.6% YoY to KShs 80,541.1 million</p>	 <p>Messaging revenue grew ↑ 8.3% YoY to KShs 12,319.2 million</p>
 <p>M-PESA revenue grew ↑ 19.4% YoY to KShs 139,914.8 million</p>	 <p>Mobile data revenue grew ↑ 24.9% YoY to KShs 67,404.3 million</p>	 <p>Fixed line and wholesale revenue grew ↑ 11.2% YoY to KShs 14,962.2 million</p>

On a constant currency basis, eliminating foreign exchange translation impact,

- EBITDA grew by 19.2% YoY,
- EBIT, almost flat with a drop of just 0.5% YoY
- And our Group net income excluding minority interest growing by 4.2% YoY, versus the reported growth rate of 1.2%, which is very encouraging.

FY24 Group Performance | Strong Results on Constant Currency Basis

	Kenya	Group Reported	Group Constant Currency
 Service Revenue	+ 11.7%	+13.4%	+13.4%
 EBITDA	+16.6%	+16.8%	+19.2%
 EBIT	+20.4%	-5.5%	+0.5%
 Net Income Excluding Ministry Income	+13.7%	+12.3%	+4.2%

The Commercial Value We Deliver (continued)

Chief Finance Officer’s Review (continued)

Our Kenyan business (continued)

Kenya Performance Review

Operating context and key macro factors that impacted our performance

The **Kenya economy** is forecasted to have expanded by 5.6% in 2023 from 4.8% in 2022, with Q3 2023 closing at 5.9% growth. The World Bank estimates Kenya’s GDP to grow by 5.2% in 2024 supported by continued recovery in the agricultural sector, public sector spending and resilience in the services sector.

See the GDP growth rate chart on page 84.

We are encouraged by the resilience the Kenyan economy demonstrated in the year under review. Significant recovery in currency appreciation against the dollar was recorded after a series of continued depreciation since January 2023. The Kenyan shilling depreciated by 0.4% YoY, to exchange at KShs 131.80/USD at end of March 2024 compared to KShs 132.33 (March 2023). The continued sharp weakening of the shilling is expected to keep the cost of imported goods high while firms are grappling with heavy forex losses.

Inflation rate **declined to 5.7% in March 2024** from a high of 9.2% in March 2023. Inflation remains within the Central Bank of Kenya’s target band of 2.5%–7.5%. Inflation is expected to decline further, supported by easing food and energy prices, strengthening currency and the impact of monetary policy actions which continue to filter through the economy.

The Central Bank continues to **maintain a restrictive Monetary Policy, retaining the CBR at 13.0% in March 2024** (cumulative increase of 3.5ppt since March 2023). CBK has maintained this citing the positive impact of strong monetary policy, including easing inflation and exchange rate appreciation.

The Finance Act, 2023 (the Act) was signed into law by the President on 26 June 2023. It introduced a raft of tax measures, amendments and repeal of other provisions to the Income Tax Act, Value Added Tax Act, Excise Duty Act, Tax Procedures Act, Tax Appeal Tribunal Act and other miscellaneous changes. Among the changes that impacted our business, the Finance Bill introduced **Excise duty at 15%** (previously 20%) and VAT at 16% for GSM services and 15% (previously 12%) for **M-PESA services/Financial services**. Exported services like roaming and interconnect revenues were zero rated as per the new Finance Act 2023. Other services that can’t be categorized as **telephone or financial services were subjected to VAT at 16%**. These would include services like Cloud, IoT, Handset sales, project related revenues, Connection revenues etc.

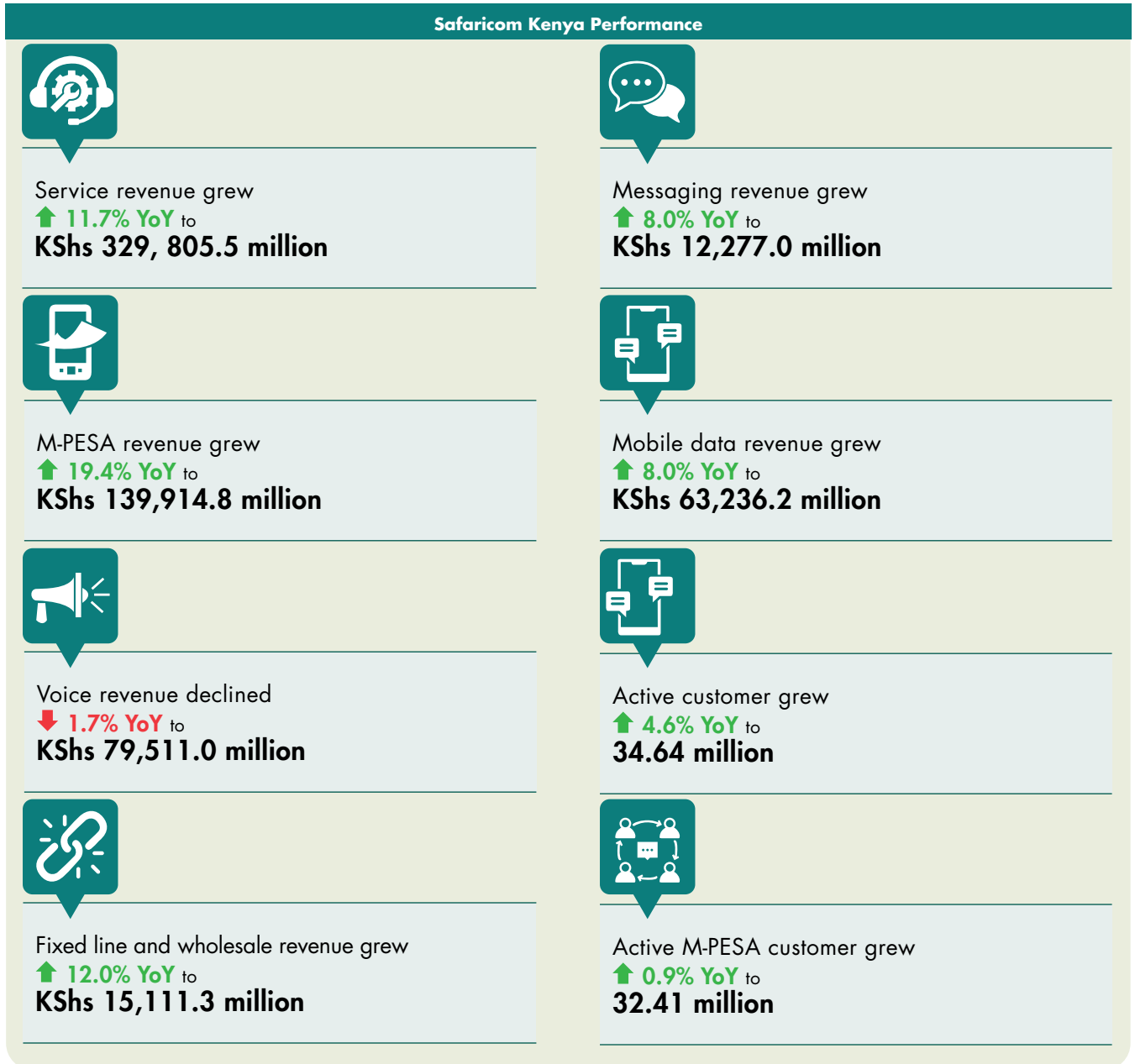
Macro Headwinds and Tailwinds impacting performance in FY24

Macro Tailwinds & Headwinds	Regulatory	Customer Insights
<p>Macro Tailwinds</p> <ul style="list-style-type: none"> Resilient GDP growth; +5.6% in 2023 Tapering inflation Rates: 5.7% March 2024 Appreciating Kenya Shilling in Q4 Sustained private sector credit growth <p>Headwind</p> <ul style="list-style-type: none"> High interest rates Tight monetary policy 	<ul style="list-style-type: none"> Reduction in excise duty on Telephone and internet data services Mobile Termination Rate (MTR) reduction Increased excise duty rates - Mobile money transfer services 	<ul style="list-style-type: none"> Declining food prices Constrained consumer purchasing power High cost of borrowing High energy tariffs

Please refer to graphs on pages 84–86.

Business review – Kenya

Our Kenyan business recorded impressive results, supported by strong growth in M-PESA, Mobile Data and Fixed revenue growth. Traditional GSM business continues to perform in line with global trends.



The Commercial Value We Deliver (continued)

Chief Finance Officer’s Review (continued)

Our Kenyan business (continued)

Kenya Performance Review (continued)

Business review – Kenya (continued)

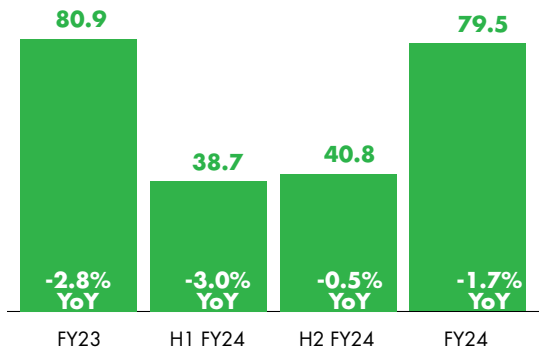
Voice and Messaging

Voice revenue declined by 1.7% YoY to KShs 79.51Bn reflecting the global impact of the downward trend of voice service. We continue to offer better integrated and segmented propositions through our Customer Value Management (CVM) initiatives to drive affordability and usage. During the period, rate per min declined 12.7% YoY to KShs 1.25 while minutes of use per subscriber rose 15.9% YoY to 189.41 minutes. Messaging grew 8.0% YoY to KShs 12.28Bn supported by 8.0% growth in ARPU to KShs 47.33. Voice and messaging revenue are now 28.1% of service revenue.

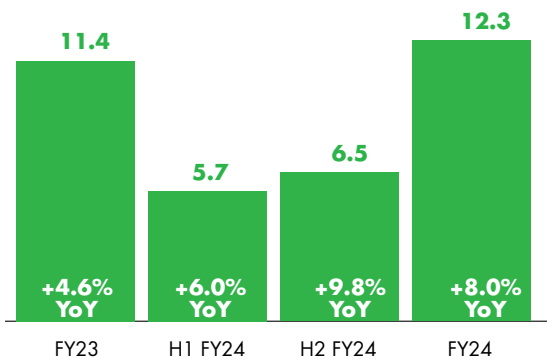
We are leveraging on largely the call completion innovations to our customers – what we call ‘*Okoa Jahazi*’, *reverse calling options* and the *3-sec free call* to enable our customers to establish a call at least for 3 seconds for free. There over 2Mn customers using reverse calls, over 800k customers using the 3 secs free call and over 1Mn customers using the Fuliza Airtime plans. These initiatives are powering over 50% of voice usage. We have leveraged data analytics to win, retain and stretch value for our customers in the period.

Revenue

Voice Revenue (KShs Bn)

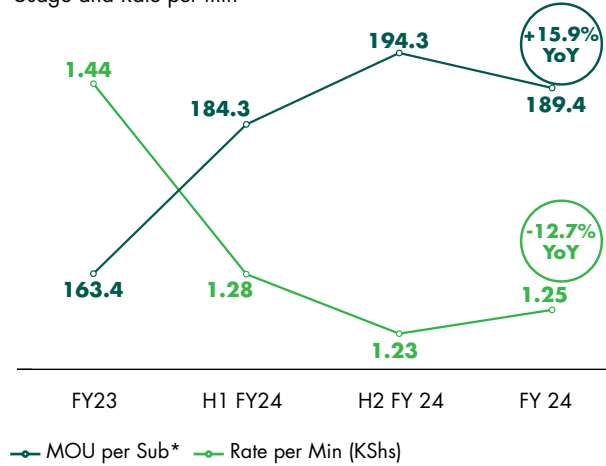


Messaging Revenue (KShs Bn)

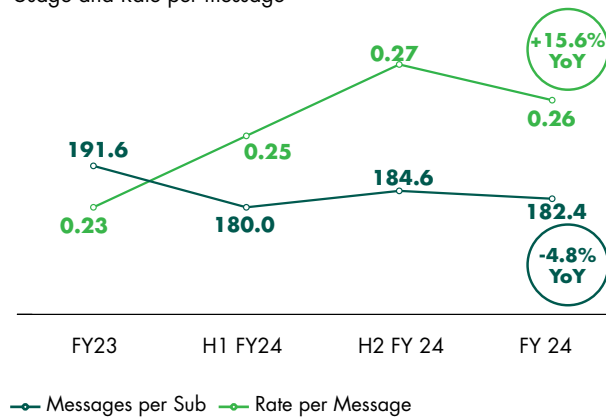


Usage and rate per min/message

Usage and Rate per min



Usage and Rate per message



Connectivity performance FY24**

Revenue
KShs 173.9Bn
+6.2 YoY

ARPU
KShs 422.7
+1.5% YoY

Customers
34.3Mn
+4.6% YoY

*MOU - Minutes of Use Per One Month Active Subscriber
**GSM excluding M-PESA, Fixed & IoT Revenues

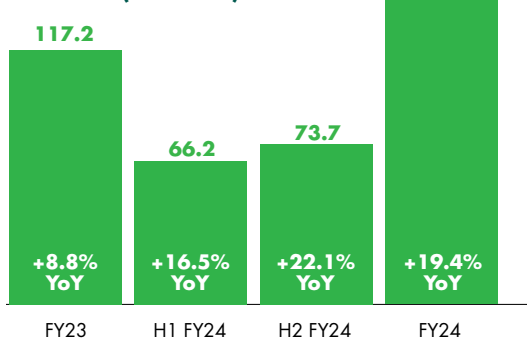
Key factors driving performance of our Connectivity business

- **Leveraging in CVM initiatives** – to drive affordable 4G devices (a big opportunity to grow mobile data), expanding our enterprise portfolio focused on IoT solutions mainly through partnerships with industry leads, creating fintech solutions to empower SMEs/MSMEs which account for 70% of businesses in the country.
- **Customer segmentation** – Accelerated campaigns to drive customer engagement via segmentation initiative to serve our customers better.
- **Accelerated 4G device penetration** – We established the East Africa Device Assembly (EADAK) factory through a partnership to introduce cheaper 4G devices in the market within the year. We are scaling operations of this factory to ramp up production within the course of the year. For the 6 months since launch, we had sold +360k devices valued at KShs 21 billion.
- **Delivering value beyond GSM** – We are linking use cases for more value e.g., leveraging platforms and ecosystems to give offers to customers. We now have over 10Mn customers hooked on CVM and we still have a huge base to cover. We are also going to leverage mobile money to show value to GSM.

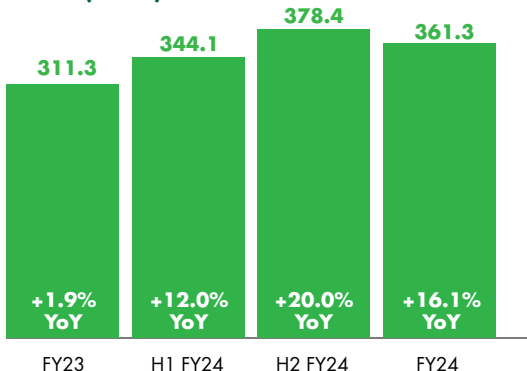
M-PESA

M-PESA remains our engine of growth and the centre of innovation in how we serve our customers. M-PESA revenue grew strongly by 19.4% YoY to KShs 139.91Bn driven by increased usage. Chargeable transactions per one-month active customers rose 33.9% YoY to 31.51Mn while ARPU grew 16.1% YoY to KShs 361.32. Total transaction value rose 9.6% YoY to KShs 40.24Trn while volumes grew 33.9% YoY to KShs 28.33Bn.

Revenue (KShs Bn)

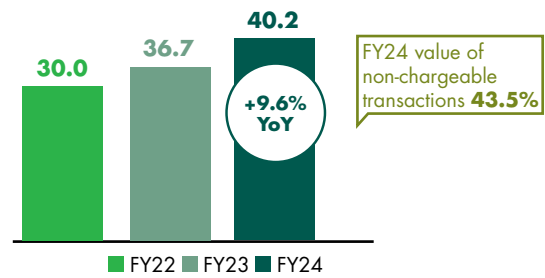


ARPU (KShs)

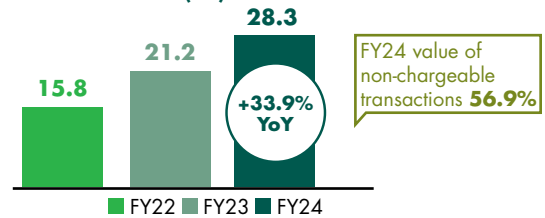


M-PESA value and volume*

M-PESA Value (KShs Trn)

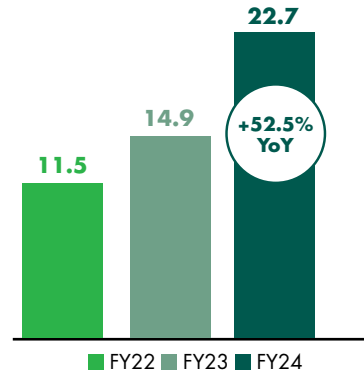


M-PESA Volume (Bn)

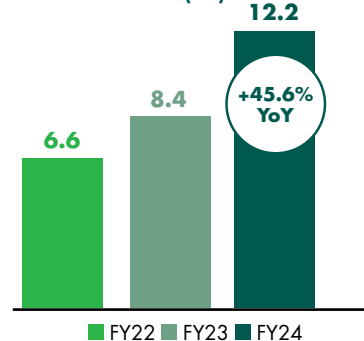


Chargeable M-PESA value and volume*

M-PESA Value (KShs Trn)



M-PESA Volume (Bn)



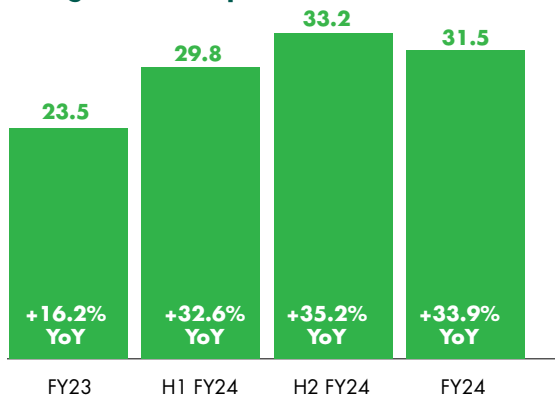
The Commercial Value We Deliver (continued)

Chief Finance Officer's review (continued)

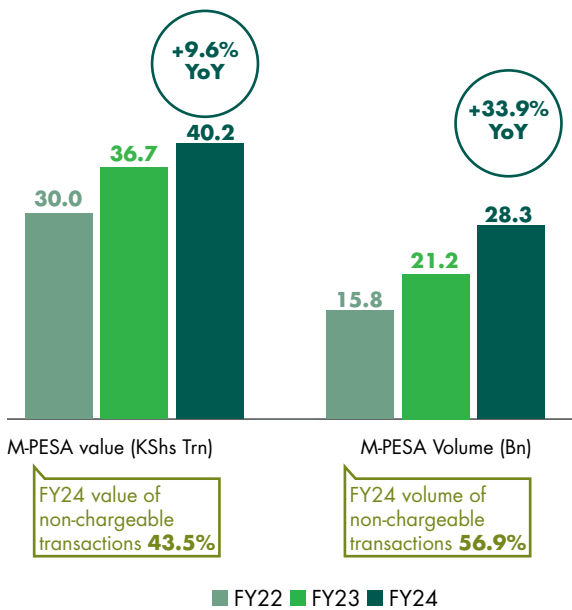
Our Kenyan business (continued)

We believe that affordability delivered through non-chargeable transactions is driving growth in both value and volume for M-PESA, leading to a growth of 33.9% in chargeable transactions per customer per month for the year.

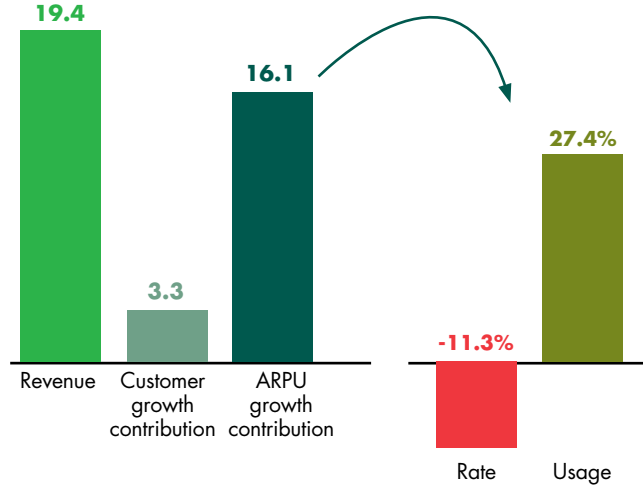
Chargeable Txns per one month active customers



M-PESA value & volume



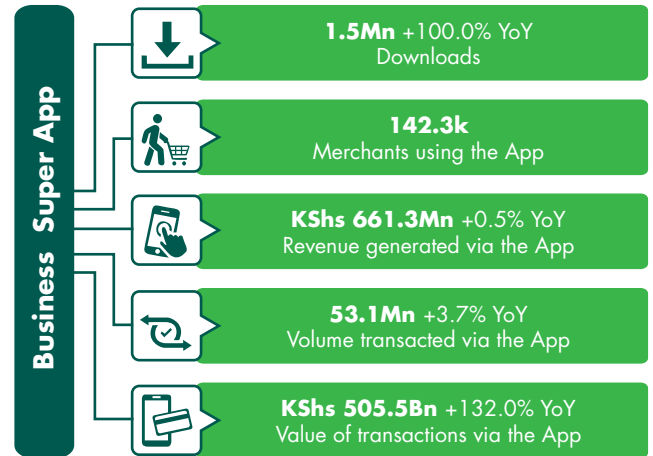
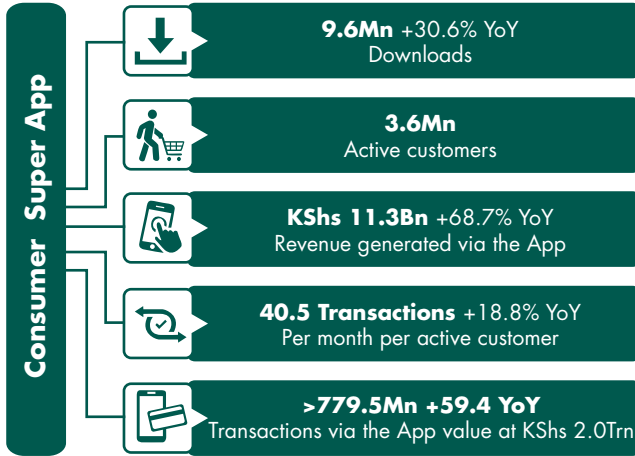
M-PESA YoY growth



One-month active M-PESA customers grew 0.9% YoY to 32.41Mn. Lipa Na M-PESA active merchants grew 4.3% YoY to 633.01k while pochi tills stood at 632.68k as at the end of FY24. M-PESA now accounts for 42.2% of service revenue, further complementing traditional voice and messaging services.

Positioning M-PESA as a lifestyle and business platform of choice

We continue to leverage on our digital platforms and solutions such as M-PESA Super App for an end-to-end excellent customer experience. We now have 9.6 million Consumer App sign-ins, 1.6 million active consumers and over 1.5 million downloads on the Business App. M-PESA now accounts for 42.2% of service revenue, further complementing traditional voice and messaging services.



Broadening M-PESA Services beyond payments

Scaling Pochi la Biashara

- Segmented solutions for SMEs/MSMEs that addresses specific value propositions
- Targeted marketing leveraging on customer value management (CVM)

Technology & Platforms

- Capacity upgrade to support **3,500** transactions per sec on M-PESA
- 80K developers in our ecosystem
- Enhanced stability and reliability to improve customer experience

Partnerships & Collaborations

- Diversified partnerships to power financial inclusion
- Enhanced 3rd Party integrations through APIs ensuring optimised services
- Continued Government partnership

Scaling M-PESA Growth Through;

- **Partnerships and Collaborations** – Diversification of Bank Partnerships
- **Continued Government Partnerships** to power financial inclusion and social protection- Hustler Fund, Inua Jamii, e-subsidy
- **Grew the number of developers** from 64.5K to 79.9K the partner ecosystem- Innovative solutions, deeper integrations & developer accreditation through partnership with Moringa School
- **3rd Party Integrations through Open APIs** saw an upgrade of the Daraja Platform enhancing stability, reliability, security, and optimised API services to improve customer experience, operational efficiency, and revenue generation. This also saw growth in number of integrations from 35.7K to 45.3K (the APIs are grouped as; Transaction APIs, Security APIs, Experience APIs – such as txn status check, Reversal etc) and The API contribution on transaction velocity increased from 17.18% in March 2023 to 20.49% as at end of March signaling a 3.31% YoY growth.
- **Overdraft facility for businesses (Merchant OD)** – On 4 May 2023, we launched merchant overdraft facility for businesses. Over 538,000 Businesses on Lipa Na M-PESA can access upto KShs 400,000 interest-free for 24 Hours to complete transactions in case of insufficient funds. The service will advance an overdraft of up to KShs 400,000 depending on the business’ limit. As at FY24 we had 44.8k borrowing customers while the value disbursed stood at KShs 32.5Bn and revenue at KShs 0.32Bn.
- **Wealth management products on M-PESA** – As at FY24 Assets Under Management (AUM) stood at KShs 1.85Bn. Total opt in stood at 722k with 119.3k active users. Revenue as at FY24 stood at KShs 13.4Mn.

The Commercial Value We Deliver (continued)

Chief Finance Officer’s review (continued)

Our Kenyan business (continued)

Mobile Data

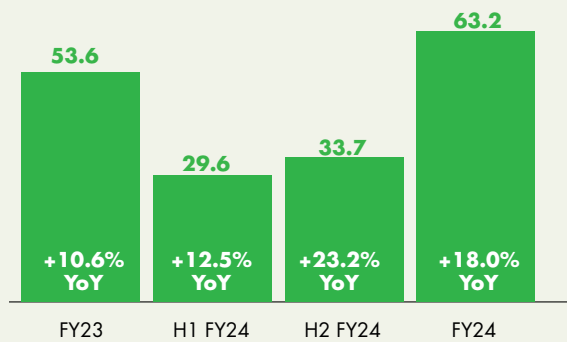
Mobile data revenue recorded a double-digit growth of 18.0% YoY to KShs 63.24Bn accounting for 19.2% of Service Revenue, while ARPU grew marginally by 1.5% YoY to KShs 242.71. We continue to leverage price transformation, transparency, and personalised offers through CVM initiatives to enhance affordability on our data offerings.

- Data usage per chargeable subscriber increased by 6.4% YoY to 3.79GB.
- Distinct bundle users grew 13.8% to 19.69Mn.
- Average rate per MB declined further by 4.6% YoY to 6.40 cents during the period.

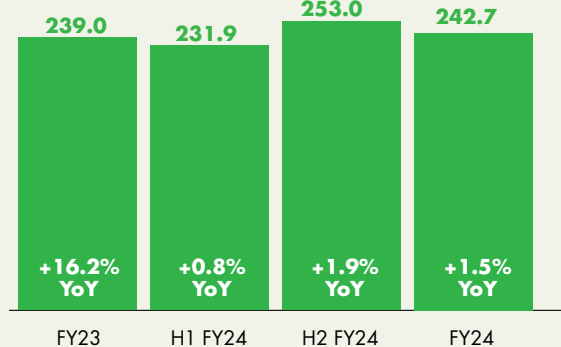
We continue to drive the penetration of 4G-enabled mobile devices through our device financing program while providing the right content to encourage usage.

- The number of smart phones on our network grew by 12.9% YoY to 22.93Mn.
- 4G devices grew by 27.5% YoY to 16.85Mn with 49.7% using more than 1GB while
- 5G devices rose by 79.3% YoY to 669.71k.

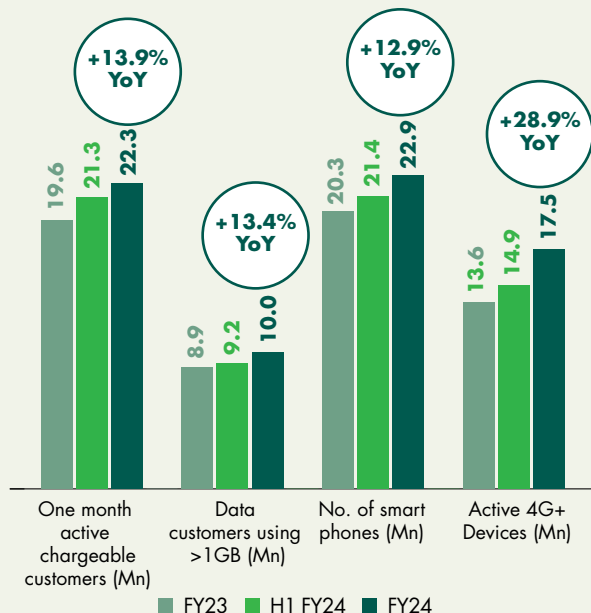
Mobile data revenue (KShs Bn)



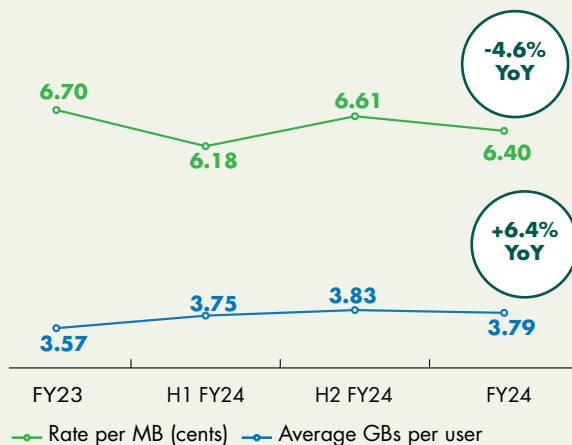
Mobile data ARPU (KShs)



Increased usage as 4G+* traffic continues to grow



Usage and rate per MB



*4G includes both 4G and 5G

Fixed service and Wholesale transit

We recorded great momentum on mobile data performance in the period which is attributed to integrated bundle propositions such as **digitising our base as we drive 4G device penetration, driving more value** since pricing is at the lowest currently.

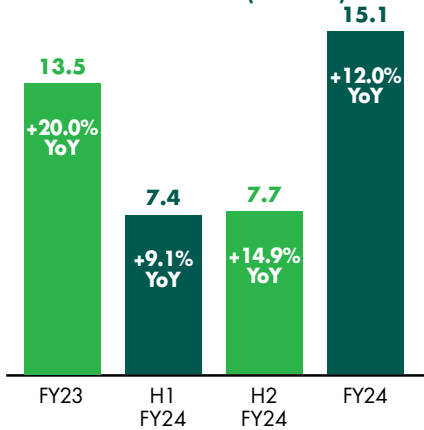
Our focus now is to drive more value for our customers for the same price point (our average pay-as-you-go tariffs for data is at KShs 6.4cents per MB) which is largely in line with the market. This initiative has improved monetization for data and as we drive devices penetration further, we are going to realise even better performance for mobile data to ring fence the expected decline in voice, a trend seen globally for the traditional Telco services. Data from the Communications Authority of Kenya quarterly report to December 2023 shows that the average pay as you go tariffs for data for the industry is at KShs 4.59, KShs 1.19 for SMS and KShs 3.92 for voice per min.

Fixed service and wholesale transit revenue

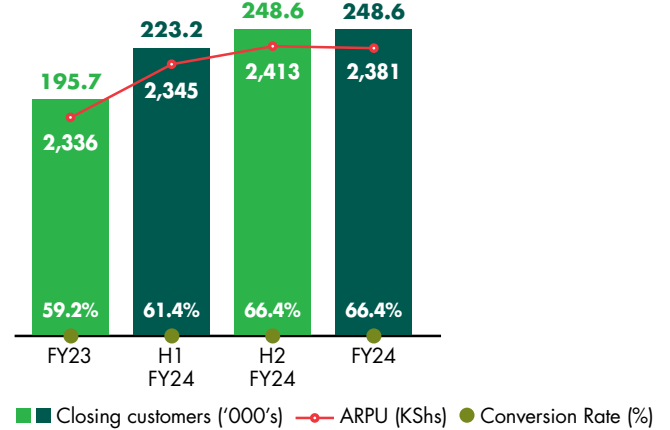
Fixed service and wholesale transit revenue grew by 12.0% YoY to KShs 15.11Bn supported by growth in consumer revenue which rose 31.1% to KShs 6.48Bn and 0.9% YoY growth in Enterprise revenue to KShs 8.63Bn. Our fixed data market share stood at 36.7% as at December 2023 as per Communications Authority of Kenya. Fibre to the home (FTTH) and fixed enterprise now account for 4.6% of service revenue.

FTTH customers grew 27.0% YoY to 248.57k. FTTH penetration rose to 66.4% with homes connected growing 34.9% YoY to 371.99k while homes passed increased by 20.3% YoY to 560.26k. Fixed Enterprise customers grew by 13.1% YoY to 59.46k.

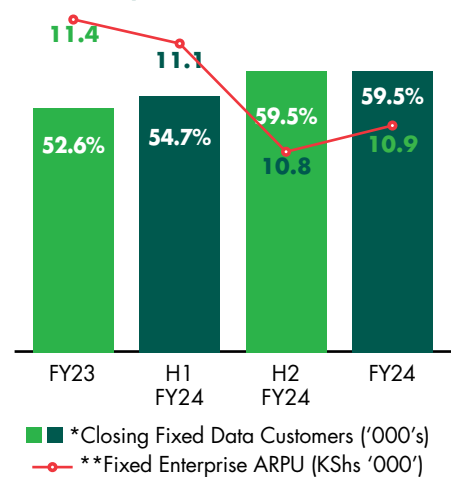
Fixed Service Revenue (KShs Bn)



FTTH



Fixed Enterprise



SME Digital Adoption

- Accelerated Cloud services adoption (1+13k SMEs)
- Secure internet connectivity (kifaruNet) driving customer growth
- Country Revenue System Launch in 2 countries driving 5x country revenue growth

Scaling Cloud & Security in Large Enterprises

- Full stack cyber security including security operations center (SOC)
- Integrated offerings; Hosted contact centers, professional services, unified communications & professional services

Accelerated IoT Solutions

- Smart Water project (1.5Mn devices connected)
- Fleet management & efficiency
- Supported 8.5Mn farmers with 16Mn fertiliser bags via eVoucher/M-PESA

The Commercial Value We Deliver (continued)

Chief Finance Officer's review (continued)

Our Kenyan business (continued)

Direct and Operating Costs

During the year under review, our complex operating environment continued to necessitate close examination of addressable opportunities.

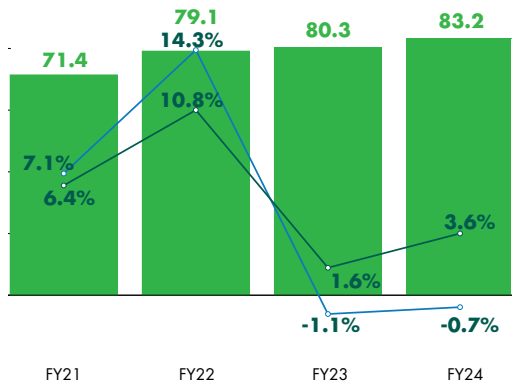
For more on our operating environment, see page 84.

Our operating costs grew by **11.0% year on year** majorly driven by increased network operating costs, lease costs and foreign exchange losses. The network operating costs' growth was driven by rising fuel and electricity rates. Excluding the impact of the rising energy costs, our operating costs would have grown by 4.3%, which is below inflation.

Direct costs declined 0.7% **year on year** driven by decreased handsets sales due to higher taxes imposed in the Finance Act 2022. Excluding handset costs, our direct costs grew by 3.6% primarily driven by growth in M-PESA commission in line with revenue growth.

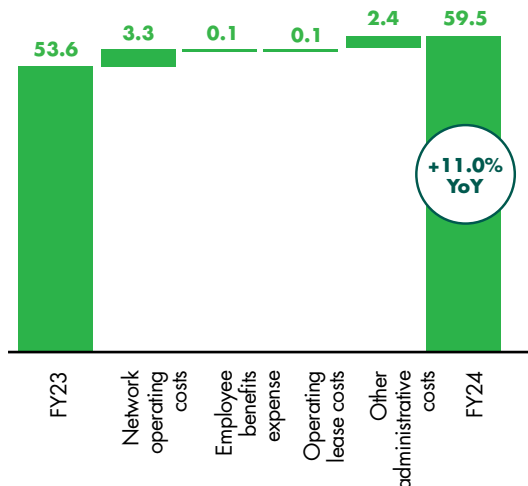
We continue to look for opportunities to create efficiencies through sustainable initiatives that will lock in value into the future and cushion external macro impacts to the business.

Direct costs (KShs Bn)



■ Direct costs (ex-handset costs) — YoY % ex-handset costs
 — YoY % inc-handset costs

Operating costs (KShs Bn)



Debt & Finance Costs

In addition, we saw growing finance costs on the back of increased interest rates in the market during the year compounded by financing needs for our business in Ethiopia.

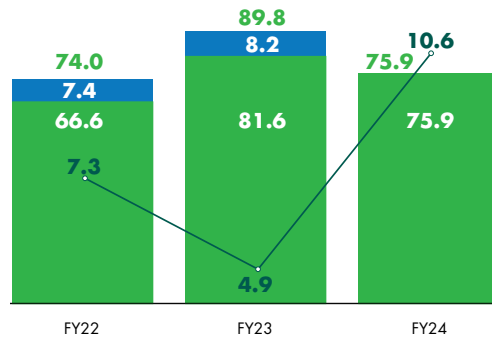
As at close of the year, our debt position was at KShs 75.9 billion and our net debt position closed at KShs 54.6 billion. We have taken measures to reduce our FX exposure due to the depreciating currency.

During the period under review, we managed to pay off the dollar facility we had taken back in FY22 with respect to our Ethiopia investment minimizing FX related financial impact.

We, however, must deal with the challenge of managing the rising interest rates which has led to a 45.3% year on year increase in our finance costs. We have already started taking some deliberate steps on this, with the recent sustainability linked loan of KShs 15 billion. The rate for this loan is linked to our sustainability targets and will therefore be below market rates. Overall, our Net debt to EBITDA ratio is strong at 0.29 and compares favorably to global markets.

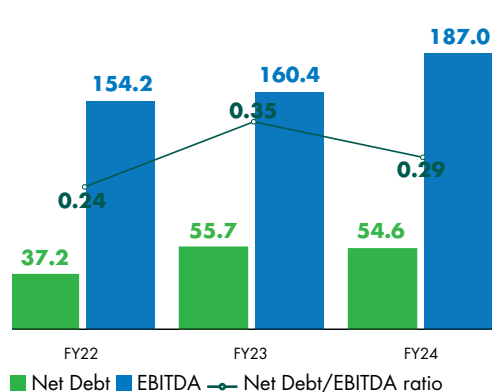
Net Debt (KShs Bn)	FY22	FY23	FY24
Cash & Cash equivalents	28.1	18.3	21.3
Short-term borrowings	(20.4)	(35.5)	(39.8)
Long-term borrowings	(44.9)	(38.5)	(36.1)
Net debt	(37.2)	(55.7)	(54.6)

Debt (KShs Bn)



■ Local currency ■ Foreign currency — Interest cost

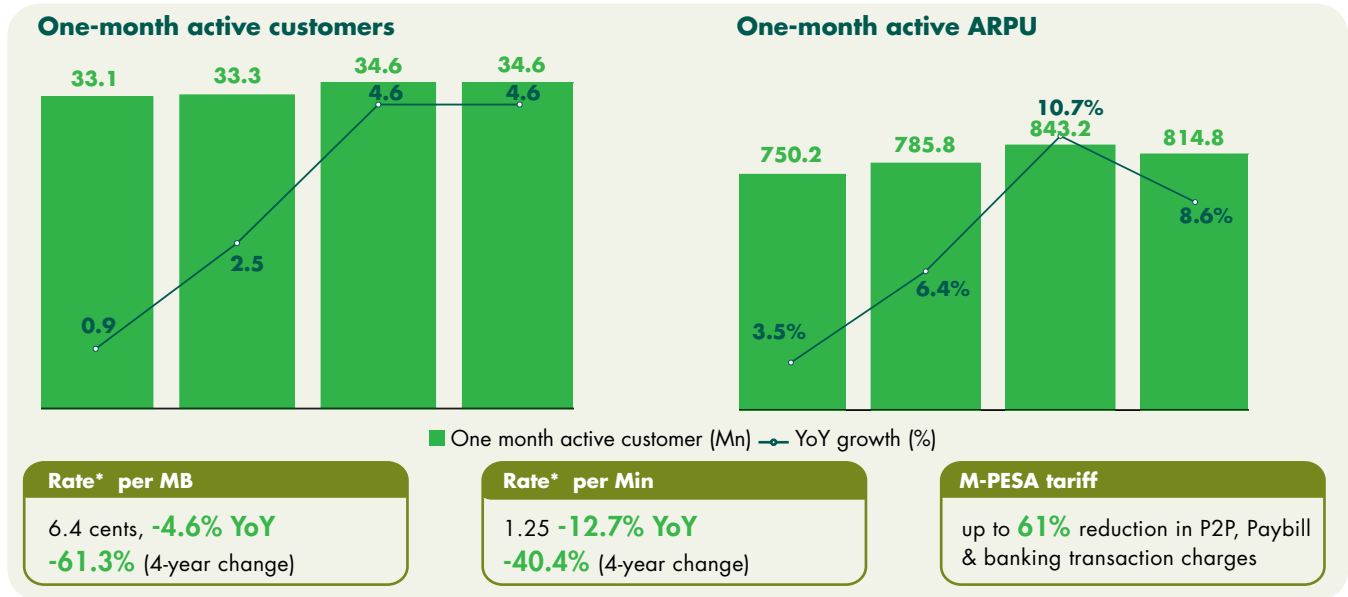
Net debt/EBITDA (KShs)



■ Net Debt ■ EBITDA — Net Debt/EBITDA ratio

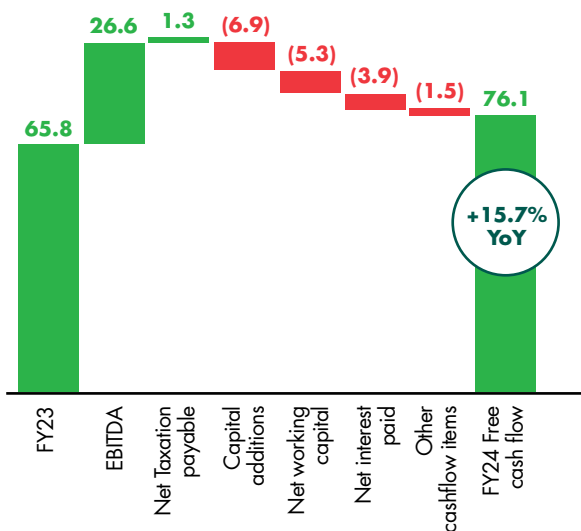
Moreover, we have been optimising pricing to drive affordably of our services whilst supporting our customers during the challenging macro environment.

- Our one-month active customer base has grown by 4.6% year on year to 34.6 million customers.
- We have been optimising our pricing too ensure that customers can still utilise our services and enjoy the value of being on our network in meeting their day-to-day needs.
- Our **rate per MB has reduced by 61%** over the last four years and in the period under review, we recorded the slowest decline by 4.6%.
- Our **voice rates are down by 40.4%** in the same period to a rate of KShs 1.25 per minute.
- We reintroduced fees for M-PESA transactions from last year and we took a deliberate decision to revise the tariff downwards by **approximately 61%** to ease the burden on our customers.
- These affordability initiatives have driven higher usage and therefore promoted ARPU **growth of 8.6%** to **KShs 815** per one-month active customer.



Cash Flow

Our free cashflow grew by 15.7% year on year to KShs 76.1 billion. This was majorly driven by growth in EBITDA. The good performance was able to fund the business needs in Capex, tax, working capital and interest payment obligations to still record a surplus.



Net income grew 13.7% to KShs 84.74Bn for Kenya supported by M-PESA, Mobile data and effective cost management initiatives in the period.

Ethiopia Performance Review

In our Ethiopian operations, we are pleased with the success that the business has achieved over a relatively short time. Our focus in Ethiopia, which remains on scaling operations for that country's digital future, has been instrumental in driving our growth. We anticipate that we will continue to build on this momentum in the medium- to short-term.

For more on our Ethiopian operations, see page 111.

Operating environment in Ethiopia

Inflation: The annual inflation rate in Ethiopia fell for the second straight month to hit 26.2% in March 2024, the lowest since June 2021, easing from 28.2% in the prior month and 34.2% in March 2023. Prices slowed down a bit for both food (29% vs 31.6% in February 2024) and non-food products (22% vs 23.5%). On a monthly basis, consumer prices jumped by 4% in March, the most in a year, after a 1% increase in the prior month.

Political/Security: The state of emergency in the Amhara region is still in effect.

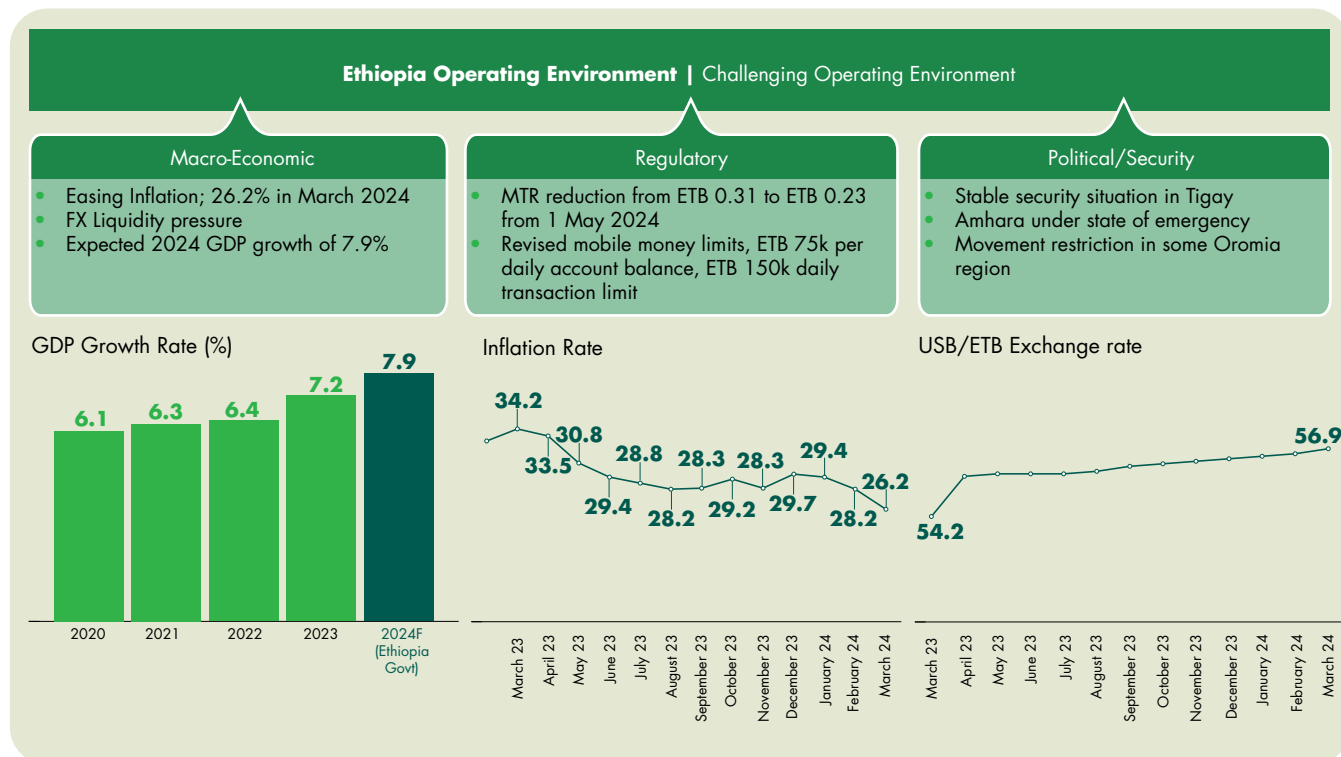
Currency Performance: The Ethiopia Birr (ETB) depreciated by 1.3% in the first quarter of 2024 to 56.86 ETB in addition to a depreciation of 4.8% in 2023. To address the foreign currency shortage, the government implemented several measures in September 2022 intended to improve access to dollars. The National Bank of Ethiopia (NBE) *banned the use of foreign currency in local transactions* while reducing the number of days that a returning resident can keep foreign cash from 90 to 30 days. In addition, the Bank also relaxed restrictions on how much foreign currency can be brought into the country.

GDP growth: Ethiopia is one of the fastest-growing economies in the region, with a 7.2% growth during the Ethiopian fiscal year (2022/2023). According to the Ethiopian government, the country's economy is on track to achieve a projected 7.9% growth rate for the current Ethiopian 2023/2024 fiscal year, which began on 8 July 2023.

The Commercial Value We Deliver (continued)

Chief Finance Officer's review (continued)

Ethiopia Performance Review (continued)



Business review- Ethiopia

It has been 1 year and 7 months since the commercial launch in Ethiopia with FY24 being the first full year. We are encouraged by the performance to date, confirming the great potential that we see in this market.

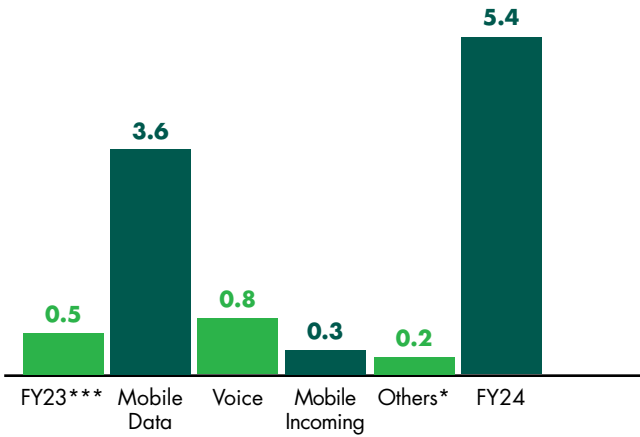
Ethiopia Performance We Achieved Key Milestones in FY24			
Customers	4.4Mn 90-day Active Customer	2.8Mn 90-day Active Data Customer	4.3GB per Mobile Data User (Mar exit at 6.2GB)
M-PESA	4.5Mn Total Registered M-PESA Customers	62.7k Active Merchants & 25.8k Acents	KShs 24.5Bn Value & 31.5Mn Volumn of M-PESA transaction
Network	2,806 2G/3G/4G Sites	Site split Own-built 1,466 Collocated	38% Population Coverage
People	887 Permanent Employees	90% Ethiopia 10% Expatriates	63% Male 37% Female

We generated a total of KShs 5.4 billion in service revenue. Ethiopia revenue growth contributed 13% of the Group service revenue growth in the year under review.

Mobile data revenue continues to account for a significant portion of the business at 72.6% of Service Revenue reconfirming our commitment to build the best data network in Ethiopia. Our superior data network that has gained mileage as being reliable and stable, has been a key value proposition to our customers.

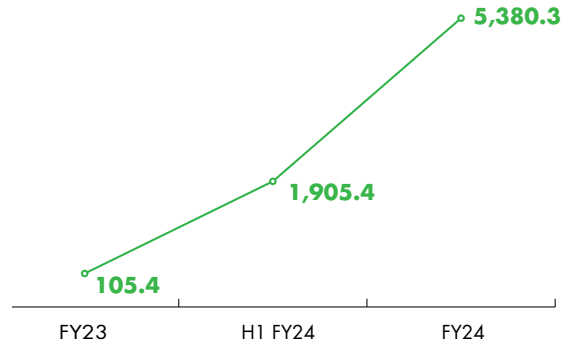
We are encouraged by the acceleration we have seen on the ground and are committed to our journey of transforming lives in Ethiopia.

Contribution to Service Revenue Growth (KShs Bn)**

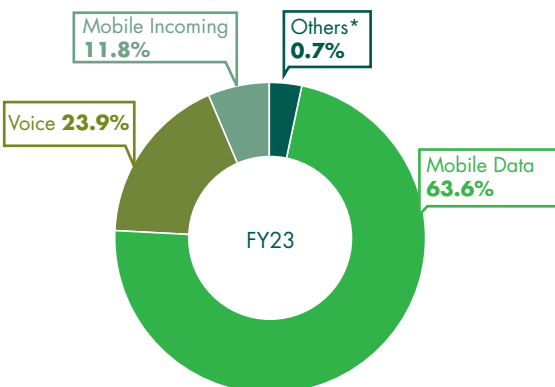
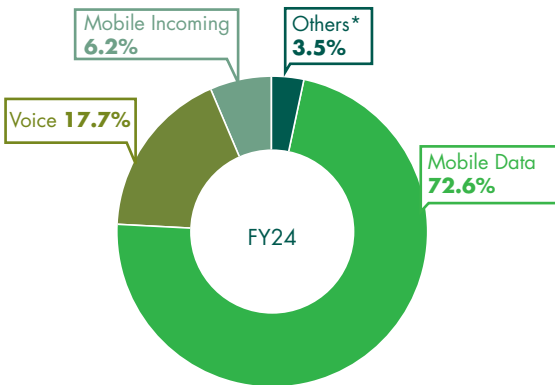
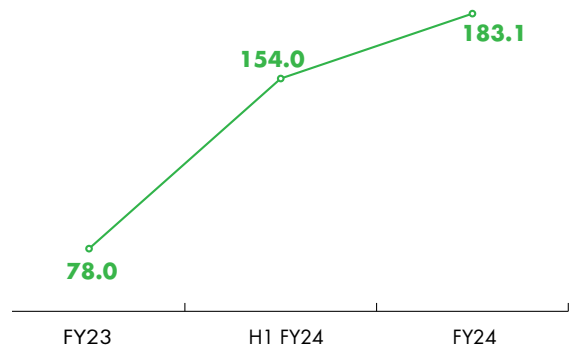


*Others – M-PESA Revenue, Messaging Revenue, Fixed Line Wholesale & Transit Revenue and Other Mobile Service Revenue
 ** Exclusive of IAS29
 ***7 months of commercial operations

Revenue Service



One-Month Active ARPU



The Commercial Value We Deliver (continued)

Chief Finance Officer’s review (continued)

Ethiopia Performance Review (continued)

Voice and Messaging

Voice revenue stood at KShs 1,029.4 million, driven by growing numbers of customers as we continue to increase our site roll-out.

The year under review saw:

- One-month-active voice customers more than double to 3.06 million
- Minutes of use (MoU) per subscriber rose 27.4% to 70.57
- Messaging revenue closed the year at KShs 42.3 million
- 1.1 million 30-day-active SMS customers
- SMS per subscriber at 11.6

M-PESA

M-PESA was launched in Q2 with revenue standing at KShs 87.3 million by year-end, with:

- 4.51 million registered customers
- 25.76k M-PESA agents onboarded during the period
- Volume transacted at 31.5 million
- Value transacted at KShs 24.5 billion

Mobile Data

Mobile Data revenue stood at KShs 4,168.1 million, supported by increased usage as:

- ARPU grew to KShs 215.20.
- Active customers doubled to 1.99 million
- Data usage per subscriber grew strongly to 4.32GB, driven by accelerated post-launch customer onboarding and site roll-out

Medium term Outlook and Funding for Safaricom Ethiopia

As at the end of the financial year, the consortium members had injected a total of 1.6 billion dollars, of which Safaricom’s share is 840 million dollars. Additionally, IFC extended a loan facility to Safaricom Ethiopia of 100 million dollars. In addition, the business availed local debt equivalent to 134 million dollars.

Capex Investment



5Yr Plan: USD 1.0 – 1.3Bn
(Previously USD 1.5 – 2.0Bn)

3Yr Actual: USD 853Mn

10Yr Sites Rollout: Target: 8 –10k (Previously 10 –12k)
FY24 Actual: 2,806 sites

CAPEX and revised medium term guidance for Ethiopia

Funding Status



USD Mn	FY24
Equity cash funding	1,626
Local currency debt funding	134
IFC debt funding	100
Total Funding	1,860

- **Total Equity Funding as at FY24 by;**
 - Shareholders* Y1 – Y3; USD 1,636Mn
 - Safaricom PLC Y1 – Y3; USD 840Mn
- **Deferred vendor payments** USD 301Mn

We have reassessed our medium-term outlook considering our revamped commercial growth approach.

Our 5yr Capex spend in this peak investment period to FY26 is projected to be between 1.0 – 1.3 billion dollars, a reduction from the earlier forecast of 1.5 billion to 2.0 billion dollars. We have already spent 853 million dollars in the 3 years to date and we anticipate that we shall not exceed 1.3 billion dollars in the next two years.

In FY24, Ethiopia Capex spend was KShs 46.2 billion, which is 17.1% year on year lower, supported sites roll out and other infrastructure required to support commercial momentum and expand coverage for the business.

Our sites, which currently stand at 2,806 sites, were targeted to reach approximately 10K–12K sites by Yr 10. We are revising this to 8K–10K sites, and we believe this will be sufficient to achieve the desired coverage obligations and support a ubiquitous network to drive scale.

Hyperinflation

It is important to note that Ethiopia has been declared a hyperinflationary economy by the International Accounting Standards Board (IASB) as of 31 December 2022. The key considerations include the three-year cumulative inflation rate if it approaches or exceeds 100%. In this regard, the International Monetary Fund's World Economic Outlook (IMF WEO) forecast a three-year cumulative inflation rate exceeding 100%.

In compliance with IFRS reporting, we have assessed our actual Ethiopia performance and incorporated the hyperinflationary adjustments at Group consolidated level as applicable. We recognise that in a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power, while an entity with higher monetary liabilities than monetary assets gains purchasing power. With this context in mind, Safaricom Ethiopia has more monetary liabilities than monetary assets, due to the significant vendor financing liabilities. This, therefore results in a net monetary gain, and we will adjust accordingly year-on-year.

The gain in monetary position as a result of translating the financial statements as at 31 March 2024 was KShs 22.36 billion (2023: KShs 10.38 billion). We have reported a net positive impact of KShs 7.4 billion, mostly driven by the hyperinflationary monetary gain of KShs 22.4 billion. This has been consolidated in the Group's overall performance.

***For more on our Ethiopian operations, see page 111 and for further details refer to Note 23 (page 241) in the audited financial statements.**

Looking Ahead and FY25 Group Guidance

We remain committed in protecting our shareholder value by achieving a strong performance in Kenya and making great milestones in Ethiopia. In line with our goal to accelerate new growth areas by developing scalable businesses in these areas, we launched M-PESA in Ethiopia in August 2023.

In FY25, we expect Group EBIT to be in the range of KShs 103–109Bn and Group Capex to be KShs 73–79Bn. EBIT guidance for Kenya is expected to be in the range of KShs 149–152Bn and Ethiopia EBIT loss in the range of KShs 46–43Bn.

Capex guidance for Kenya is expected to be in the range of KShs 52–55Bn. Ethiopia FY25 Capex guidance, on the other hand, will range between KShs 21 billion and KShs 24 billion as we target to get to 3,500 sites by the end of the FY25. The Group Capex guidance, therefore, is a range of KShs 73 billion to KShs 79 billion.

Additionally for Ethiopia, we shall continue to drive acquisitions and we are targeting to grow our 90-day GSM customers to between 7 and 10 million with M-PESA 90-day active customers ranging between of 2.5 to 4 million customers.

FY25 Guidance

KShs	Kenya	Ethiopia*	Group
EBIT	149–152Bn	(46–43)Bn	103–109Bn
FY24 Actual	139.9Bn	(45.0)Bn	94.9Bn
Capex	52–55Bn	21–24Bn	73–79Bn
FY24 Actual	47.3Bn	46.2Bn	93.5Bn

*Ethiopia Guidance Assumptions

- Mobile customers target of 7 - 10Mn 90-day customers, 2.5 - 4Mn M-PESA 30-day active customers
- Target sites – 3,500 in FY25

The Commercial Value We Deliver (continued)

Chief Finance Officer's review (continued)

5 year Group financial highlights

KShs'Mn	FY24	FY23	FY22	FY21	FY20
Voice revenue	80,541.1	81,053.9	83,211.8	82,552.0	86,529.9
Messaging revenue	12,319.2	11,375.6	10,876.7	13,602.4	15,403.5
Mobile data revenue	67,404.3	53,952.4	48,441.0	44,793.2	40,157.5
M-PESA revenue	140,006.7	117,192.2	107,691.8	82,647.4	84,438.0
Mobile incoming revenue	8,567.6	8,109.5	9,848.2	9,470.4	8,481.8
Other mobile service revenue	11,552.0	10,550.8	9,795.3	7,779.2	7,236.5
Mobile service revenue	320,390.9	282,234.4	269,864.8	240,844.6	242,247.2
Fixed line and wholesale transit revenue	14,962.2	13,457.9	11,242.5	9,507.2	8,966.9
Service revenue	335,353.1	295,692.3	281,107.3	250,351.8	251,214.1
Handset revenue and other revenue	10,540.3	11,449.8	14,334.0	12,316.5	10,487.8
Construction revenue	-	-	-	837.7	583.9
Other income	3,553.8	3,762.7	2,636.6	520.5	269.9
Total revenue	349,447.2	310,904.8	298,077.9	264,026.5	262,555.7
Direct costs	(97,046.9)	(92,232.1)	(91,467.8)	(80,015.1)	(74,701.0)
Expected credit loss (ECL) on financial assets	(5,807.4)	(4,725.3)	(2,361.2)	(3,009.7)	(1,669.6)
Construction costs	-	-	-	-837.7	(583.9)
Contribution margin	246,592.9	213,947.4	204,248.9	180,164.0	185,601.2
Other operating expenses	(83,300.3)	(74,085.0)	(55,187.0)	(46,034.8)	(47,559.6)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	163,292.6	139,862.4	149,061.9	134,129.2	138,041.6
Depreciation & amortisation	(82,947.8)	(54,865.0)	(39,933.3)	(37,964.3)	(36,547.7)
Operating profit (EBIT)	80,344.8	84,997.4	109,128.6	96,164.9	101,493.8
Net finance income/(cost)	(16,641.5)	(7,087.1)	(6,439.2)	(2,022.4)	922.2
Share of associate & Joint venture profit/(loss)	(1,379.1)	(38.2)	(476.0)	(507.0)	3,357.0
Fair value adjustment to investment properties	-	90.0	-	-	-
Hyperinflationary monetary gain	22,363.2	10,383.1	-	-	-
Profit before income tax	84,687.4	88,345.2	102,213.4	93,635.5	105,773.0
Income tax expense	(42,029.0)	(35,862.4)	(34,717.3)	(24,959.3)	(32,115.1)
Profit after tax	42,658.4	52,482.8	67,496.1	68,676.2	73,657.9
Attributable to:					
Equity holders of the parent	62,991.7	62,268.9	69,648.1	68,676.2	73,657.9
Non-controlling interests	(20,333.3)	(9,786.1)	(2,152.0)	-	-
Profit for the year	42,658.4	52,482.8	67,496.1	68,676.2	73,657.9
Basic and diluted earnings per share (EPS)*	1.57	1.55	1.74	1.71	1.84
Profit for the year	42,658.4	52,482.8	67,496.1	68,676.2	73,657.9
Other comprehensive income/(loss):					
Exchange differences on translating foreign operations	(7,278.1)	10,260.0	(9,536.3)	-	-
Total comprehensive income for the year	35,380.3	62,742.8	57,959.8	68,676.2	73,657.9
Total comprehensive income for the year					
Equity holders of the parent	59,230.9	67,984.7	64,335.4	-	-
Non-controlling interests	(23,850.6)	(5,241.9)	(6,375.6)	-	-
Total comprehensive income for year	35,380.30	62,742.8	57,959.8	68,676.2	73,657.9
Free cash flow	19,867.3	23,853.0	63,669.7	64,515.6	70,273.4
Ordinary dividend (paid/proposed) (KShs Mn)	48,078.5	48,078.4	55,691.0	58,896.2	56,091.6
Ordinary dividend per share (KShs)	1.20	1.20	1.39	1.37	1.40

*EPS is calculated by dividing the profit attributable to equity holders of the parent excluding hyperinflationary impact, by the weighted average number of ordinary shares issued in the year.



The Commercial Value We Deliver (continued)

Our financial services

During the year under review, we continued to make a significant contribution in the Kenyan economy within the overall financial services landscape where we retain a strong and influential presence, with our M-PESA mobile money platform accounting for just over 60% of transactions.

We are proud that we continue to be licensed by the Central Bank of Kenya (CBK) as a payment service provider, and that we have achieved card security certification under the PCI DSS (Payment Card Industry Data Security Standard) to optimise the security and protect cardholders against misuse of their personal information, this provides us with an opportunity to offer financial services across the globe.

Moreover, in the area of financial inclusion we continued to work closely with government, with the aim of not only enabling financial access for our customers, but also fostering and promoting their financial wellness.

Technology usage

In the field of technology, we continued to work with developers, increasing their number from around 70,000 in FY2023 to reach over 79,900 in our ecosystem in the year under review. This aligns well with our mini-app strategy, which has seen the amount of mini-apps increasing to around 80, across all key sectors, from travel and transportation to healthcare and insurance. We also seek to broaden access through our work with the CBK and others on developing a QR standard for Kenya.

We enhanced capacity through upgrades to enable us provide better services to customers.

Use of emerging technologies such as Big Data & AI saw us offer personalised services through smart customer value management (CVM) system, fraud detection and prevention as well as offering credit capabilities.

Working with government

In partnership with government, we were able to support an estimated 3 million vulnerable elderly Kenyans with the disbursement of the monthly Social Security payments and also provide lending and savings to both individuals and groups an enabler for Financial Inclusion. We also continued to facilitate the disbursement of fertiliser subsidies, a key enabler of agricultural development.

Strategic Partnerships to Spur Innovation

We launched the Spark Accelerator Fund, an M-PESA Africa collaboration with Sumitomo, completing the integration of key FinTech platforms.

We continued to work with Financial Institutions, Fund Managers and other Fintechs to offer differentiated products and value added services to our consumers such as Buy Now Pay Later, Investments (Mali).

Our strategic focus – FY2024

The central strategic focus in our operations for the year under review was to scale our activities beyond payments. As a mobile network operator (MNO), we are responsible for over 90% of mobile payments. Our aim was to maintain this market share, but also to enter additional complementary spaces within the financial services sector implementing several strategic focus areas:

Remittance business

What we did: Around 70% of our foreign direct investment emanates from diaspora flows from Kenyans working outside of the country. A key aim was thus to identify the corridors through which money is sent back into Kenya. We extended that to include the Asian corridor, and through our partnership with TerraPay, we were able to enter markets such as Bangladesh and Pakistan. We also continue to work with PayPal, the Visa virtual card and other partners to ensure that our presence in the global market remains strong.

How we grow

What we did: Enterprise and business comprise an important part of our ecosystem, with a specific focus on micro, small and medium enterprises (MSMEs). Our aim was therefore to provide M-PESA with an offering of various payment acceptance points to enable MSMEs to digitise their businesses. This resulted in the launch of the M-PESA Business Portal with basic reconciliation and collection tools. The Pochi La Biashara also grew significantly over the year with micro-businesses embracing a wallet that is dedicated only to business, and separated from personal use.

Becoming a digital lifestyle provider

What we did: This strategic aim is predicated on our Super App and Mini App, with close to 80 apps added to our platform, where we cater for all rounded consumer needs in their daily lives – Financial Services, entertainment, shopping, transportation among others. We have enabled businesses through our APIs with over 40K integrations with services ranging from enabling payments, improving customer experience and enhancing security.

Expanding into new growth areas for consumer customers

What we did: The aim here was to provide services that spoke to customer needs by expanding credit solutions, which in turn enabled us to launch our merchant overdraft credit facility to better provide working capital access to our merchants and a buy-now-pay-later service at merchant points. We provided customers an avenue where they could invest any excess money sitting in their wallets in an interest yielding wallet and this therefore provided our business with a foothold in the world of savings and investments, a cornerstone of accelerating financial health.

Our key challenges

The macro environment* in which we operated during the year under review, formed the background to some of the challenges we faced. This environment included:

- Slowed GDP growth, negatively impacting consumer spending ability
- High inflation, affecting disposable income
- Introduction of the housing levy
- Increases in:
 - Taxation rate
 - Forex rates, particularly the US dollar which saw a 26.8% depreciation of the Kenya shilling
 - Fuel prices
 - Payments excise duty
 - Interest rates
- Increase in controls and compliance requirements following the grey-listing of Kenya
- Data privacy regulations coming into force

Against this landscape, we identified key opportunities to:

- Enhance security to counter the increasing incidence of fraud and money-laundering
- Embed greater usage of artificial intelligence (AI) and big data analytics to enable wider personalisation and offering value to our customers
- Scale our global partnerships such as those with MasterCard, Visa, Apple and Google.

*For more on the environment in which we operate, see page 84.

Campaigns

During the year under review we conducted several focused campaigns in partnerships with banks and insurance companies on the theme of financial literacy, the most notable of which was with Old Mutual together with the Ministry of Education to create a financial literacy curriculum. We worked with teachers to develop tools for youth empowerment on budgeting, savings and responsible borrowing.

Other campaigns dealt with:

- **Consumer engagement**, through our loyalty programme Bonga, with the aim of a cash back component that would encourage savings to make bill payments. Additionally, we ran several Stretch and reward, Cross Sell Campaign & Winback Campaigns.
- **Fraud prevention and awareness** – An always ON campaign to raise customer awareness.
- **Micro-services**
This technology allows us to integrate increasing numbers of services on our platform to provide a more comprehensive solution for our customers.

M-PESA performance

M-PESA recorded its best-ever performance in the year under review, showing exceptional growth in revenue by 19.4%, reflecting:

- Member payments as the largest contributor at just over 90%
- Consumer payments accounting for 64.6% of total revenue
- Global payments growing by 20.0%
- 1.2 million monthly active medium-sized businesses
- Over 32 million active customers

- 42,000 integrations into our ecosystem
- 9.6% and 33.9% growth in value and volume of transactions YoY
- 52.5% increase in value of chargeable transactions – especially noteworthy, as 44% of transactions are currently free, comprising all those transactions below the value of:
 - KShs 100 for consumers
 - KShs 200 for businesses
- All 30-day-active customers using the platform for 16 days a month, up from 14 days YoY
- 1.4 million card applications, with 800,000 cards created YTD
- KShs 7 billion transacted in global payments
- 35% growth in annual remittances, with an increase in active customers growing from just under 1 million in FY2023 to around 1.5 million

Looking ahead

In the short- to medium-term we see significant opportunity for growth in the global and international remittances space. Additionally, accelerating growth in the areas of lending where we shall continue providing consumers with short-term credit facilities. Our strategic intent will be to utilise M-PESA as a platform to scale these business aspects.

We also see a key focus on the savings and investments side with an aim to democratise this area through partnerships with regulators and industry players where consumers will be able to access saving and investment instruments such as Treasury Bonds, Stock Trading, Unit Trusts. We would like to bring down the savings threshold to less than KShs 100, to enable us to cover the majority of the Kenyan population. Insurance and in particular, retail insurance, will be a focus as we endeavour to provide embedded insurance in our credit products but also scale in other insurance offerings.

In the medium- to long-term we envisage maximising opportunities in the use of Big Data & AI, which has already delivered success in our customer value management (CVM) system, by enabling us to personalise customer experiences and offer relevant financial products. Additionally, use of Micro-services, which is a technology, allows us to integrate increasing numbers of services on our platform to provide a more comprehensive solution for our customers.

In the public sector we will seek to continue government partnerships as it seeks to roll out digital identification, a key enabler in tackling anti-money-laundering (AML) and know-your-customer (KYC) issues.

Cybersecurity and Fraud will continue to pose a significant risk and will require ongoing vigilance, technology enhancements and ensuring a worry-free experience for the customer. Data privacy will become increasingly important and efforts to adhere to the laid-out regulations will continue in the new year.

Macro-economics will remain an important factor in all our considerations, with issues such as taxation and currency stability always able to exert financial pressure on our customers.





Scaling Our Operations in Ethiopia

OUR ETHIOPIAN OPERATING ENVIRONMENT	114
STRATEGISING OUR BRAND	115
M-PESA IN ETHIOPIA	116
OUR EVOLVING OPERATING MODEL	117

Scaling our Operations in Ethiopia

Who and what we are in Ethiopia

Our purpose

Transforming lives for a digital future

Our vision

To be a loved and innovative brand

Our brand promise

Further ahead together

Our values



Customer obsession



Trust and respect



Speed and innovation



Compliance and integrity

Our culture and leadership standards



Earn customer loyalty



Get it done, together



Create the future



Experiment, learn fast

Our foundational pillars



Fastest data network



Superior customer experience



Inclusive digital financial services

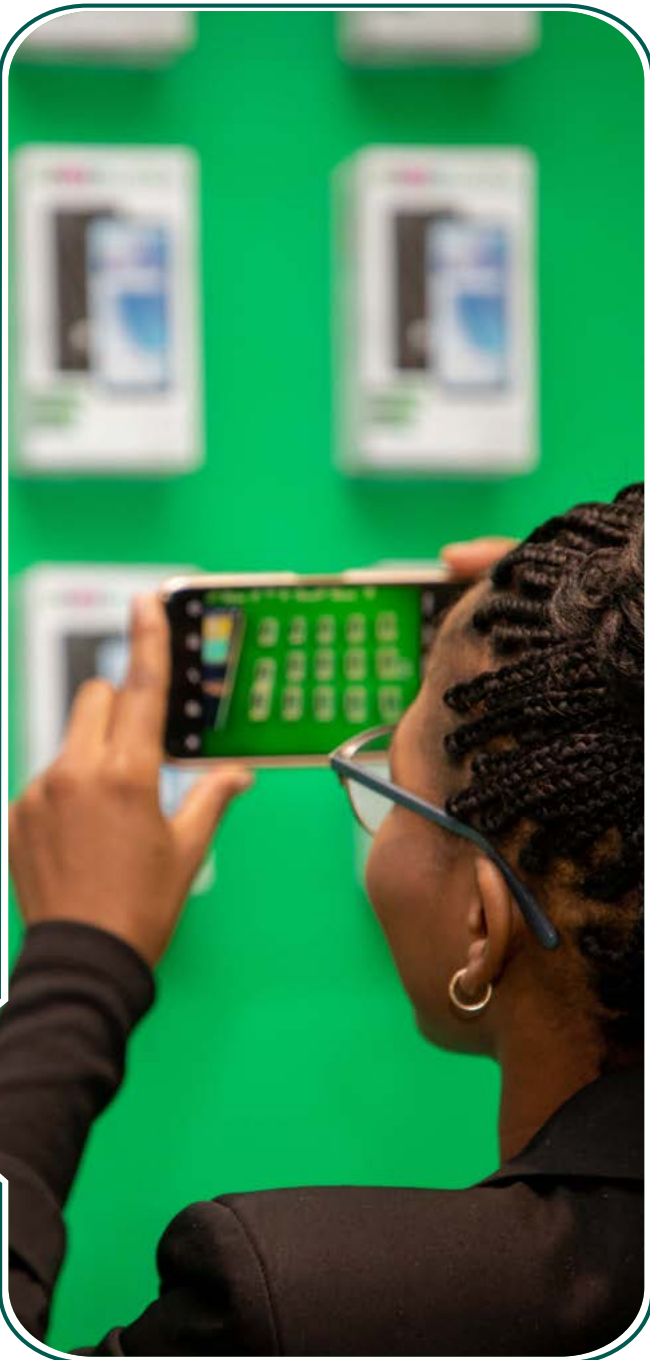


Social contract and commitment to environment, society and governance

Safaricom Ethiopia – FY2024 at a glance

In both customers and usage, we have shown sustained growth momentum in Ethiopia.

- 4.4Mn 90-day active customers
- 4.5Mn Total Registered M-PESA Customers
- 2,806 Network 2G/3G/4G Sites
- 38% Population Coverage
- 887 Permanent Employees
- 4.3GB per Mobile Data User (March 23 exit at 6.2GB)



Overview

While we may not have reached our customer acquisition targets in the year under review, we have made some significant progress in that our actual customer base has increased to 4.4 million, which we believe represents about 10% of the market. Moreover, in the crucial area of network roll-out, with more than 1,500 sites added since March 2023, we have demonstrated our ongoing ability to add around 125 new sites per month, even if our expectation had been to achieve a level of 200. Our EBIT of negative KShs 45 billion was also well in line with our guidance.

Moreover, after being awarded our license in May 2023, we also successfully launched M-PESA in August 2023, and have already attained a base of 4.5 million registered customers.

Our data usage per customer is high at around 5.2 GB, higher than in most other markets in the Vodafone or Vodacom family, with the increase in ARPU driven by this trend. This is in contrast with our voice usage which remains below the monetisation levels we would like to see – an issue related to the interconnect rate being higher than expected, although this is expected to come down in the new financial year.

Branding

There has been some impact from a service restriction order arising out of the civil unrest and the resultant state of emergency, with a number of sites not able to provide data services, which has an influence on our overall strategy of data-usage promotion. Nevertheless, we have repositioned the brand towards the aspirations of the youth market, as a digital-first solution, and are therefore focusing on the urban market. We understand from surveys that we have done, that most of our customers are using the Safaricom line with a secondary SIM for data, while retaining the competing Ethio Telecom for voice usage.

Site-sharing

Our planned sharing of sites with Ethio Telecom has not been fully realised, with only 40% of the targeted 60–70% shared. This has necessitated an outlay in both time and capital to redress the coverage needs by building our own sites. Infrastructure sharing remains both a challenge and an advantage, and we are committed to finding the right balance which retains our independence while at the same time facilitating expansion through existing infrastructure.

Scaling our Operations in Ethiopia (continued)

Our Ethiopian operating environment

Ethiopia is home to

- 120 million people, making it the second-most populous country in Africa
- Great diversity, with over 80 ethnic groups and languages
- One federal government, 12 regional governments, with a high level regional empowerment and decision-making

Economy

- Easing inflation – at 26.2% in March 2024
- Liquidity pressure in the market
- 2023 GDP growth expected at 6.0%

Regulatory

- Revised mobile money limits – daily transaction limit: ETB 75,000
- Proposed 45% privatisation of Ethiotel
- Telecom licence request for quotation (RFQ) issued on 30 June 2023

Political

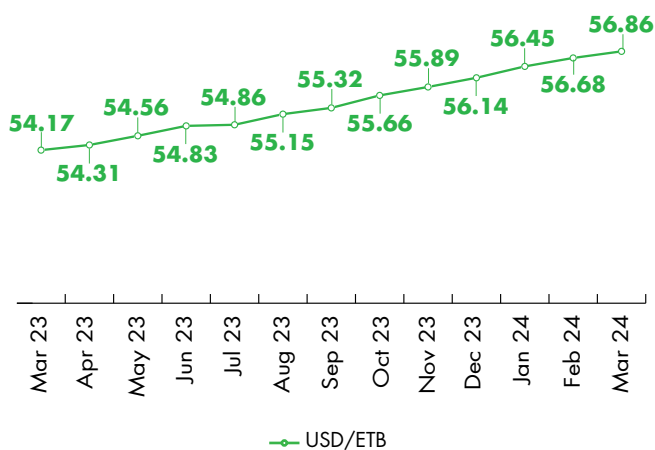
- Previously in-force social media blockade lifted in July 2023
- Stable security situation in Tigray
- Amhara under state of emergency regulations

Currency stresses

The Ethiopia Birr (ETB) depreciated by 5.0% in FY24 (April 2023 – March 2024) to ETB 56.9. In September 2022, to address the foreign currency shortage, the government implemented several measures intended to improve access to dollars.

The National Bank of Ethiopia (NBE) banned the use of foreign currency in local transactions, while reducing the number of days that a returning resident can keep foreign cash from 90 to 30 days. In addition, the Bank also relaxed restrictions on how much foreign currency can be brought into the country.

USD-ETB exchange rate



Source: Bloomberg

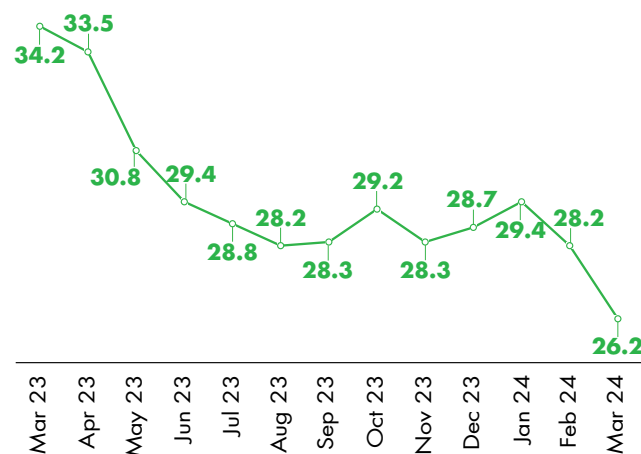
Inflation

Inflation has been one of the most difficult macroeconomic challenges facing Ethiopia over a period of many years, as reflected in the average inflation rate of 16% per year registered over the past decade.

That said, inflation has remained below 30% since June 2023, according to data from the statistics office, with the annual inflation rate declining to 26.2% in March 2024 compared to a high peak of 37.3% in May 2022. In April 2024 food inflation, which accounts for 53.5% of the Consumer Price Index (CPI) remained elevated at 27.0% YoY while non-food inflation was significantly lower at 18.0% YoY compared to 36.1% in April 2023.

The NBE has set targets to reduce inflation to below 20% by June 2024 and below 10% by June 2025, by moderating credit growth and sharply reducing direct advances to the Treasury.

Inflation rate (%)



Source: Ethiopian Statistical Service

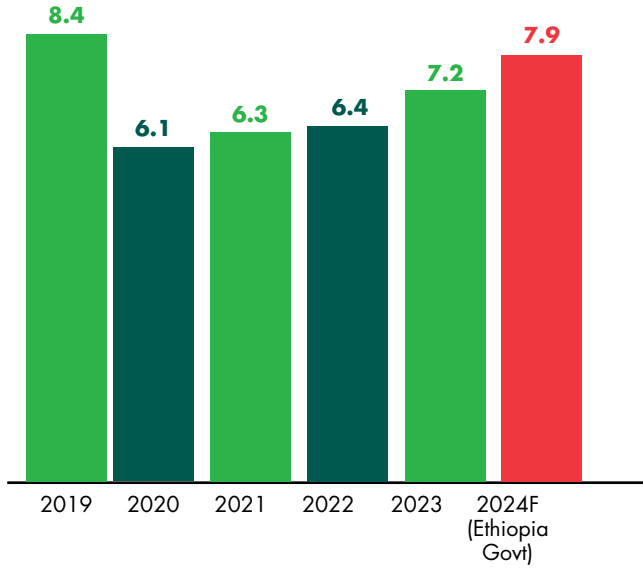
Economic growth

In the last three years, the Ethiopian economy has faced multiple shocks including the impact of the COVID-19 pandemic, internal conflict, drought and the effects of the Russia-Ukraine war on commodity prices. GDP growth fell to 6.1% in 2020, from 8.4% in 2019, although it remained above East Africa's average of 4.7% in 2021 and 4.4% in 2022.

The Ethiopian government expects the country's economy to grow by 7.9% in the current Ethiopian 2023/2024 fiscal year, which began on 8 July 2023 driven by the peace dividend, rebounding tourism and the prospect of liberalising more sectors. Assuming that no new shock disrupts economic stability, the World Bank projects strong growth of 7% to persist in Ethiopia in 2024–25, supported by increased investment and a recovery in government consumption.

To drive growth, the government is focused on reducing inflation, improving the performance of the agriculture sector while increasing tax revenue and foreign direct investment inflow into the country.

GDP Growth Rate (%)



Source: Bloomberg

Strategising our brand

Positioning for a youthful market

Almost three million Ethiopians turn 18 every year. This means that 40% of the population is less than 15 years old, with 30% being between the ages of 15 and 30.

We recognise that that this high proportion of people – GenZ – about to enter adulthood represents the broadest common lifestyle and attitude base, and that this youthful market thereby offers important opportunities, as it reflects:

- An openness to the new
- A high affinity for data

Our marketing strategy is therefore designed to:

- Focus on the Ethiopian GenZ
- Win with best-in-class digital experience for:
 - Know
 - Buy
 - Service
- Focus on the aspirational with international brand positioning
- Establish technology as the enabler of youth economic progress
- Deliver quality across data, network experience, products and customer service touchpoints.



Scaling our Operations in Ethiopia (continued)

M-PESA in Ethiopia

The market we are targeting is characterised by:

- High banking penetration
- 99% of low-value transactions made in cash
- 11% of the population has access to financial institution loans
- Lower rates of town-to-village money transfer
- USD 6.9 billion in annual diaspora remittances

Building on a launch that took place soon after the introduction of GSM, our proposition is built on:

- Solving the cash payment problem
- Offering advanced services from inception
- Promoting digital channels via our Super App from inception

We are able to scale our M-PESA operations by building on the foundations of:

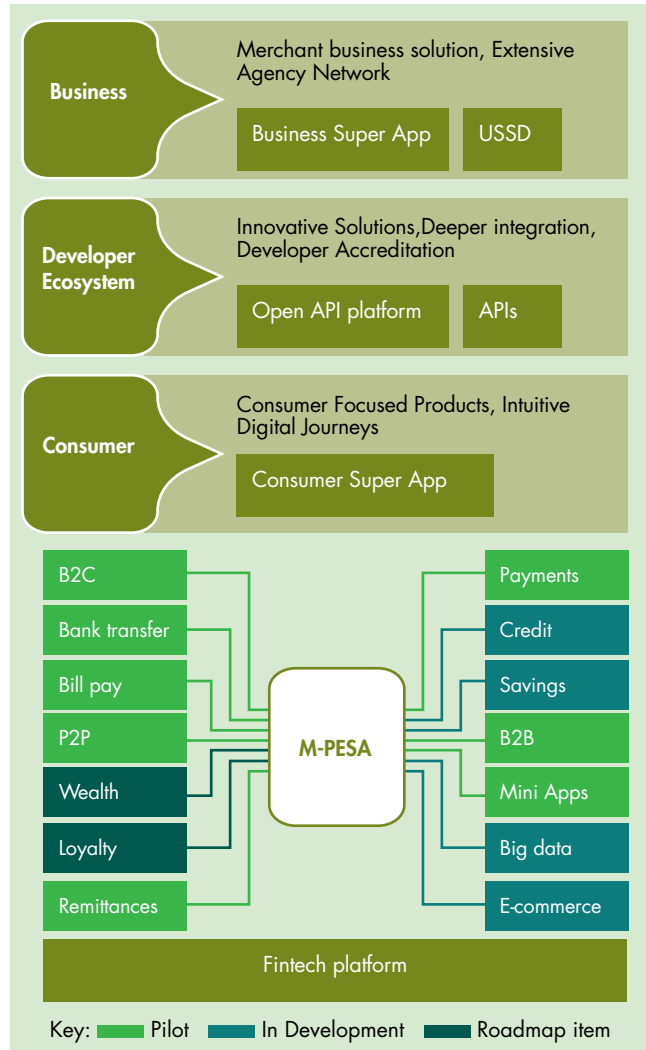
- **Customer acquisition:** 4.5 million registered M-PESA customers
- **Agent and merchant eco-system:** 63,000 merchants, over 70 supermarket outlets, and 26,000 agents
- **Partnerships:** 12 banks, three e-commerce international money transfer platforms, 12 partners and three corridors

Our M-PESA brand offering is based on:

Technology platform	Agile delivery
<ul style="list-style-type: none"> • 400 TPS platform • Over 99% service availability • Converged app and USSD channels • Open application programming interface (API) 	Six active squads: <ul style="list-style-type: none"> • Consumer • Credit • Merchants • Integrations • Onboarding and support • Technology operations

Our M-PESA approach

We have leveraged on our experience to build a complete three-sided ecosystem from inception, as opposed to the incremental approach we have employed in other markets.



We leverage this approach on our partnerships with local banks, our more than 100 international money transfer corridors, and e-commerce and government payments channels.

For more on the performance Safaricom Ethiopia see page 114.

Agile

Our operating model is predicated on three pillars of the Safaricom agile culture:

- Operational efficiency
 - Digital first, maximising value-for-money
 - Reducing IT costs through in-sourcing via in-house talent
- Capex
 - Low Average return per user (ARPU) market
 - NOPEX: operating savings start at the design-phase of the network build
 - Infrastructure Sharing
- Our people
 - Lean and agile organisation
 - Focused talent recruitment and skills building

Looking ahead

In the short- to medium-term, we will be entering the scaling phase of our operation in Ethiopia, in which we will be ready to execute, implement and target:

- Customer-per-site to benchmark level
- Infrastructure rollout of more than 4,000 sites
- Untapped fixed, enterprise and wholesale markets
- ARPU of USD 2.00
- M-PESA platform growth leveraging our best-in-class toolbox

Also in the short- to medium-term we believe we can target 4,000 to 6,000 customers per site, from our current level of 2,000. This will lead to far greater opportunities value extraction, while at the same time enabling monetisation of voice.

We will be also be targeting the monetisation of M-PESA, building on the strong foundation we have already achieved. With the ongoing growth in coverage, and we see the maximisation of the fundamental opportunities that offerings present in a market comprising a large population weighted towards aspirational youth.

While regulatory challenges remain in the short- to medium-term, we believe in the long term that best global practice will be guiding principle, enabling the wide potential of the market to be fully realised.

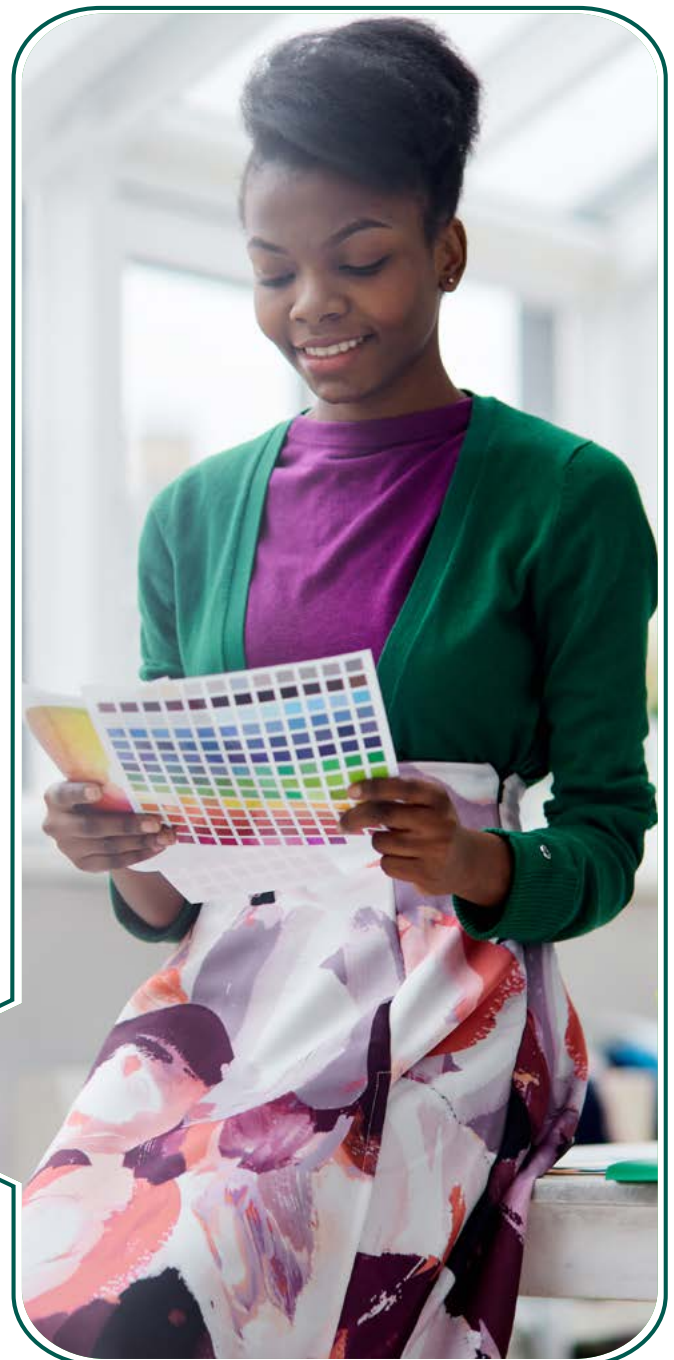
With management changes having already taken place during the year under review, there has also been a significant reduction of expat employees. This trend will remain an important feature in the medium- to long-term as we move towards increasing the transfer of knowledge and skills to local people.

Our evolving operating model

As we have faced the challenges of a market landscape that has been impacted by security, regulatory and infrastructure-sharing dynamics, during the year under review, we accordingly adjusted our operating model to better reflect the reality on the ground. This has included elements such as:

- Free voice usage to attract and excite the market
- Actively targeting aspirational youth
- Reactively building a greater proportion of the necessary

Our top-line has therefore changed significantly, requiring the right measures to continue to be taken in order to positively affect the bottom-line.





The Social Value We Contribute

OUR SOCIAL AND RELATIONSHIP CAPITAL	120
• THE SAFARICOM FOUNDATION	123
• M-PESA FOUNDATION	125
• CONSERVING OUR ENVIRONMENT	127

The Social Value We Contribute

Our social and relationship capital



The global context vis-à-vis the UN SDGs

According to a GSMA report*, globally progress was recorded on support for the UN SDGs since 2015, the average SDG impact score in the mobile industry slowed in 2022. However, if the current trajectory is maintained, the industry is projected to achieve 76% of its full potential impact on the SDGs by 2030. The report envisages that an accelerated contribution can be achieved by:

- Integrating purpose into core business
- Reforming policy to support sustainable levels of investment in mobile infrastructure
- Facilitating the use of mobile-enabled activities and scaling IoT solutions to power enterprise digitisation
- Leveraging the role of the international community, UN agencies and multilateral development banks to prioritise investment in digital development
- Tapping into the potential of AI, big data analytics and mobile innovation to address societal challenges

* The Mobile Economy 2024 (<https://www.gsma.com/solutions-and-impact/connectivity-for-good/mobile-economy/wp-content/uploads/2024/02/260224-The-Mobile-Economy-2024.pdf>)

These measures dovetail with our strategic pillars, our focus on innovation, customer obsession, agile ways of working, and in particular, with our purpose of transforming lives, our mission to accelerate new growth areas delivering superior customer experience in order to be a purpose-led technology company by 2025, and our culture as a purpose-driven, customer-obsessed, innovative and collaborative organisation.

It was in ongoing recognition of these synergies during the year under review that we continued to invest time, effort and funds in fostering our sustainability agenda.

At Safaricom, in realising our social and relationship capital we embrace as an obligation a commitment to being a responsible corporate citizen. This is fully in alignment with our purpose of transforming lives, and it underpins our determination to foster and promote a society which is not only inclusive, but itself fosters opportunities through education, health and economic empowerment and the conservation of our natural environment. In undertaking this responsibility, we seek also to strengthen and contribute towards the implementation of relevant UN SDGs.

Our activities in FY2024 – an overview

Our Shared Value team continued with its mission of identifying, developing and scaling Technology for Development (T4D) solutions with the aim of catalysing the Company’s purpose to make a sustainable social impact and bestow the value we create.

Our focus thus remained on identifying, developing, piloting, and scaling sustainable product innovations and establishing shared value strategic partnerships in the key vertical areas of:

- Health
- Education
- Humanitarian
- Agriculture
- Essential services

We have at least 16 products in the pipeline, all at different stages of product development.

Forums facilitating our input

During the year, Global Refugee Forum (GRF), World Refugee Day and African Forum for Displaced Persons were among the key forums in the humanitarian space that have contributed to our helping to unlock opportunities in the refugee space, especially with the UN Refugee Agency (UNHCR).

Other key advocacy in year under review includes:
 Africa Climate Summit COP28
 United Nations General Assembly
 Mobile World Congress (MWC)

Our initiatives – FY2024

What we did	The people we reached and the impact it made
Non-Communicable Diseases (NCD) Patient Education Platform	± 12,000 users
Bonga for Charity donation product	Over 4,000 lives touched, with over 25 million Bonga points donated
Early-Warning Messages (TERA) Alerts	± 20 million lives benefitting, with in-kind support to the value of approximately KShs 6 million provided to the Kenya Red Cross Society as a disaster mitigation and response
Digital Green Points for circular economy	Over 10,000 users, with more than KShs 100,000 redeemed as M-PESA value, resulting in over 10,000 tonnes of plastic waste collected and recycled by Mr. Green Africa
GIGA Project, in partnership with UNICEF	Of the target of connecting 127 schools, 91 have been connected. In addition, the programme has: <ul style="list-style-type: none"> • Undertaken the training of two teachers per school • Targeted a total of 182 by completion of the project • Benefited: <ul style="list-style-type: none"> • 115,560 boys • 111,738 girls • 227,298 students reached in total
Chapa Dimba Football Tournament	Support for this embracing competition includes: <ul style="list-style-type: none"> • Free Medical Camps • Players’ and coaches clinics • Digital and financial-literacy training • Expansion into Central and North Eastern regions • Regional finals matches

These are initiatives in the pipeline.



The Social Value We Contribute (continued)

Our social and relationship capital (continued)

Shared value strategic partnerships

Our partnerships continued to be productive, with several important outcomes achieved:

- UNHCR Partnership
 - Engagements target the unlocking of opportunities among refugee through co-creation and advocacy, to allow refugees to use telco services including M-PESA under the new Refugee Act
 - The joint Kakuma Mission on 4 March 2024 increased insights towards our long-term partnership
- Savanah Informatics and Intel iSOFT Consulting
 - Afya Moja Product agreement in Q2 of 2023
- World Reader
 - POC agreement in Q4 of 2023
- ITU/CISC
 - Digital Transformation Centres Initiative
- World Metrological Organisation (WMO)
 - Early Warning Solutions as outlined by the UN Secretary General

Sponsorships

During the year under review, the Company continued to support a variety of events and initiatives with the aim of uplifting and improving the quality of life for Kenyan communities.



Event/Initiative	How we provide support
2024 Magical Kenya Open (MKO)	KShs 6.2 million , as the MKO official technology partner, providing: <ul style="list-style-type: none"> • Internet connectivity with event sponsorship • Cell on Wheels (COW) to support global streaming of the event • Scoring devices and communication airtime
Sports Personality of the Year Awards (SOYA)	KShs 2 million cash sponsorship announced to: <ul style="list-style-type: none"> • Support the 20th anniversary of the event
East African Safari Classic Rally	KShs 6 million , to: <ul style="list-style-type: none"> • Support the nine-day rally event which attracted a field of 63 drivers from 27 countries
Nairobi International Jazz Festival	KShs 1 million , in: <ul style="list-style-type: none"> • Support of the festival held at the Bomas of Kenya • Honour of Breast cancer Awareness Month, with proceeds channelled to Twatukuza Trust to contribute to the support of initiatives that include raising public awareness to help save thousands of lives

Awards and recognition

Our efforts and commitment were acknowledged during the year at two important events:

- The inaugural Environment Sustainability Awards by the United Nations Environment Programme (UNEP) and the Kenya Private Sector Alliance (KEPSA), held in July 2023, recognised the Company for its climate action initiatives.
- The fourth Africa Public Sector Conference and Awards, held in August 2023, Safaricom was awarded a place among Africa's Top 50 Companies in Sustainability.
- Safaricom injects KShs 6 million to support the 11th edition of the East African Safari Classic Rally.

Our foundations (Safaricom and M-PESA foundation)

It is with these goals and commitments in mind that we established the Safaricom and M-PESA Foundations. These foundations, both governed by a separate and independent Board of Trustees and the same management team, play a key role in serving as conduit,

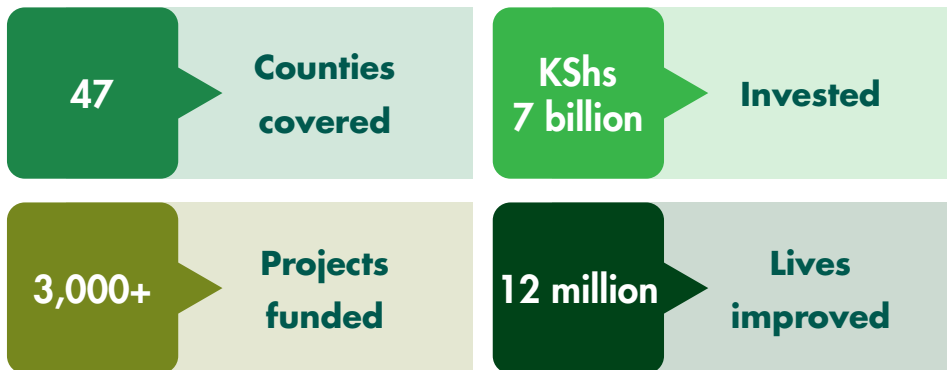
initiator and implementor in our quest as an organisation to promote and facilitate upliftment, betterment and equality of opportunity, helping, through their activities, to improve the lives of all.

		Impact
Safaricom Foundation	<ul style="list-style-type: none"> Established in 2003, and registered as a trust, the Safaricom Foundation focuses on health, education, economic empowerment and humanitarian response. Funded by Safaricom Plc at KShs 510 million and other donations during the year under review 	<ul style="list-style-type: none"> Touching over 3.5 million lives Working with over 2,000 partners Active in 47 counties
M-PESA Foundation	<ul style="list-style-type: none"> Established in 2010, and registered as a trust, the M-PESA Foundation focuses on large scale, long-term programmes in health, education, humanitarian response, environmental conservation and integrated water and livelihoods programmes. Funded through M-PESA deposits 	

The Safaricom Foundation

As a partner and support system for Kenyans looking to transform their lives, we focus on health education, economic empowerment and sustainable philanthropy to enhance equity. Moreover, in doing this we aim to build a thriving and prosperous Kenya by providing resources, opportunity, and hope.

Our impact since 2003



The Social Value We Contribute (continued)









Our two foundations (continued)

The Safaricom Foundation (continued)

Implementing our strategy

During the year under review, with our FY2023 audit complete, we commenced the implementation of our 2023–2026 strategy. In doing so, we co-created programmes with partners focusing on the three key areas of health, economic empowerment and education.







All our philanthropic initiatives – Pamoja, Regional Engagement, Usamaria and Ndoto Zetu Phase V – were launched at the Machakos School for the Deaf on 11 July 2023, and included a number of specific projects.

Focus area and UN SDG supported	The project	What it is	What we achieved
Health  	Afya Uzazi Salama	<p>The programme is designed to reduce maternal, neonatal children's' and non-communicable disease morbidity and mortality in Narok County, and is being implemented by AMREF Health Africa in Kenya.</p> <p>The programme is focused on improving the accessibility and demand for Reproductive, Maternal, Newborn, Child Health (RMNCAH), and Non-Communicable Disease (NCD) services.</p>	<ul style="list-style-type: none"> 209,011 people will benefit. Usamaria Committee disbursed a total of KShs 19.5 million for needy medical cases, benefiting 78 Kenyans.
Education  	Wazesha TVET Programme Digital skills programme, and renovation of eight Teacher Training Colleges (TTC) ICT laboratories	<p>Launched on 12 October 2023 in Isiolo County, with the goal of improving access to quality, equitable and inclusive skills and learning opportunities for Kenyan youth.</p> <p>The programme is being implemented in Nairobi, Isiolo and Marsabit Counties by Catholic Relief Services (CRS).</p> <p>A programme with the goal of enhancing digital learning in collaboration with the Ministry of Education, TSC of Education and TSC.</p>	<ul style="list-style-type: none"> 1,300 students are set to benefit from direct scholarships across selected TVETs. 15,000 trainee teachers across 35 Teacher Training Colleges in Kenya will benefit.
Economic Empowerment  	COVID-19 Adaptation Revolving Fund programme Wezesha Agri Programme	<p>While the grant for this programme came to an end during the year, the aim was to provide micro loans to Kenyans to cushion them against the effect of the COVID-19 pandemic.</p> <p>A programme implemented by Africa Instore Solutions (AIS), aimed at empowering women and youth in Kajiado County through agriculture.</p> <p>The programme ran from May 2022 to November 2023, at a cost of KShs 23.9 million, focusing on sustainable farming practices and economic empowerment.</p> <p>The programme was evaluated, with Phase 3 approved.</p>	<ul style="list-style-type: none"> 8,409 jobs were created or retained. 6,395 enterprises KShs 87 million was disbursed in loans over three years A demo farm for training individuals and groups in farming skills and technologies was established in Oloitoktok, Kajiado County, achieving successful skill development with: <ul style="list-style-type: none"> 1,884 farmers recruited 1,121 trained, and graduated 21 partners and collaborators supporting 17 major value chains
Employee Engagement  	Foundation CSI initiatives and projects Ndoto Zetu Phase V Pamoja Safaricom@20 Leveraged funding Disaster response	<p>These included:</p> <ul style="list-style-type: none"> Tree growing Handover of community projects Medical camps pate in CSI activities. <p>Phase V of Ndoto Zetu, a funding stream that supports the dreams of Kenyans was launched.</p> <p>An initiative that supports Safaricom staff to identify community projects.</p> <p>Safaricom's 20th anniversary celebrations were initiated on 9 August 2023 with the CEO leading employees at Kenyatta National Hospital.</p> <p>Various programmes and partnerships.</p> <p>Support for Kenyans to access both food and non-food items.</p>	<ul style="list-style-type: none"> EXCO has taken the lead in influencing more employees to participate 6,301 proposals were received 400 projects were approved and are under implementation to benefit at least two million Kenyans 65 projects selected for funding after a rigorous vetting process are under implementation 5,000 people, have been reached through interventions A target of KShs 350 million KShs 371 million leveraged 14,000 Kenyans were provided with support

M-PESA Foundation

We partner with Kenyans to implement large-scale and highly impactful community projects. We aim to promote health, education, environmental conservation, and integrated livelihoods for the social and economic benefit of the people of Kenya.

During the year under review, the M-PESA Foundation continued to implement the community investment framework that focuses on health, education and integrated water, environment, disaster response and livelihood programmes. Initiatives were undertaken in all our focus areas:

Focus area and UN SDG supported	The project	What it is	What we achieved
Health  	Uzazi Salama	<p>Our KShs 150 million programme for maternal, newborn and child health aimed at decreasing maternal and newborn health morbidity and mortality rates in Homabay County came to an end.</p> <p>The programme is being scaled to Kilifi County which has a high rate of maternal and newborn mortality.</p>	<ul style="list-style-type: none"> The programme leveraged technology to train community health volunteers. 85,367 beneficiaries directly benefitted from the interventions The scaled programme aims to benefit at least 524,449 beneficiaries
	Daktari Smart	<p>A telemedicine programme, whose goals are:</p> <ul style="list-style-type: none"> to improve access to high-quality healthcare for children in counties without a resident paediatrician by leveraging technology To provide treatment to children up to 21 years in hard-to-reach counties. <p>The programme is implemented in Homabay, Samburu, Lamu, Narok and Baringo counties.</p>	<ul style="list-style-type: none"> 8,560 patients were treated
	M-Mama	A technology-enabled programme to provide an emergency transport system in Kenya, co-funded with the Vodafone Foundation and USAID, launched by Health CS Hon Susan Nakhumicha and Samantha Power, Administrator of the USAID.	<ul style="list-style-type: none"> A total of USD 10.7 million has been committed to by the three co-funders with potential for the M-PESA Foundation to co-fund more in time Co-creation of the M-Mama programme
	Fistula Programme	A response that aims to restore dignity for women and girls with female genital fistula in Kenya, with ongoing implementation across the country	<ul style="list-style-type: none"> A total of 429 surgeries have been performed against a target of 1,000
	Medical camps	Continued provision of accessible and affordable healthcare services to underserved communities	<ul style="list-style-type: none"> Twelve medical camps have been conducted 19,061 beneficiary patients
Education   	The M-PESA Foundation Academy	Established to provide quality education to bright children from poor backgrounds in all 47 counties, with the aim of producing model leaders, doers and thinkers.	<ul style="list-style-type: none"> 561 students 568 learners actively enrolled in various tertiary institutions in four cohorts, including in: <ul style="list-style-type: none"> Australia (4) Grenada (2) Kenya (430) Switzerland (9) UK (80) USA (43)
	Wezesha Elimu	<p>Although the grant for this programme has now ended, its aim was to contribute towards providing improved access to education for children with disabilities so that they can achieve their full potential and lead a dignified life.</p> <p>The programme is being evaluated.</p>	<ul style="list-style-type: none"> 188 paediatric orthopaedic and other surgeries were realised 158 mobility devices were distributed 152 orthopaedic rehabilitations were performed
	Employability Skills of Visually Impaired Youth	A programme to improve the employability skills of visually-impaired youth through access to quality inclusive education and training in innovative digital assistive technologies.	<ul style="list-style-type: none"> 200 youth with visual impairments provided with access quality inclusive education
Environmental conservation 	Securing the future of the last remaining Kenyan roan antelopes	Continued implementation of the initiative at the Ruma Park in Homabay County.	<ul style="list-style-type: none"> 18 roans currently exist Restoring of parts of Kakamega Forest commenced in partnership with Rhino Ark, KWS and KFS

The Social Value We Contribute (continued)

Our two foundations (continued)

M-PESA Foundation (continued)

Looking ahead

In the short-, medium- and long-term, our goals are to:

- Continue implementing our strategic programmes – UZAZI Salama, TVET, Wezesha Agri and Digital Skills for teachers
- Launch Ndoto Zetu Phase VI and the other Philanthropic projects – Pamoja, Usamaria and regional
- Identify community programmes for investment/co-development with relevant partners to increase our impact
- Roll out the M-Mama emergency transport programme for mothers and newborns
- Ensure employee engagement for continued community engagement
- Continue convening strategic partners under the banner of both the Safaricom and M-PESA Foundations for:
 - Continued learning
 - Influencing of philanthropy practice through regional dissemination forums and a national partners' forum
- Continue implementing the integrated fistula programme with partnering counties and organisations
- Continue implementing medical camps across the 47 counties, and plan for a new phase
- Continue resource and strategic partner mobilisation to increase our scale and impact in communities.



Conserving our environment

As part of our commitment as a responsible corporate citizen, during the year under review we continued to monitor our use of resources, and implement measures with the aim of conserving energy, acting on climate change and decarbonisation, targeting zero waste and promoting sustainable supply chains and community investments as well as workplace safety.

The fruit of our commitment

What we do	Measuring our actions	Setting our targets
Safaricom technologies and innovations	<ul style="list-style-type: none"> Air quality monitoring innovation using IoT Energy efficiency on our sites using IoT technology Partnership with Vodafone, WWF and KWS that uses solar-powered AI technology to prevent human-wildlife conflict by detecting and deterring wild animals in human settlements Tree growing app to track our tree growing project 30,000 sites equipped with AVA energy-efficient software 	<ul style="list-style-type: none"> Leverage on technology to reduce our impact on environment and protect biodiversity
Recycling	<ul style="list-style-type: none"> 98% recycling rate A total of 290.438 tons of network waste recycled/refurbished with the business earning KShs 25,660,252 from this disposal Expanded scope of sustainable waste management to 61 facilities outside Nairobi to a total of 73 1,950 tonnes of e-waste recycled Signed a collaboration framework with WEEE centre to manage e-waste 77,960 eSIM users 1.2 tonnes of SIM cards recycled 50% reduction in SIM card size 	<ul style="list-style-type: none"> Recycle/repurpose 100% of solid waste 20% YoY growth in mobile handset collection and recycling Recycle, reuse or resale of 100% of network waste 100% elimination of single-use plastics
Decarbonising society	<ul style="list-style-type: none"> CAVEX: working with partners to advance commitment to buy carbon credits and remittance via M-PESA Successful integration of M-PESA in Mr Green Africa plastic collection and recycling program green point system to catalyse proper plastic disposal, 10,000 users on-boarded and KShs 100,000 redeemed in M-PESA value School greening programme launched 10,000 tree seedlings donated towards Safari Rally initiative Engaged in thought-leadership forums by KEPISA, WWF, EIK and Taka ni Mali to share expertise on embedding circularity 	<ul style="list-style-type: none"> Digitisation of products and processes. Tree-growing in communities and schools, with a target of 1,000,000 fruit trees at schools Thought leadership and advocacy
Tree growing	<ul style="list-style-type: none"> 1.5 million trees grown to date in five sites across the country, restoring 1,500 ha of degraded public forests 2,914 Community Forest Association (CFA) members engaged, impacting 14,570 livelihoods Signed a collaboration framework with the Kenya Forest Service (KFS) 	<ul style="list-style-type: none"> Adopt a forest collaboration framework with KFS to grow: <ul style="list-style-type: none"> 5 million trees in degraded forests
Solar transitioning	<ul style="list-style-type: none"> 1,432 sites operating on solar energy 23% solar energy mix 	<ul style="list-style-type: none"> Expand solar deployment to all 5,000 sites
Emissions reduction	<ul style="list-style-type: none"> 32.9% Scope 1 and 2 emissions reduced since 2017 Improved CDP score from B to A- 	<ul style="list-style-type: none"> Reduce Scope 1 and 2 emissions by: <ul style="list-style-type: none"> 43% by 2030 74% by 2050 Reduce Scope 3 emissions by: <ul style="list-style-type: none"> 41% by 2030 72% by 2050 CDP score of A





How We Safeguard Value

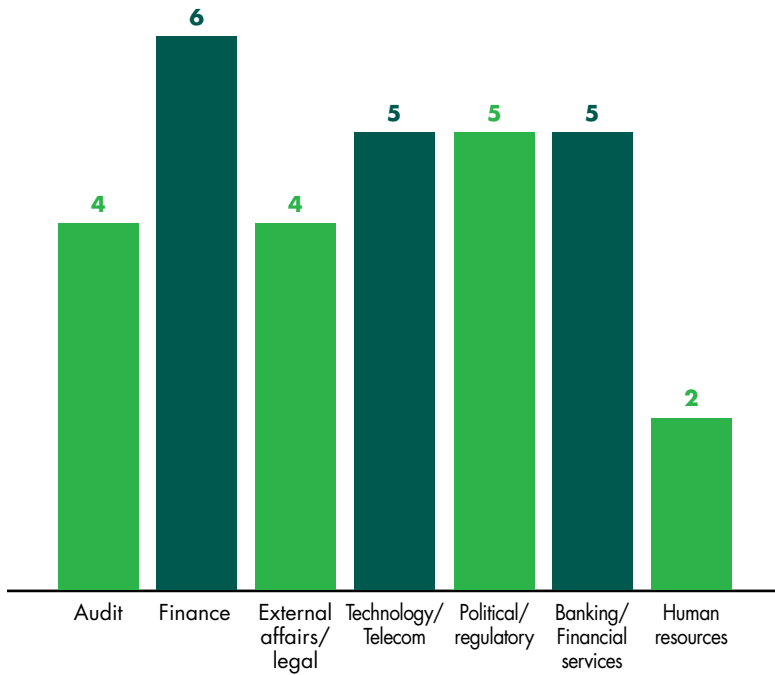
WHO GOVERNS US	130
• OUR BOARD	132
• WHO LEADS US	138
• SAFARICOM ETHIOPIA – WHO LEADS US	140
CORPORATE GOVERNANCE REPORT	142
• OUR CORPORATE GOVERNANCE STATEMENT	142
• BOARD COMMITTEES MEMBERSHIP AND MEETING ATTENDANCE	149
• DIRECTORS' REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2024	157

How We Safeguard Value

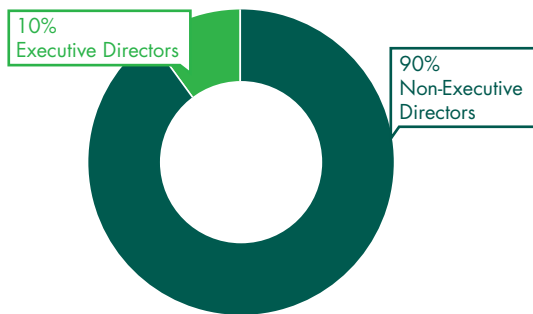
Who governs us

The Constitution of the Company's Board as stipulated by its Articles of Association is 11 Directors. There are currently nine Non-Executive Directors and one Executive Director, the Chief Executive Officer.

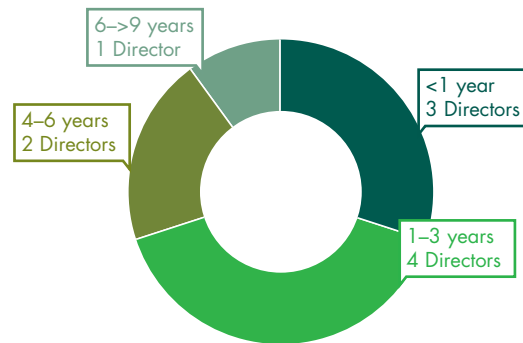
Skills and expertise of the Non-Executive Directors



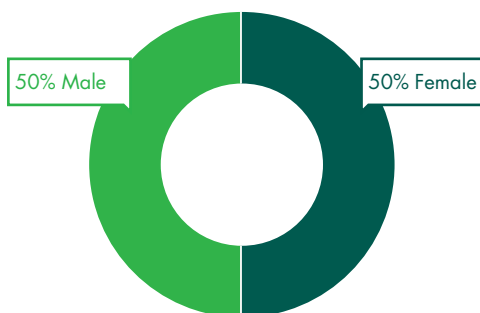
Balance of Non-Executive and Executive Directors



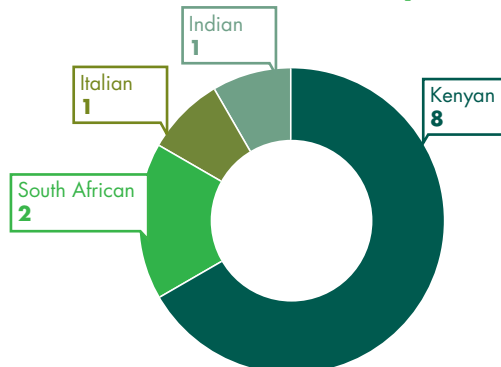
Board members – Length of tenure

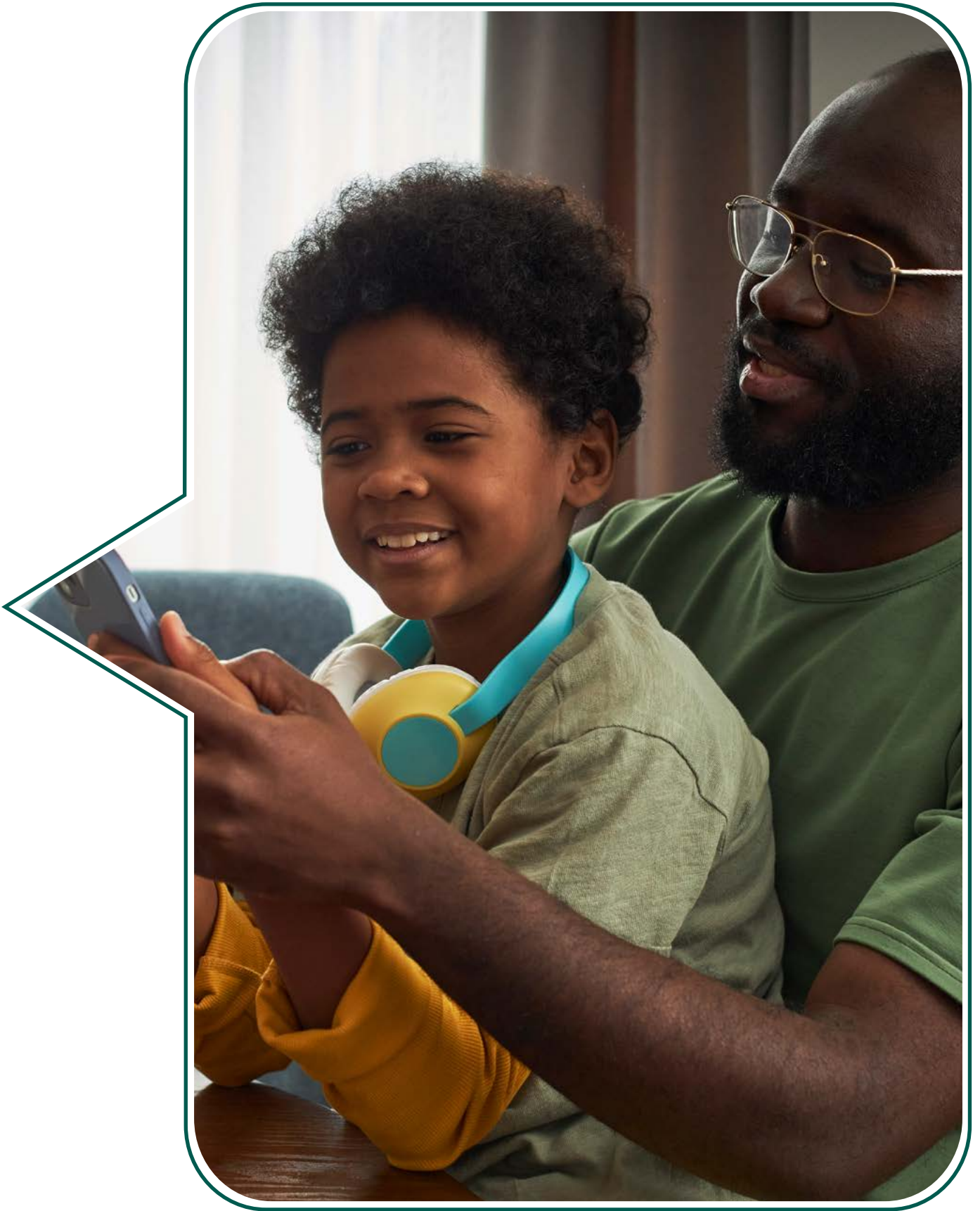


Board members – Gender split



Board members – Nationality





How We Safeguard Value (continued)

Who governs us (continued)

Our Board



Adil Arshed Khawaja (MGH) (53)

Chairman
Nationality: Kenyan
Appointed:
December 2022 (Director)
January 2023 (Chairman)



Peter Ndegwa (CBS) (55)

Chief Executive Officer
and Executive Director
Nationality: Kenyan
Appointed: April 2020



Dilip Pal (58)

Chief Finance Officer and Alternate Director
to Peter Ndegwa
Nationality: Indian
Appointed: November 2020



Ory Okolloh (47)

Independent Director
Nationality: Kenyan
Appointed: February 2023



Mohamed Shameel Aziz Joosub (53)

Non-Executive Director
Nationality: South African
Appointed: August 2017



Rose Ogega (64)

Independent Non-Executive Director
Nationality: Kenyan
Appointed: February 2019





Francesco Bianco (52)

Non-Executive Director
Nationality: Italian
Appointed: March 2020



Raisibe Morathi (54)

Non-Executive Director
Nationality: South African
Appointed: November 2020



Winnie Ouko (54)

Independent Non-Executive Director
Nationality: Kenyan
Appointed: February 2021



Dr. Karen Kandie (56)

Alternate Director to CS,
National Treasury and Planning
Nationality: Kenyan
Appointed: February 2023



Murielle Lorilloux (51)

Non-Executive Director
Nationality: French
Appointed: August 2023



Dr. (Eng) John Kipngetchi Mosenik (66)

Non-Executive Director
Nationality: Kenyan
Appointed: August 2023



Linda Mesa Wambani (43)

Ag. Company secretary
Nationality: Kenyan
Appointed: October 2023

Our committees and their membership

- Audit Committee
- Risk and ESG Committee
- Nominations Committee
- Human Resources Committee
- Innovations and Investment Committee

How We Safeguard Value (continued)

Who governs us (continued)

Our Board (continued)

Chairman

Adil is a highly distinguished Advocate of the High Court of Kenya with over 31 years work experience in the legal profession ranging from dispute resolution to commercial and real estate. He is recognised as a leading name in the Kenyan legal profession and has been globally recognised in various practice groups as one of the most sought-after lawyers in Kenya.

In recognition of his positive contribution to the sustainability of the environment of the country, Adil was recently awarded the Moran of the Order of the Burning Spear (MBS) by the President of the Republic of Kenya.

Adil currently serves as the Managing Partner at Dentons Hamilton Harrison & Mathews, the oldest law firm in Kenya, established in 1902 with a reputation as an innovative, experienced, responsive, and highly skilled firm.

Adil holds Board positions in various companies across various markets. He currently serves on various Boards which include Rhino Ark Charitable Trust, Al Futtaim Automotive-CMC Motors Group Limited and Atua Enkop Africa Limited.

He previously served as a Director of KCB Bank Group from 2012 and was elected the first chairman of KCB Bank Kenya Limited from 2016 until 2020 when his tenure ended. He has also served as a Director in the Board of Kenya Power & Lighting Company. Outside his professional capacity, Adil is active in the wildlife and environmental conservation space. He has been a member of the Nairobi Arboretum Conservancy Community Forest Association, a trustee of Care for the Wild and an advisor for Friends of Conservation. He is a former trustee of the Kenya Wildlife Service and a Board member of the National Environment Council.

His love for the law and environmental conservation, led him to be appointed by the Government of Kenya as a member of the Taskforce to inquire into Forest Resource Management and Logging activities in Kenya. An avid enthusiast of four-wheel driving he has combined his love for the thrill with conservation and has been a participant in the Rhino Charge for nearly 20 years and amongst the top fund raisers for the Rhino Ark, where he has been a trustee since 2018.



Adil Arshed Khawaja (MGH)

Chief Executive Officer

Peter joined Safaricom on 1 April 2020. He is an experienced Board-level leader with a wealth of experience in General Management, Commercial and Business Strategy, Sales and Finance Operations, having spent over 26 years in various roles within the Financial Services and Fast-Moving Consumer Goods (FMCG) sectors in Africa and Europe.

He holds an MBA from the London Business School and a BCom from the University of Nairobi. He is also a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

In his most recent role, Peter was responsible for Diageo PLC operations in 50 countries in Western and Eastern Europe, Russia, the Middle East, and North Africa regions. Previously, he served as Chief Executive Officer in Guinness Nigeria PLC and Guinness Ghana Breweries PLC, transforming the two operations to deliver double-digit growth by investing in people, introducing new brands, and re-organising the businesses.

As a Chief Executive in several markets within the Diageo Group, Peter demonstrated

the ability to transform businesses and organisations to deliver superior results. With his principle of customer first, he has a real passion for delivering value to customers, investing in talent and getting things done.

Peter served for eight years across a range of senior Executive Director roles at East Africa Breweries Limited (a Diageo subsidiary) based in Nairobi. Serving as the Group Chief Finance Officer (CFO), Group Strategy Director, Sales Director, and as an Executive Director on the EABL Board, he was part of the team that saw the EABL business more than double in value – and winning the coveted Most Respected Business Award in East Africa for five years in a row.

Peter is credited with the development of an affordable-beer strategy for EABL resulting in the production of new brands such as Senator beer which became one of the most successful innovations by Diageo. He started his career at PwC, the global consulting firm, where he worked for 11 years. Peter draws his inspiration, in particular from his early upbringing laying the foundations for his strong value set, from his teachers and the legendary Dr Geoffrey Griffin – the late founder of Starehe Boys Centre – his alma mater, and his parents.



Peter Ndegwa (CBS)



Dilip Pal

Alternate Director to Chief Executive Officer

Dilip, who joined Safaricom as the Chief Finance Officer in November 2020, has more than 31 years of experience in Finance, spanning various industries including Telecoms, Financial Services and Fast-Moving Consumer Goods (FMCG) and Engineering in international and multi-cultural environments. Dilip has a proven track record of building competent teams, improving performance, business turnaround, simplification and digitisation.

His division is responsible for the overall financial planning, management, and oversight of the organisation. Previously, from 2017, he was Chief Finance Officer with DTAC Thailand, a part of the Telenor Group. Prior to DTAC he was the Chief Finance Officer of Grameenphone Bangladesh, a role that he held for three years. Before Grameenphone, Dilip held various finance roles in Vodafone India in Mumbai, rising

to the role of EVP Finance. He has also held senior finance roles in other organisations, namely Hutchinson Essar, Hindustan Coca Cola Beverages and Tata Tinplate.

Dilip has held Board positions in various institutions including Carousell, Singapore (leading online classified company of South Asia), Tele Assets, Thailand (a DTAC subsidiary), Accenture Bangladesh (joint venture of Accenture and Telenor) Indus Tower (JV with Bharti Airtel and Idea) and Vodafone Essar Spacetel Ltd (Vodafone India subsidiary).

Dilip has a Master's in Commerce from Calcutta University and a BCom from Goenka College of Commerce. He is a Chartered accountant from Institute of Chartered Accountants of India and a Cost Accountant from Institute of Cost and Works Accountants of India.



Ory Okolloh

Independent Non-Executive Director

Ms Okolloh is currently a Partner at Verod-Kepple Africa Ventures (VKAV), where she leads and implements all investment-related activities, drives expansion, and supports partner companies with strategic and operational issues.

A seasoned corporate operator at Board level, Ms Okolloh currently serves as a member of several Boards including those of Thomson Reuters Founders Share Trust, East African Breweries PLC, Stanbic Foundation

and Adecco Group Foundation. She is also a Trustee at the Van Leer Foundation. She holds a Bachelor of Arts in Political Science from the University of Pittsburgh, and a Juris Doctor (JD) degree from the Harvard Law School.



Mohamed Shameel Aziz Joosub

Non-Executive Director

Shameel is the Chief Executive Officer of Vodacom Group since September 2012. He is a former CEO of Vodafone Spain. He was the Managing Director of Vodacom South Africa from March 2005 to March 2011 prior to taking up the position as Chief Executive Officer of Vodafone Spain. Prior to that, he was the Managing Director of Vodacom Service Provider Company from September 2000 to February 2005, and Managing Director of Vodacom Equipment Company from 1998.

Shameel served on the Vodacom Group Board from 2000 until March 2011, when he was seconded to Spain. He was re-appointed to the Vodacom Group Board in September 2012 after his return from Spain.

How We Safeguard Value (continued)

Who governs us (continued)

Our Board (continued)



Rose Ogega

Independent Non-Executive Director

Ms Ogega has extensive experience spanning over 26 years advising and managing both large, complex organisations and emerging startup ventures.

In recognition of her contribution to the economic development of the country, she was awarded the Moran of the Burning Spear (MBS) in 2005.

Ms Ogega, is the Managing Director of Bloom Consultancy Limited. She is currently a member of the Aspen Global Leadership Network, the Institute of Directors of Kenya, the African Leadership Initiative and the Institute of Certified Public Accountants of Kenya. She is a Certified Hogan Lead Assessor, an Executive Coach and a Member of the Academy of Executive Coaches.



Francesco Bianco

Non-Executive Director

Francesco Bianco is the Global Talent, Capabilities and Organisational Development Director at Vodafone and an alternate Non-Executive Director in the Vodacom Group Board. Francesco has had a vast career in HR, spanning over 16 years. He originally joined Vodafone Italy in 2000 and has extended his career portfolio internationally in other Human Resources Director roles.

Francesco holds a Bachelors' Degree in Law from Padova University and a Business Strategy Executive Program with Maastricht University. Francesco was appointed to the Vodacom Group Board as an alternate director to Mr Michael Joseph in January 2019 and also appointed as an alternate director to Ms Leanne Wood in July 2019.



Raisibe Morathi

Non-Executive Director

Ms Raisibe Morathi was appointed as the Chief Financial Officer and Executive Director of Vodacom Group with effect from 1 November 2020. She joined Vodacom from the Nedbank Group where she had been the Group Chief Financial Officer since September 2009.

She has a cumulative 27 years' experience in Financial Services in various large corporates in South Africa, including Nedbank Group, Sanlam Group and the Industrial Development

Corporation. Raisibe was also the patron of its Women's Forum, demonstrating her commitment to the development of women and young people.

Raisibe Morathi is a Chartered Accountant (SA) and has also completed an Advanced Management Programme (AMP) with INSEAD (France). She also holds a Higher Diploma in Taxation (Wits University) and is currently pursuing a Masters in Philosophy (Corporate Strategy) at GIBS.



Dr Karen Kandie

Alternate Director to CS, National Treasury and Planning

Dr Kandie is a finance specialist with over 21 years of strategic leadership and management experience in senior leadership positions in the financial services industry. She is currently the Director, Parastatal Reforms (Financial) at the National Treasury and Planning, where she leads Parastatal Reforms that are geared towards reducing fiscal pressures by making public spending more efficient and transparent.

Dr Kandie holds a Bachelor of Commerce from the University of Nairobi, and a Master of Business Administration from Murdoch University in Western Australia.



Winnie Ouko

Independent Non-Executive Director

Ms Winnie Ouko was appointed Non-Executive Director on 10 February 2021. She has over 26 years of professional finance, strategy and Board level experience, serving corporates and non-profits in Africa, Europe and the US.

She is the founder and Chief Executive Officer of Lattice Consulting (member of Larive International, nl), a Kenya-based boutique advisory firm committed to propelling its clients to growth via strategy and finance advisory and corporate training.

Winnie's career includes a stint as an Associate Director at Standard and Poor's

in New York, and PricewaterhouseCoopers in Nairobi. She sits on the Board of the Kenya Pooled Water Fund, has served on the Board of Absa (Kenya), chairing the Audit, Risk and Compliance Committee; and has been a Trustee for the Worldwide Fund for Nature, Switzerland (which oversees 70+ programmes and country offices around the world), chairing the Audit and Risk Committee.

Winnie is a fellow of the Aspen Global Leadership Network, and is a leadership adviser with Adaptive Change Advisors, (NY). Winnie has an MBA from Cornell University (NY), a BComm from the University of Nairobi, and is a CPA (K).



Murielle Lorilloux

Non-Executive Director

Murielle was appointed a Non-Executive Director in the Board with effect from 23 August 2023. She is currently the Chief Strategy and Commercial Officer of Vodacom Group and a member of the Executive Committee. Prior to this, she worked for Vodafone Group in the United Kingdom as an Executive Business Director for Europe Cluster markets and Vodafone Business International from July 2021 to 31 March 2023.

She has previously also held the positions of Chief Executive Officer and President of the the Board of Vodafone Romania (2017–2021) and Managing Director of Vodacom DRC (2014–2017).

Prior to this, Murielle held various senior management roles with Orascom Telecom Algeria, Wana Corporate and Capgemini.

Murielle has over 25 years' experience in General management, commercial (B2C and B2B), strategy and consulting experience in telecommunications across African and European markets.

She holds a Master's Degree in Economics (Management and Marketing) from the Paris Nanterre University and a Masters' Degree in Business Management and Strategy from the ESCP Business School. She also participated in the MBA exchange programme with the University of Texas at Austin.



Dr (Eng) John Kipngetch Mosonik

Non-Executive Director

Dr (Eng) John Kipngetch Mosonik, CBS, EBS was appointed a Non-Executive Director on 23 August 2023.

Dr (Eng) Mosonik is an astute technocrat with executive experience in both public and private sector administration spanning 35 years. He has a rich career profile stretching across industries from engineering practice in the telecom sector, to serving as a Principal Secretary in the State Department for Infrastructure and the Chief Administrative Secretary in the Ministry of Petroleum and Mining.

He holds a Doctoral Degree in Business Administration (DBA) – Strategic Leadership from Northcentral University (USA) and a PhD in Business Administration (Strategic Management) from Moi University, Kenya. He also holds Postgraduate Degrees in Digital Transformation, Strategic Focus, Finance and Business Administration from renowned international universities, and a Bachelor's Degree in Electrical Engineering/ Telecommunication from the University of Nairobi. He is a Fellow of the Institution of Engineers of Kenya (FIEK) and a registered member of the Engineers Board of Kenya (EBK).



Linda Mesa Wambani

Acting Company Secretary

Linda is a qualified advocate with over 20 years' experience, and is currently a Senior Legal Counsel at Safaricom PLC, where she provides legal and corporate governance support to Safaricom PLC, the M-PESA Foundation and Safaricom's investment vehicles into Ethiopia. Prior to joining Safaricom PLC, Linda worked at Dentons Hamilton Harrison & Mathews as a commercial and litigation lawyer.

Linda is a Certified Public Secretary and holds a Bachelor of Laws Degree from the University of Nairobi, a Master of Business Administration in Strategic Management from the United States International University (USIU) and a Master of Laws Degree in Commercial Law from the University of Nairobi. She is a Notary Public and Commissioner for Oaths. Linda is also a member of the Institute of Certified Public Secretaries of Kenya, the Women on Boards Network and the Law Society of Kenya.

How We Safeguard Value (continued)

Who governs us (continued)

Who leads us – Kenya



Peter Ndegwa

Chief Executive Officer and Executive Director



Dilip Pal

Chief Finance Officer



Fawzia Ali-Kimanthi

Chief Consumer Business Officer



Florence Nyokabi

Chief Human Resources Officer



Nicholas Mulila

Chief Corporate Security Officer



Fred W. Waithaka

Acting Chief Corporate Affairs Officer

Learn more about our leaders by reading their biographies at:



<https://www.safaricom.co.ke/about/who-we-are/leadership>



George Njuguna (MBS)

Acting Chief Technology Information Officer



Cynthia Karuri-Kropac

Chief Enterprise Business Officer



Nicholas Kamunyu

Chief Channels Officer



Michael Mutiga

Chief Business Development & Strategy Officer



Esther Masese Waititu

Chief Financial Services Officer

How We Safeguard Value (continued)

Who governs us (continued)

Safaricom Ethiopia – Who leads us



Wim Vanhelleputte

Chief Executive Officer



Stanley Njoroge

Chief Finance Officer



Masahiro Miyashita

Chief Strategy Officer



James Maitai

Chief Technology & Information Officer



Arjun Dhillon

Chief Enterprise Business Officer



Amit Chandiramani

Chief Sales and Distribution Officer

Learn more about our leaders by reading their biographies at:



<https://safaricom.et/index.php/about-us/our-leadership>



Charles Wanjohi

Chief Consumer Business Officer



Julie Arndt

Chief Risk and Compliance Officer



Paul Kavavu

Chief Financial Services Officer



Mokaya Mokaya

Chief Human Resource Officer



Getachew Mengeste

Chief Legal, Regulatory and
Corporate Officer



Sisay Zerihun

Acting Chief External Affairs and
Regulatory Officer

How We Safeguard Value (continued)

Corporate Governance Report

Our Corporate Governance Statement

Safaricom PLC, through its Board of Directors is committed to implementing and adhering to good corporate governance and best practice. The Board considers that good governance, achieved through an ethical culture, competitive performance, effective control, and legitimacy, can create sustainable value, and enhance long-term equity performance.

The Board applies good governance practices to promote strategic decision making for the organisation to balance short-, medium- and long-term outcomes to reconcile interests of its stakeholders and the society to create sustainable shared value. To that end, sound governance practices, based on accountability, transparency, ethical management, and fairness, are entrenched across the business.

Statement of Responsibilities

The Companies Act, 2015 requires Directors to act in good faith, to promote the success of the Company for the benefit of its stakeholders and to avoid conflict between their personal interests and those of the Company, always acting in the best interest of the Company. Directors must have due regard to the long-term consequences of their decisions, the legitimate interests of employees, the need to foster effective business relationships with suppliers, customers and various stakeholders, the impact of the Company's operations on the community and the environment, and the desire to maintain a reputation for high standards of business conduct.

The Board of Directors of Safaricom is responsible for the governance of the Company. To this end, the Board is committed to ensuring that the Company complies with the laws, regulations, and standards applicable to it. The Directors are responsible for putting in place governance structures and systems that support the practice of good governance. The Board ensures that high standards and practices in corporate governance and more specifically the principles, practices and recommendations set out under the *Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015* ("the CMA Code"), as well as the Companies Act, 2015 ("the Act") are adhered to. Safaricom continues to endeavour to comply with the provisions of the CMA Code.

Over and above the annual self-assessment that the Company is expected to complete on its level of compliance of the Code, the Corporate Governance Statement as provided in this Annual Report will highlight to the Company's shareholders and various stakeholders, the performance to date. Safaricom remains committed to the highest standards of corporate governance and business ethics. Good corporate governance practices are essential to the delivery of long term and sustainable stakeholder and shareholder value.

The Company also adheres to other regulations promulgated by the CMA and the Nairobi Securities Exchange, and the ethical standards prescribed in the Company Code of Conduct. In addition, as a law-abiding corporate citizen, Safaricom abides by the tenets of the Constitution of Kenya and all other laws.

We continuously assess our governance operating model to ensure that robust internal governing bodies and proper systems/processes are in place to support the Board and Management to drive change, set strategic direction and formulate high-level goals and policies.

The Directors are committed to fulfilling their fiduciary responsibilities and have instituted various principles necessary to ensure that good governance is practiced with respect to dealings with the Company's shareholders, customers, and other relevant stakeholders in line with the spirit of the Code of Corporate Governance for listed Companies.

Leadership and responsibilities

The Board is committed to ensuring that a strong governance framework operates throughout the Company, recognising that good corporate governance is a vital component to support management in their delivery of the Company's strategic objectives, and to operate a sustainable business for the benefit of all stakeholders. The Board recognises that the process of identifying, developing, and maintaining high standards of corporate governance suitable for the Company is ongoing and dynamic to reflect changes in the Company and its business, the composition of the Board and developments in corporate governance.

The Board is collectively accountable and responsible for the Company's vision, strategic direction, its values, and governance. The responsibility for implementing strategy and day-to-day operations has been delegated by the Board to the Chief Executive Officer (CEO) and his Senior Leadership Team.

Throughout the year ended 31 March 2024 and to the date of this document, the Company endeavoured to comply with the Capital Markets Authority (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (the "Code"). The Board considers that this Annual Report and notably this section, provides the information that shareholders need to evaluate how the Company has applied the principles in the Code. In addition to complying with the Code, the Company has embedded internal rules of engagement to support corporate governance.

The role of the Board

The Board serves as the focal point and custodian of corporate governance in the Company. The Board is collectively responsible for the Company's vision, strategic direction, its values and governance, and is accountable to the Company's shareholders for the performance of the business. The Board is expected to provide effective leadership to the Company towards the following matters:

- sustainable long-term success through the exercise of objective and informed judgement in determining the strategy of the Company;
- having the right team in place to execute the strategy through effective succession planning;
- setting up appropriate governance structures for the management of the business operations;
- monitoring business performance and maintaining an effective framework of controls to mitigate risks facing the business; and
- ensuring ethical behaviour and compliance with the laws and regulations.

The key responsibilities of the Board include:

- Providing effective leadership in collaboration with the Executive management team;
- Approve the Company's mission, vision, its business strategy, goals, risk policy plans and objectives;
- Approving the Company's business strategy and ensure the necessary financial and human resources are in place to meet agreed objectives;
- Approve the Company's budgets as proposed by the Executive management team;

- Establishing and agreeing an appropriate governance framework;
- Reviewing the sufficiency, effectiveness and integrity of the risk management and internal control systems;
- Approving the Company's performance objectives and monitoring their achievement;
- Review and agree Board succession plans and approve Non-Executive Director appointments;
- Reviewing periodic financial and governance reports;
- Approving the Annual Report, Company results and public announcements;
- Declaring an interim/recommending a final dividend;
- Approving Company Policies and monitoring compliance with the Standards of Business Conduct; and
- Ensuring that the relevant audits e.g., financial, governance or legal and compliance are conducted.

As at the financial year end of 31 March 2024, the Board operated through five principal Board Committees, to which it had delegated certain responsibilities; these committees are: the Board Audit Committee, The Board Risk, Environment and Social Governance Committee, the Board Human Resources Committee and the Board Nominations Committee. The Board also had one standing committee, the Board Investments and Innovation Committee. The roles, membership and activities of these Committees are described in more detail later in this report. Each Committee has its own terms of reference which are reviewed periodically and updated as appropriate.

The Board devotes considerable attention to corporate governance matters relating to the Company's internal controls and compliance activities. It receives updates from the respective chairpersons of each committee at the following Board meeting.

Separation of powers and duties of the Chairman and the Chief Executive Officer (CEO)

The Chairperson and the Chief Executive Officer have distinct and clearly defined duties and responsibilities. The separation of the functions of the Chairman (a Non-Executive Director) and the Chief Executive Officer (Executive Director) supports and ensures the independence of the Board and Management. The balance of power, increased accountability, clear definition of responsibilities and improved decision-making are attained through a clear distinction between the non-executive and executive roles.

The Chairman

- Leads the Board, sets each meeting agenda and ensures the Board receives accurate, timely and clear information to monitor, challenge, guide and take sound decisions;
- Promotes a culture of open debate between the Non-Executive Directors and Executive Directors and holds meetings with the Non-Executive Directors, without the Executive Directors present;
- Regularly meets with the Chief Executive Officer and other Senior Management to stay informed;
- Ensures effective communication with shareholders and other stakeholders;
- Promotes high standards of corporate governance;
- Promotes and safeguards the interests and reputation of the Company; and
- Represents the Company to government, shareholders, regulators, financial institutions, the media, the community, and the public.

The Chief Executive Officer

- Is responsible for the day-to-day management of the business of the Company and to oversee the implementation of strategy and policies approved by the Board and serving as the official spokesperson for the Company;
- Provides coherent leadership of the Company, including representing the Company to customers, suppliers, governments, shareholders, financial institutions, employees, the media, the community and the public and enhances the Company's reputation;
- Leads the Executive Directors and senior management team in running the Company's business, including chairing the Executive Committee;
- Develops and implements the Company's objectives in line with the strategy having regard to shareholders and other stakeholders;
- Manages the Company's risk profile and ensures appropriate internal controls are in place;
- Ensures compliance with legal, regulatory, corporate governance, social, ethical, and environmental requirements, and best practice; and
- Ensures that there are effective processes for engaging with, communicating with, and listening to, employees and others working for the Company.

The senior leadership team

The leadership team led by the Chief Executive Officer is responsible for the day-to-day management of the Company and its operating subsidiaries. In so doing, it oversees the implementation of the strategy and policies set by the Board.

For profiles of the Senior Leadership Team, see page 138.

The key responsibilities of the senior leadership team include, inter alia:

- Developing the Company's business strategy for review and approval by the Board;
- Managing business functions and ensuring that functional strategies are effective and aligned with the Company's priorities and objectives;
- Monitoring the Company's operating performance;
- Reviewing functional budgets and activities and ensuring that they are adequate to achieve their targets;
- Developing guidelines for the Company's functional business units;
- Overseeing the management and development of talent within the Company;
- Ensuring that collective effort and resources are balanced, effective and properly focused; and
- Making recommendations on matters reserved for Board approval.

How We Safeguard Value (continued)

Corporate Governance Report (continued)

Our Corporate Governance Statement (continued)

The Company Secretary

The Company Secretary is a member in good standing with the Institute of Certified Secretaries (ICS). The Company Secretary provides a central source of guidance and advice to the Board on matters of governance, statutory compliance, and compliance with the regulators.

The role of the Company Secretary is to:

- Provide a central source of guidance and advice to the Board, and the Company, on matters of statutory and regulatory compliance and good governance;
- Provide the Board and the Directors individually with guidance on how their responsibilities should be discharged in the best interests of the Company;
- Facilitate the induction training of new directors and assisting with the directors' professional development as required. This includes identifying and facilitating continuous Board education;
- In consultation with the Chief Executive Officer and the Chairman, ensure effective flow of information within the Board and its committees and between senior management and Non-Executive Directors. This includes timely compilation and distribution of Board papers and minutes, as well as communication of resolutions from Board meetings;
- Guide the Company in taking the initiative to not only disclose corporate governance matters as required by law, but also information of material importance to decision-making by shareholders, customers, and other stakeholders;
- Coordinate the governance audit process;
- Assist the Board with the evaluation exercise; and
- Keep formal records of Board discussions and following up on the timely execution of agreed actions.

Board size

The Board determines its size and composition, subject to the Company's Articles of Association, Board Charter, relevant policies, applicable law, and best practices. The Company's Articles of Association provides for a maximum of 11 Directors. As at 31 March 2024, the Board comprised 10 Directors, nine being Non-Executive Directors, while one is an Executive Director (the Chief Executive Officer). Of the nine Non-Executive Directors, three are independent as defined in the Code. The Board is of the view that its current size is sufficient and enables it to deliver on its mandate.

Board appointment

In line with the Company's Articles of Association, and their current shareholding, three of the Non-Executive Directors are appointed by Government of Kenya and four of the Non-Executive Directors are appointed by Vodafone Kenya Limited. The Non-Executive Directors, other than those appointed by Government of Kenya and Vodafone Kenya Limited, are subject to retirement by rotation and seek re-election (if they choose to) by shareholders in accordance with the Articles of Association.

As part of its mandate, the Nominations Committee is responsible for the selection and appointment of Board Directors. Prior to any appointment, the Board Nomination Committee develops suitable selection criteria for potential candidates, screens and interviews them before they are formally appointed. The Committee is permitted by its terms of reference to engage the services of a qualified external consultant to identify prospective candidates for the role of independent Director.

In between AGMs, in the event of any vacancy, the Board may appoint a Director to serve until the next AGM. Any such appointment of independent Director is brought to the attention of the shareholders through the notice of the AGM, and the Director, if they opt to seek re-election, is subjected to an election process by the shareholders, at the next AGM following their appointment.

The Articles of Association also provide that at every AGM, and as may be applicable, at least one-third of the independent Directors must retire from the Board and where eligible, stand for re-election.

Non-Executive Directors

As at 31 March 2024 and as at the date of this Annual Report, the Board had nine Non-Executive Directors. The Non-Executive Directors come from broad industry and professional backgrounds, with varied experience and expertise aligned to the needs of the business.

The Non-Executive Directors help develop strategy and are responsible for ensuring that the business strategies proposed are fully discussed and critically reviewed. This enables the Directors to promote the success of the Company for the benefit of its shareholders, with consideration of, among other matters, the interests of employees, the fostering of business relationships with customers, suppliers, and other stakeholders. The Non-Executive Directors oversee the operational performance of the business, scrutinise performance of Management and the Company, bring an external perspective to the Board, monitor reporting of performance and should be available to meet with major stakeholders as appropriate. To perform these tasks, they have access to relevant information, with updates provided on regulatory and other matters affecting the Company.

Independent Directors and independence

As at 31 March 2024 and as at the date of this Annual Report, three of the Non-Executive Directors were Independent as defined in the Code and accordingly most of the Board was constituted of Independent Directors. The Company has committed to commence the process of appointment of a 4th independent director so that a third of the Board comprises of independent directors.

The composition of the Board

The Directors who served during the year to 31 March 2024 and the Board changes that took place in the year under review, are set out to the right.

Name	Nationality	Date of appointment as a Director	Date of ceasing to be a Director
Adil Khawaja	Kenyan	22 December 2022	–
Peter Ndegwa	Kenyan	1 April 2020	–
Mohamed Shameel Joosub	South African	31 August 2017	–
Rose Ogega	Kenyan	12 February 2019	–
Francesco Bianco	Italian	20 March 2020	–
Raisibe Morathi	South African	1 November 2020	–
Winnie Ouko	Kenyan	10 February 2021	–
Dr Karen Kandie (alternate to the Cabinet Secretary National Treasury & Planning)	Kenyan	24 February 2023	–
Ory Okolloh	Kenyan	24 February 2023	–
Dr (Eng) John Mosenik	Kenyan	23 August 2023	–
Murielle Lorilloux	French	23 August 2023	–

Board operations

The Safaricom Board meets at least four times a year and the meetings are structured in a way that allows for open discussions.

The Board is solely responsible for its agenda. It is, however, the responsibility of the Chairman and the Company Secretary, working closely with the Chief Executive Officer, to come up with the annual Board work plan and the agenda for the Board meetings. The Work Plan is designed to enable the Board to drive the Company's strategy forward. The Board work plan for the year 2024 was approved by the Board at its meeting held on 6 November 2023.

The notice, agenda and comprehensive Board papers are prepared and circulated to all Directors with due notice in line with the Board Charter, prior to the meeting. This allows time for the Directors to undertake an appropriate review of the Board papers to facilitate full and effective discussions at the meetings.

The submissions and notification period may be waived should any urgent and critical matters arise.

Directors are entitled to request for additional information where they consider further information is necessary to support informed decision-making.

Where Directors are unable to attend a meeting, they are advised on the matters to be discussed and given the opportunity to make their views known to the Chairman or the Chief Executive Officer prior to the meeting.

The members of the Senior Leadership Team may be invited to attend the Board and/or Committee meetings if deemed necessary and as appropriate, to make presentations on their areas of responsibility. This serves as an opportunity to give the Directors greater insights into their business areas.

Board meetings and Annual General Meeting attendance from 1 April 2023 to 31 March 2024

	Adil Khawaja	Michael Joseph	Peter Ndegwa	Shameel Joosub	Rose Ogega	Francesco Bianco	Raisibe Morathi	Winnie Ouko	Dr Karen Kandie	Ory Okolloh	Dr (Eng) John Mosenik	Murielle Lorilloux
3 April 2023	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	–
4 April 2023	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	–
2 May 2023 (Special)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	–
8 May 2023	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	–
27 July 2023	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	–
28 July 2023 (AGM)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	–
23 August 2023 (Special)	✓	–	✓	✓	✓	✓	✓	✓	✓	✓	–	–
6 November 2023	✓	–	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7 November 2023	✓	–	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
21 February 2024	✓	–	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

- Dr Karen Kandie was appointed as the alternate to the Cabinet Secretary, National Treasury & Planning, in place of Eng. Stanley Kamau, with effect from 24 February 2023.
- Ory Okolloh was appointed as a Director with effect from 24 February 2023.
- Michael Joseph ceased to be a Director with effect from 1 August 2023.
- Dr (Eng.) John Mosenik was appointed as a Director with effect from 23 August 2023.
- Murielle Lorilloux was appointed as a Director with effect from 23 August 2023.

How We Safeguard Value (continued)

Corporate Governance Report (continued)

Our Corporate Governance Statement (continued)

Board meetings and Annual General Meeting attendance from 1 April 2023 to 31 March 2024 (continued)

During the year under review, in the key areas of focus for its activities and topics discussed, the Board:

- Approved the audited financial statements for the year ended 31 March 2024 as well as the guidance, press release and commentary.
- Discussed and resolved to make a recommendation to the shareholders on the approval of the final dividend for the year ended 31 March 2024.
- The Board further considered and approved the unaudited half year financial statements for the period to 30 September 2023.
- Approved the interim dividend for the year ended 31 March 2024 and made a recommendation to the shareholders on the approval of the final dividend for the year under review.
- Approved the audit fees for the external auditor.
- Reviewed and agreed the Company's strategy and ensured that the necessary financial and human resources were in place to meet agreed objectives.
- Reviewed and approved the strategic initiatives and financial plans for the year under review and specifically discussed the funding for Ethiopia and Mobile Financial Services License Fee for Ethiopia.
- Approved the FY24 budget, long range plan and monitored performance against the approved budget of the Company.
- Monitored the political and regulatory trends and developments and their implications for the business.
- Discussed and improved the Board's understanding of key risks facing the business in Ethiopia including from a political and economic perspective.
- Discussed the risks and mitigations thereof that the business was exposed to including cyber threats, changing regulations.
- Reviewed and monitored the significant litigation cases and their liability.
- Received a report on the Board evaluation.
- Received regular reports of the deliberations of the Audit Committee, the Human Resources Committee, the Risk, Environmental, Social and Governance Committee, the Innovations and Investment Committee and the Nominations Committee.

Board Effectiveness

The effectiveness of the Board in its oversight and leadership role is enhanced by a robust support system. This is facilitated through:

Board Diversity

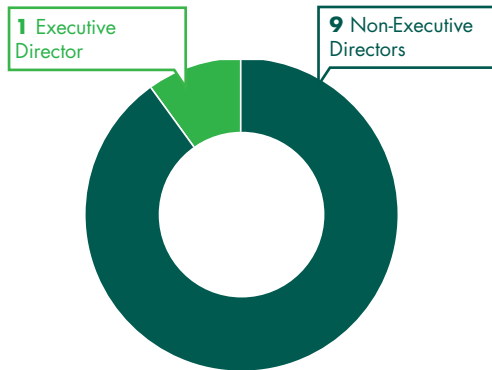
The Board recognises and embraces the benefits of diversity and views increasing diversity as an essential element in maintaining a competitive advantage. The Board also recognises the role of diversity in bringing different perspectives into Board debates and offers better anticipation of the risks that are inherent in the business and the opportunities that the business pursues.

Safaricom seeks to have a Board that has the right mix of individuals with relevant attributes, skills, knowledge, and experience and who jointly have the overall collective competence to deal with current and emerging issues and effectively guide Management in ensuring the highest performance for the Company. The Non-Executive Directors are expected to have a clear understanding of the strategy of the Company as well as knowledge of the industry in which the Company operates. The aggregate mix of skills and experience of the Directors seeks to challenge Management, ensure robust and constructive debate, augments and challenges the strategic thinking of the executives thereby adding value to the Company.

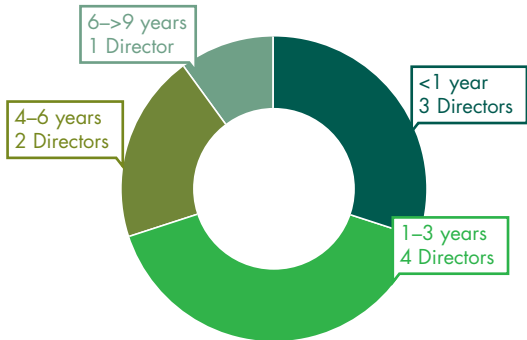
The Non-Executive Directors come from broad industry and professional backgrounds, with varied experience and expertise aligned to the needs of the business. The areas of expertise of the current Board of Directors include legal and governance, business management, telecommunications, finance, electrical engineering, IT, mobile money, corporate communications, economics, marketing, project management, risk management and human resources.

For brief biographies of the Directors, including details of their nationalities, relevant skills, and experience, see pages 130 – 136.

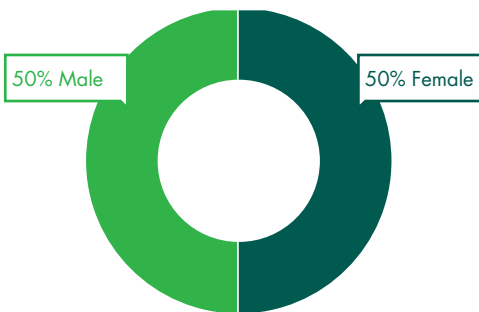
Balance of Non-Executive Directors and Executive Directors:



Length of tenure:



Gender split of Directors:



Management of conflicts of interest

The Directors are obligated to fully disclose to the Board any real or potential conflict of interest, which comes to any Director’s attention, whether direct or indirect. The statutory duty to avoid situations in which the Directors have or may have interests that conflict with those of the Company has been observed by the Board in the financial year under review.

All business transactions with all parties, Directors or their related parties are carried out at arm’s length. An acknowledgement that should it come to the attention of a Director that a matter concerning the Company may result in a conflict of interest, obligates the Director to declare the same and exclude himself/herself from any discussion or decision over the matter in question.

The Board has formal procedures for managing conflicts of interest in accordance with the Companies Act 2015 and the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public. Directors are required to give advance notice of any conflict issues to the Chairman or Company Secretary, and these are considered at the next Board or Committee meeting.

Declaration of conflicts of interest is also a standard agenda item which is addressed at the onset of each Board and Committee meeting. Directors who are conflicted, are excluded from the quorum and vote, in respect of any matters in which they have an interest. Various conflicts of interest on related party transactions were reported by the affected Directors in the year under review.

Director induction

On joining the Board, all new Directors receive a detailed induction. The induction programme is initiated by the Chairman of the Board and progressed by the Chief Executive Officer, members of the Senior Leadership Team and the Company Secretary.

The induction programme includes a series of meetings with other Directors, the Chief Executive Officer, and senior executives to enable new Directors to familiarise themselves with the business. This provides an overview of the Company, the Company’s operating environment and new developments thereof, accounting, and financial reporting developments, as well as any regulatory changes. As part of the induction training, detailed presentations by Management, are factored in, so that the Directors gain a good sense of the Company’s operations and central functions. Two new Directors were appointed in the year under review and inducted.

How We Safeguard Value (continued)

Corporate Governance Report (continued)

Our Corporate Governance Statement (continued)

Board Effectiveness (continued)

Training and development

All Directors are expected to maintain the skills required to carry out their obligations. Board members undergo regular training and education to enable them to fulfill their responsibilities. Directors receive functional presentations built into the annual Board Work Plan to gain a good sense of the Company's operations and central functions. The Board and its Committees receive briefings and participates in deep dive sessions on various matters such as risks and their mitigations, legal and regulatory developments that directly impact the operations of the Company. These are facilitated by experts in the fields relevant to the Company's operations as well as the Management team.

During the financial year under review, the Directors engaged in facilitator-led training from credible sources on areas of Governance. Topics discussed included: Data Protection and Privacy matters and Cyber security and Anti-money laundering and Counter Finance Terrorism. To better understand the business, in the year under review, the Board also held deep dive sessions on Continuity and Resiliency Plan M-PESA and the operational environment in Ethiopia. This was also an opportunity for the Board of Directors to engage out of the boardroom and build on the relationships. A two-day investor relations day of the subsidiary in Ethiopia was held in February 2024 where the Board engaged with investors.

In the year under review, each of the Directors who served for the full year was able to secure at least 12 hours of training on areas of governance and regulatory compliance from the Company as prescribed by the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public 2015.

Access to independent advice

The Board recognises that there may be occasions when one or more Directors considers it necessary to take independent advice on various matters such as legal or financial advice, at the Company's expense.

To assist the Directors to discharge their duties and responsibilities and to enable them to take informed decisions, the Directors are entitled to obtain independent legal, accounting, or other professional advice at the Company's expense. The Board may conduct or direct any investigation to fulfil its responsibilities and can retain, at the Company's expense, any legal, accounting, or other services that it considers necessary from time to time to fulfil its duties.

This is provided for in the Board Charter, the Terms of Reference of each Committee, and the letter of appointment for each Director.

Governance audit

The CMA Code provides that issuers of securities to the public are required to undertake periodic governance audits. Following extensive stakeholder consultation to consider the frequency, cycle, cost and scope of governance audits, the Capital Markets Authority (CMA) advised all issuers of a revision in the cycle of governance audits to at least once every two years with the option of CMA increasing or decreasing this frequency on a risk-based approach.

The Company undertook a governance audit which was conducted by Dorion Associates LLP who issued an unqualified report. The Governance Audit Report was adopted by the Board of Directors on 28 October 2021. The audit confirmed that the Board has put in place a sound governance framework, which follows the legal and regulatory framework and in line with global best governance practices for the interest of stakeholders. The Board and various Committees continue to implement the recommendations from the Governance audit. The next governance audit will be undertaken for the financial year 2023/2024.

Legal and compliance audit

In compliance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, an internal Legal and Compliance Audit was carried out for the year ended 31 March 2023 with the objective of ascertaining the level of adherence to applicable laws, regulations, and standards to deliver long-term value to stakeholders. The findings from the audit confirmed that the Company was generally in compliance with the applicable laws and regulations.

Board evaluation

In line with the provisions of the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, the Board undertook an independent annual evaluation of the performance of the Board. This was aimed at enabling the Board, the Committees, and their respective members to gauge their performance and identify areas of improvement. The report is currently under review by the Board.

Corporate Governance Assessment Report

During 2023, the Capital Markets Authority assessed the status of implementation of the CMA Code by the Company for the year ended 31 March 2023. The assessment was based on a review of the following areas: commitment to good corporate governance (leadership rating of 76%); Board operations and control (leadership rating of 84%); rights of shareholders (leadership rating of 87%); stakeholder relations (leadership rating of 87%); ethics and social responsibility (leadership rating of 93%); accountability, risk management and internal control (leadership rating of 90%); transparency and disclosure (good rating of 86%). The overall rating awarded to the Company was a leadership rating of 86% – a testament to the Board's commitment to sound corporate governance practices.

The Company continues to implement the recommendations received from the CMA to improve its level of implementation of the recommendations under the CMA Code.

Directors' shareholding

Directors can purchase or sell shares of the Company in the open market. None of the Directors as at the end of financial year under review held shares in their individual capacity of more than 1% of the Company's total equity.

Directors' personal shareholding in the Company as at 31 March 2024

Name of Director	2024	2023
Peter Ndegwa	6,208,543	895,500
Rose Ogega	2,000	2,000
Karen Kandie	235,800	147,300
Winnie Ouko	101,831	101,831
Dilip Pal	1,342,105	–

Board Committees membership and meeting attendance

Board Committees

The Board has delegated authority to various Board committees to be able to undertake its mandate effectively and efficiently. During the year under review, the Board had five committees: Audit Committee, Risk Environmental and Social Governance Committee, Human Resources Committee, Investment and Innovations Committee and Nominations Committee. Each committee has formal and approved terms of reference that sets out the roles and responsibilities and the procedural rules that apply to the committee.

Each Committee periodically reviews its terms of reference to ensure that they are in line with current legislation and best practice. The committees are provided with all necessary resources to enable them to undertake their duties effectively.

Audit Committee

Membership

As at 31 March 2024, the Audit Committee consisted of three independent Directors. The committee continued to report to the Board after every committee meeting. The Committee was chaired by an Independent Non-Executive Director with at least one committee member holding a professional qualification in audit or accounting and in good standing with the relevant professional body.

Members

Rose Ogega – Chairperson
Winnie Ouko
Ory Okolloh
Raisibe Morathi
Dr Karen Kandie

Secretary of the Committee: Linda Wambani-Anene

Permanent invitees:

Peter Ndegwa – Chief Executive Officer
Dilip Pal – Chief Finance Officer
Nicholas Mulila – Chief Corporate Security Officer
Denish Osodo – Director, Internal Audit
Ernst & Young – External Auditor

Functions of the Audit Committee

The Audit Committee meets at least four times a year to discuss audit matters to fulfil its oversight responsibility, the committee receives reports from Management, the internal auditor, and external auditors, as appropriate.

The responsibilities and role of the Audit Committee include:

- Monitoring the integrity of the financial statements, including the review of significant financial reporting judgements.
- Providing advice to the Board on whether the Annual Report is fair, balanced, and understandable and the appropriateness of the long-term viability statement.
- Reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the external audit.
- Reviewing the system of internal financial control and compliance.
- Monitoring the activities and review the effectiveness of the Internal Audit function.

How We Safeguard Value (continued)

Corporate Governance Report (continued)

Board Committees membership and meeting attendance (continued)

Audit committee (continued)

A summary of the attendance at meetings of the Members of the Audit Committee is shown below:

Attendance of Board Audit Meetings for 2023/2024

	Rose Ogega	Winnie Ouko	Ory Okolloh	Raisibe Morathi	Dr Karen Kandie
20 April 2023 (Risk)	✓	✓	By invitation	✓	By invitation
5 May 2023 (Audit)	✓	✓	By invitation	✓	By invitation
12 July 2023	✓	✓	✓	✓	–
2 November 2023	✓	✓	✓	✓	–
8 February 2024	✓	✓	✓	✓	✓

• Ory Okolloh became a member of the Committee with effect from 12 July 2023

• Dr Karen Kandie became a member of the Committee with effect from 22 November 2023.

Key Audit Committee activities

During the financial year, the Committee substantively covered the following matters, and:

- Reviewed the half-year results and full-year results, audited accounts, and related reports.
- Reviewed the interim and final dividend recommendations.
- Reviewed the External Auditors Management Letter.
- Reviewed the External Auditors' Interim Findings Report. Discussed and approved the External Audit Service Plan for the year ending 31 March 2024.
- Discussed and made recommendation to the Board on the approval of the external auditor's fees.
- Conducted a review of the external auditor's effectiveness and independence and made recommendation for the re-appointment of the External Auditor.
- Reviewed and approved the Internal Audit plan for the year ending 31 March 2024.
- Reviewed the Internal Audit Reports in every quarter and status against the approved internal audit plan.
- Undertook an assessment of the Internal Audit Function and received the feedback of the evaluation.
- Reviewed the provisions of the Internal Audit Charter and approved the same.
- Discussed the Related Party Transactions and made recommendations to the Board.
- Reviewed and approved the Committee's work plan for implementation.
- Reviewed the Terms of Reference of the Committee.
- In-camera sessions were held with the External and Internal Auditors.

Financial and business reporting

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Company's position throughout the Annual Report. It is appropriate to treat this business as a going concern as there is sufficient existing financing available to meet expected requirements in the foreseeable future.

The Committee is assigned to review financial, audit and internal control issues in supporting the Board of Directors which is responsible for the Financial Statements and all information in the Annual Report.

External Auditor

Ernst & Young are the Company's external auditor. The Audit, Committee considers that its relationship with the auditor worked well during the period and was satisfied with their effectiveness.

The external auditor is required to rotate the audit partner responsible for the Company's audit at least every five years. The current lead audit partner has been in position since 31 July 2020. During the year under review, as guided by the External Auditor Management Policy (EAMP), the Committee and Management had undertaken an appraisal of the external auditor's performance based on their quality-of-service delivery, auditor independence among other aspects.

Based on the evaluation results, the Committee was satisfied with the performance of the Company's external auditor and this position was endorsed by the Board.

Risk Environmental Social and Governance Committee

Membership

As at 31 March 2024, the Risk Environmental, Social and Governance Committee consisted of three Non-Executive Directors. The committee continued to report to the Board after every committee meeting.

Members

Dr Karen Kandie – Chairperson
Rose Ogega
Ory Okolloh
Raisibe Morathi
Francesco Bianco

Secretary of the Committee: Linda Wambani-Anene

Permanent invitees

Peter Ndegwa – Chief Executive Officer
Dilip Pal – Chief Financial Officer
Nicholas Mulila – Chief Corporate Security Officer
Karen Basiye – Director, Sustainable Business and Social Impact

Functions of the Risk, Environmental Social and Governance Committee

The Risk Environmental Social and Governance Committee meets at least four times a year to discuss risk environmental social and governance matters. To fulfil its oversight responsibility, the committee receives reports from Management.

The responsibilities and role of the Risk Environmental Social and Governance Committee include:

- Reviewing and assessing the Company’s risk management programs (Enterprise Risk, Cyber Security, Privacy, Physical Security, AML, Business Assurance, Ethics and Compliance) and the adequacy of the overall control environment including regularly reviewing the nature and extent of the Company’s risk appetite as well as monitoring the significant risks that the Company is willing to take in achieving its strategic directives.
- Ensuring that the annual report includes appropriate reporting on risk management, including an explanation of how principal risks have been managed or mitigated.

- Evaluating the Company’s procedures to safeguard assets, prevent fraud, detect fraud, and bribery incidents.
- Reviewing quarterly reports on the Company’s Anti-Money Laundering programs, systems, and controls.
- Assessing the adequacy of Cybersecurity and Privacy programs and controls, including investments and budget allocations, to address emerging risks, threats, and vulnerabilities appropriately.
- Providing oversight, guidance, and strategic direction on Technology and IT governance to ensure that Technology/IT risks are properly managed, and IT systems and processes support the organisation’s objectives while mitigating potential risks.
- Reviewing reports and updates on cyber security threats landscape, breaches, privacy incidents, and responses to ensure appropriate actions are taken to mitigate against cyber and privacy threats.
- Reviewing and monitoring the effectiveness of the Company’s resilience and business continuity arrangements and the testing of these from time to time.

A summary of the attendance at meetings of the Members of the Risk Environmental Social and Governance Committee is shown below:

Attendance of the Board Risk Environmental Social and Governance meetings for 2023/2024

	Shameel Joosub	Ory Okolloh	Francesco Bianco	Raisibe Morathi	Dr Karen Kandie	Rose Ogega
13 June 2023	✓	✓	✓	✓	✓	-
4 July 2023	✓	✓	Apology	✓	✓	-
24 October 2023	✓	✓	✓	✓	✓	-
2 February 2024	✓	✓	Apology	✓	✓	✓

• Rose Ogega became a member of this Committee with effect from 22 November 2023.

Key Risk Environmental Social and Governance Committee activities

During the year under review, the committee:

- Reviewed the content of various policy documents including AML/CFT/CPL Policy.
- Discussed in detail the Business Risk Updates including changes in the heat map.
- Discussed various reports at the quarterly meetings that covered: Cyber Security Management Updates, AML/CFT Programme Updates, Data Privacy Programme Updates and Business Ethics and Compliance Updates
- Discussed significant litigation cases and their liability.
- Reviewed the Terms of Reference of the Committee

Risk management and internal control

The Board is responsible for maintaining sound risk management and internal control systems and determining the nature and extent of the risks that the Company is willing to take to achieve its strategic objectives. With the support of the Risk, Environmental and Social Governance Committee, the Board carries out a regular review of the effectiveness of its risk management framework and internal control systems, covering all material controls including financial, operational and compliance controls.

Risk registers, based on a standardised methodology, are used to identify, assess, and monitor the key risks (both financial and non-financial) faced by the business. Information on prevailing trends, for example whether a risk is increasing or decreasing over time, is provided in relation to each risk and all identified risks are assessed at five levels (extremely serious/very serious/serious/minor/ not significant) by reference to their impact and likelihood. Mitigation plans are put in place to manage the risks identified and the risk registers are reviewed on a regular basis.

The Board, with advice from its Risk, Environmental and Social Governance Committee, has completed its annual review of the effectiveness of the risk management framework and internal controls for the year under review. No significant failings or weaknesses were identified, and the Board is satisfied that, where specific areas for improvement have been identified, processes are in place to ensure that the necessary remedial action is taken, and that progress is monitored.

For more on risk management, see page 50.

How We Safeguard Value (continued)

Corporate Governance Report (continued)

Board Committees membership and meeting attendance (continued)

Human Resources Committee

Membership

As at 31 March 2024, the Human Resources Committee consisted of two independent directors. The committee continued to report to the Board after every committee meeting. The Committee was chaired by an Independent Non-Executive Director.

Members

Winnie Ouko – Chairperson
Rose Ogega
Dr (Eng) John Mosonik
Shameel Joosub
Francesco Bianco

Secretary of the Committee: Linda Wambani-Anene

Permanent invitees

Peter Ndegwa – Chief Executive Officer
Paul Kasimu – Chief Human Resources Officer

Functions of the Human Resources Committee

The Human Resources Committee meets at least four times a year. The purpose of the committee is to assist the Board: -

- Review and recommend to the Board for approval, the Company's Human Resources policies and manuals with respect to various matters including performance management, compensation and benefits, delegation of authority and learning and development and ensure that they comply with the relevant legislations and standards.
- Review organisational culture which shall be clearly articulated and in line with the Company's strategies.
- Review appropriate staffing policies for the Chief Executive Officer, Senior Management and other employees of the Company.
- Oversee the development and implementation of key human resource strategies that ensure employees remain motivated and promote retention of talent.

A summary of the Human Resources Committee meeting members attendance is shown below:

Attendance of the Human Resources Committee Meetings for 2023/2024

	Michael Joseph	Shameel Joosub	Winnie Ouko	Rose Ogega	Ory Okolloh	Francesco Bianco	Dr Karen Kandie
19 July 2023	✓	✓	✓	✓	✓	✓	✓
24 October 2023	–	✓	✓	✓	✓	✓	✓
25 January 2024	–	✓	✓	✓	✓	Apology	✓

• Michael Joseph ceased to be a member of the Committee with effect from 1 August 2023.

Key discussions by the Human Resources Committee

During the year under review, the Committee substantively covered the following matters, and:

- Reviewed the performance of the Chief Executive Officer and his remuneration thereof as well as the targets for FY2023/24.
- Discussed and made recommendation to the Board on Employee Compensation and Bonus Review for the year 2023/2024 as well as changes to the bonus framework.
- Discussed and approved the Share Grants Proposal for FY2024.
- Reviewed the succession planning for the Senior Leadership Team (SLT).

- Ensure that the Performance Management Policy is implemented throughout the Company, and that all staff are included in the system of performance review.
- Ensure management continuity through annual review and approval of a succession plan for the Chief Executive Officer and review of the CEO's plans on capacity building for Senior management.
- Ensure that the Chief Executive Officer has put into place and is monitoring succession planning systems and policies for senior management, including processes to identify, develop and retain the talent of key senior managers while maintaining an appropriate balance of skills and experience and to ensure that this is reviewed periodically.
- Periodically review and discuss key strategic staffing issues with Management as and when necessary.
- Review the content and implementation of the action plans resulting from the annual Staff Survey including any Pulse surveys thereof.
- Review the recommendations from Management on health, retirement and other related employee benefit programs.
- Review, advise, and recommend for the approval of the Board, a remuneration policy and framework for the remuneration of the Non-executive Directors and Chief Executive Officer of the Company and its subsidiaries.
- Review, advise and recommend for the approval of the Board, an overall remuneration policy, performance management policies and rewards structure for Senior management in the Company and those of the Company's subsidiaries.
- Discuss and agree upon measurable performance goals/ key performance indicators (KPIs) that will be used to assess the Chief Executive Officer for the financial year and ensure that due consultations are held with the relevant stakeholders prior to finalization of the KPIs and that the Board approves the KPIs.

- Reviewed the results of the interim employee opinion survey.
- Undertook an assessment of the independence of the Independent Directors in line with the provisions of the Code.
- Discussed various HR Thematic Areas including succession planning for the SLT, Culture and Talent: Diversity and retention.
- Reviewed and approved the Committee's work plan for implementation.
- Reviewed and approved the Committee's Terms of Reference for implementation.

Nominations Committee

Membership

As at 31 March 2024, the Nominations Committee consisted of three Non-Executive Directors. The committee continued to report to the Board after every committee meeting. The Committee was chaired by an Independent Non-Executive Director.

Members

Ory Okolloh – Chairperson
Winnie Ouko
Shameel Joosub
Dr (Eng) John Mosonik

Secretary of the Committee: Linda Wambani-Anene

Permanent invitees

Peter Ndegwa – Chief Executive Officer
Paul Kasimu – Chief Human Resources Officer

A summary of the Nominations, Remuneration and Governance Committee meeting members attendance is shown below:

Attendance of the Nominations Committee Meetings for 2023/2024

	Michael Joseph	Winnie Ouko	Francesco Bianco	Shameel Joosub	Dr Karen Kandie	Ory Okolloh	Dr (Eng) John Mosonik
2 May 2023	✓	✓	✓	✓	By invitation	–	–
19 July 2023	–	✓	✓	✓	✓	–	–
14 February 2024	–	✓	Apology	✓	–	✓	✓

- Michael Joseph ceased to be a member of the Committee with effect from 1 August 2023
- Dr Karen Kandie became a member of the Committee with effect from 19 July 2023 and ceased to be a member of the Committee with effect from 22 November 2023.
- Ory Okolloh became a member of the Committee with effect from 22 November 2023.
- Dr. (Eng) John Mosonik became a member of the Committee with effect from 22 November 2023.

Key discussions by the Nominations Committee

During the financial year, the Committee substantively covered the following matters, and:

- Led the process for identifying and nominating for approval by the Board of an independent director.
- Discussed the skills matrix for current directors and the talent pool development for the Board.
- Received updates on the implementation of the recommendations from the governance audit and Board evaluation reports.
- Reviewed and made recommendation to the Board on the composition of the Board Committees
- Reviewed and approved the Committee's work plan for implementation.

Special committees

The Board is authorised by the Company's Articles of Association to form standing or special committees to deal with specific matters. The Board retains oversight authority over such committees. The Board Investment and Innovations Committee was formed as a standing committee which reviews key projects and investments for the Company.

Functions of the Nominations Committee

The Nominations Committee meets at least four times a year. The purpose of the committee is to assist the Board in:

- Reviewing the balance and effectiveness of the Board and succession planning at Board and senior leadership levels.
- Monitoring the size and composition of the board and its succession plans.
- Recommending individuals for nominations as members of the board and its committees.
- Reviewing executive appointments, succession and development plans and proposing the remuneration structures of executive and non-executive members of the Board.

As at 31 March 2024, the Investment Committee consisted of three Non-Executive Directors. The committee continued to report to the Board after every committee meeting. The Committee was chaired by a Non-Executive Director.

Members

Dr (Eng.) John Mosonik – Chairperson
Ory Okolloh
Shameel Joosub
Raisibe Morathi
Murielle Lorilloux

Secretary of the Committee: Linda Wambani-Anene

Permanent invitees

Peter Ndegwa – Chief Executive Officer
Dilip Pal – Chief Finance Officer
Michael Mutiga – Chief Business Development and Strategy Officer

How We Safeguard Value (continued)

Corporate Governance Report (continued)

Board Committees membership and meeting attendance (continued)

Special committees (continued)

A summary of the attendance of the Investment Committee meetings is shown below:

Attendance of the Investment Committee meetings for 2023/2024

	Michael Joseph	Rose Ogega	Shameel Joosub	Ory Okolloh	Winnie Ouko	Raisibe Morathi	Dr Karen Kandie	Murielle Lorilloux	Dr (Eng) John Mosonik
18 April 2023	✓	–	✓	✓	–	✓	By invitation	–	–
29 May 2023 (Special)	✓	✓	✓	✓	✓	✓	✓	–	–
6 July 2023	✓	✓	✓	✓	✓	✓	✓	–	–
19 October 2023	–	✓	✓	✓	✓	✓	✓	–	–
15 December 2023 (Special)	–	–	✓	✓	–	✓	–	✓	✓
25 January 2024 (Special)	–	–	✓	✓	–	✓	–	✓	✓
5 March 2024	–	–	✓	✓	–	✓	–	Apology	✓

- Michael Joseph ceased to be a member of the Committee with effect from 1 August 2023
- Rose Ogega ceased to be a member of the Committee with effect from 22 November 2023.
- Winnie Ouko ceased to be a member of the Committee with effect from 22 November 2023.
- Dr Karen Kandie ceased to be a member of the Committee with effect from 22 November 2023.
- Dr (Eng) John Mosonik became a member of the Committee with effect from 22 November 2023.
- Murielle Lorilloux became a member of the Committee with effect from 22 November 2023.

Subsequent events

On 21 February 2024, the Board approved the reconstitution of its committee structure and membership. Key to note is that the number of committees has increased to five from three. This is to ensure increased focus on the implementation of the mandate of each committee for the benefit of the Company as a whole, to create efficiencies in the reporting structure to the Board and allow for broader participation from all directors.

Our committees and their membership

	Audit Committee	Risk and ESG Committee	Nominations Committee	Human Resources Committee	Innovations and Investment Committee
Shameel Joosub	–	–	✓	✓	✓
Raisibe Morathi	✓	✓	–	–	✓
Francesco Bianco	–	✓	–	✓	–
Karen Kandie	✓	✓	–	–	–
Rose Ogega	✓	✓	–	✓	–
Winnie Ouko	✓	–	✓	✓	–
Ory Okolloh	✓	✓	✓	–	✓
John Mosonik	–	–	✓	✓	✓
Murielle Lorilloux	–	–	–	–	✓

In line with best practice, the Chairman of the Board is not a member of any of the committees. The Chief Executive Officer is a permanent invitee to all the Committees.

Governance policies

Besides complying with the Code and the laws, the Company has committed to embed internal rules of engagement to support corporate governance. These internal guidelines are constituted in various policies and in the Code of Business Conduct with which every employee, supplier and the Board makes a commitment to comply.

Board Charter

The Board Charter is critical to Safaricom's governance framework, and offers guidance on matters including, but not limited, to:

- The separation of the roles, functions, responsibilities and powers of the Board and its individual members.
- Powers delegated to the Board committees.
- Matters reserved for final decision-making and approval by the Board.
- Policies and practices of the Board on matters of corporate governance, directors' declarations, and conflict of interest, conduct of Board and Board committee meetings; and
- Nomination, appointment, induction, ongoing training and performance evaluation of the Board and its committees.

The Charter is not a substitute or a replacement of any laws and regulations that govern the running of the Company. The Board Charter is periodically reviewed to ensure that it remains current.

Code of Ethics and Conduct

The Company pursues ethical decision making and leadership to promote corporate social responsibility, fair business practices, sustainability and the triple bottom line that focuses on the society, the environment and profitability. The Board has implemented a Code of Ethics and Conduct which binds Directors and Employees and is subscribed to by all members of the Company. Initiatives to ensure its application include training, monitoring, mechanisms for whistle blowing, taking disciplinary action, etc. The Code has been integrated into the Company's operations through the development of various policies and reporting mechanisms.

Safaricom Directors and employees are expected to act with honesty, integrity, and fairness in all their dealings with one another and with stakeholders. When joining Safaricom, every employee is provided with a copy of the Code and must commit to abide by its requirements as part of the employment contract with the Company.

Board policies

The Board has established policy and procedure documents to guide the Directors and Management in the implementation of their roles and responsibilities. A summary of the governance documents and their key provisions are listed below:

Non-Executive Directors Remuneration policy

The policy sets out guidelines and criteria for the compensation of the non-executive directors. The remuneration to be paid to the NEDs is guided by the findings of a survey conducted by an independent consultant and which is compared against the remuneration of a comparator organisations in the market. The findings of the survey are tabled and discussed in detail by the Board Nominations and Remuneration Committee. To ensure that the Company remunerated its Non-executive Directors at the desired position to pay at least at the 75th percentile of the market.

Whistle-blowing policy

Safaricom has a whistle-blowing policy that provides for an ethics hotline managed by an independent, accredited, and external institution. Through the hotline, anonymous reports on unethical / fraudulent behaviour can be made without fear of retaliation from the suspected individuals.

Whistle-blowing statistics are reported to the Ethics Committee and the Audit Committee on a quarterly basis. Staff members and business partners are also regularly sensitised on the need to report any suspected unethical business practices.

The whistle-blowing policy provides a platform for employees, suppliers, dealers, and agents to raise concerns regarding any suspected wrongdoing, and the policy details how such concerns are addressed. The Board ensures that risks arising from any ethical issues are identified and managed in the risk management process. To view the whistle-blowing policy please visit our website at [<https://www.safaricom.co.ke/images/Downloads/Safaricom-Whistle-Blowing-Policy.pdf>]

Conflict of interest policy

Directors are obligated to fully disclose to the Board any real or potential conflict of interest which come to their attention, whether direct or indirect. All business transactions with all parties, directors or their related parties are carried out at arm's length.

Operational policies

There are broad operation policies that guide Management in execution of the Company's operations in an efficient and socially responsible manner. The policies cover various operational functions including Human Resource, ICT, Risk Management, Financial Management, Sustainability, Environment, Safety and Health and Corporate Affairs.

Corporate Social Responsibility

Safaricom recognises that Corporate Social Investment (CSI) issues are of increasing importance to its stakeholders and are fundamental to the continued success of the business. Thus, we have a CSI policy that ensures that we operate our business in a responsible manner at all times for the benefit of our customers, staff, suppliers, and the wider community. We exercise CSI by partnering with and investing in communities to find sustainable solutions. We also encourage our employees to take part in CSI initiatives aimed at improving the standards of living of the communities that they come from. Our CSI activities are disclosed every year in the social impact section of this report, sustainability, and foundation reports.

How We Safeguard Value (continued)

Corporate Governance Report (continued)

Board Committees membership and meeting attendance (continued)

Board policies (continued)

Procurement policies

We have in place procurement policies that promote a fair and transparent procurement process, with emphasis on value for many and building mutually beneficial relationships with our suppliers. A Management Tender Committee oversees the award of tenders and there is appropriate Risk assurance for procurement activities.

Insider trading policy

As a listed company, Safaricom is obliged under the Companies Act 2015 to require that the Directors and certain other employees with inside information do not abuse or place themselves under suspicion of abusing insider information that they may have or be thought to have.

This is especially so in periods leading up to an announcement of financial results. To this end, the Company has a policy on insider trading. Directors and staff are made aware that they ought not to trade in the Company's shares while in possession of any material insider information that is not available to the public or during a closed period. To ensure compliance with the Companies Act, 2015 the Company communicates 'open' and 'closed' periods for trading in its shares to its employees and Directors on an annual basis. To the best of the Company's knowledge, there was no insider dealing in the financial year under review.

Shareholder relations

We believe that good corporate governance is critical, not only at the corporate level but also at the national level. We require our partners to adhere to the highest level of integrity and business ethics in their dealings with us or with others.

In the year under review, we continued to achieve high levels of corporate governance by focusing on the following areas:

- Continuing to implement our strategy for the long-term prosperity of the business.
- Timely and relevant disclosures and financial reporting to our shareholders and other stakeholders for a clear understanding of our business operations and performance
- Ensuring execution of strong audit procedures and audit independence
- Strong internationally recognised accounting principles
- Focus on clearly defined Board and management duties and responsibilities.
- Focusing on compliance with relevant laws and upholding the highest levels of integrity in the Company's culture and practice.

Relationship and communication with shareholders

Safaricom remains committed to relating openly with its shareholders by providing regular as well as ad hoc information on operating and financial performance and addressing any areas of concern. This is achieved through:

- Interim and annual results and publication of extracts of its financial performance in the daily newspapers, preparation of annual audited accounts and holding of the annual general meeting.
- Copies of the annual reports are made available to shareholders at least 21 days before the date of the AGM and they are free to raise questions to the Board during the meeting.
- The Company has a well-established culture on shareholder management which is handled by the Internal Investor Relations team, supported by the Company Secretary's office and the Shares Registrars, Image Registrars Limited.
- The Safaricom website has a specific webpage dedicated to the information requirements of the shareholders and investment analysts.
- Investor briefing sessions are held immediately after the announcement of interim and full year results.
- Local and international investor road shows are held after interim and full year results announcements; representatives of the Company's senior leadership team in collaboration with known stock brokerage firms organise meetings with institutional investors, individual shareholder groups and financial analysts.
- The Board of Directors encourages shareholder participation at the Company's annual shareholder meetings.
- Safaricom Plc Board in collaboration with the board of its subsidiary Safaricom Ethiopia hosted at two-day investor day in Ethiopia on 22 and 23 February 2024.

The Company's Annual General Meeting (AGM) is an opportunity for shareholder engagement when the Chairman and the Chief Executive Officer explain the Company's full year performance and receive questions from shareholders.

The Chairpersons of the Audit Committee, Risk Environmental and Social Governance Committee, Human Resources Committee, Nominations Committee and Innovation and Investment are normally available at the AGM to take any relevant questions. All other Directors also attend, unless illness or pressing commitments preclude them from doing so.

During the investor briefings that were held in the year under review, shareholders and stakeholders were keen to hear more on the Ethiopia expansion, M-PESA performance, macro and regulatory environment, GSM business, the competitive landscape and market share, IFC disclosure, the country's state post-election and dollar shortage and the latest developments in industry regulation.

Directors' remuneration report for the year ended 31 March 2024

Introduction

The key objective of the Board Nominations Committee (BNC) is to make sure that the Board comprises of individuals with the necessary skills, knowledge, and experience to ensure that it is effective in discharging its responsibilities and to review the remuneration of directors and senior management as well as the succession planning at board and senior leadership levels.

The members of the Committee during the year are indicated on page 153. The Committee's responsibilities have been set by the Board and are outlined in the Board Charter and the Terms of Reference of the Committee, which are both available on the Company's website.

Directors' Remuneration Report

Report preparation

The Directors' Remuneration report has been prepared to enlighten the shareholders on the remuneration payable to both the Executive and Non-executive Directors. It is the view of the Committee and the Board that the Company's reward arrangements best support our business effectiveness by only delivering above target pay-outs when this is justified through Company performance and the current policy will support the implementation of the Company's short term and long-term objectives.

The Directors' Remuneration Report is unaudited except where otherwise stated.

Regulatory compliance

In March 2016, the Capital Markets Authority (CMA) issued the Capital Markets Code for Issuers of Securities (The Code) which became operational twelve months after its gazette. The Code outlines various compliance requirements with respect to the remuneration of directors.

The Companies Act, 2015 which was enacted in September 2015 and became operational in June 2016, requires the Company to table a Directors' Remuneration report to its shareholders as part of its audited financial statements. The Committee has prepared this report in accordance with the requirements of the Code and the Companies Act 2015 (the Act).

Current policy

The Company's current Remuneration policy reflects a commitment to the following principles:

- ensuring our remuneration policy, and the way it is implemented, drives the behaviors that support our strategy and business objectives.
- maintaining a "pay for performance" approach to remuneration which ensures our incentive plans only deliver significant rewards when they are justified by business performance.
- aligning the interests of our senior management team with those of shareholders by developing an approach to share ownership that helps to maintain commitment over the long term; and
- offering competitive and fair rates of pay and benefits.

Remuneration for Non-Executive Directors

The Company's Non-Executive Directors' (NEDs) are compensated in the form of fees but are not entitled to any pension, bonus, or long-term incentives such as performance share plans. The package covers a director's role in the Board, any Board Committee(s) and any other activities as identified in the approved compensation schedule and in line with the Non-Executive Directors Remuneration policy. Elements of the compensation schedule include the following:

- Annual retainer fee for the Chairman and other non-executive directors, which is paid on a quarterly basis.
- Sitting allowances for Board and Board Committee meetings.
- Expenses incurred with respect to travel, accommodation, pre approved consultancy fees or other expenses incurred because of carrying out duties as a Director are reimbursed at cost.

The Company's policy is to remunerate its Non-executive Directors at the desired position, to pay at least at the 75th percentile of the market. This ensures that the Company is competitive in sourcing and retaining its Directors.

The Non-executive Directors remuneration was last reviewed in 2023. The current compensation structure was determined following a benchmarking exercise with comparable entities that was undertaken in 2023 by PricewaterhouseCoopers (PwC) and which was discussed substantively by the Human Resources Committee on 25th January 2024. The Board approved the revised compensation package for the Non-Executive Directors on 21st February 2024.

Details of the fees for the non-executive directors and remuneration of the executive directors paid in the financial year under review are set out on the financial statements part of the annual report.

Going concern

The Board confirms that the financial statements are prepared on a going concern basis and is satisfied that the company has adequate resources to continue in business for the foreseeable future. In making this assessment, the directors consider a wide range of information relating to present and anticipated future conditions, including future projections of profitability, cash flows, capital, and other resources.





Financial Statements

REPORT OF THE DIRECTORS	160
STATEMENT OF DIRECTORS' RESPONSIBILITIES	168
DIRECTORS' REMUNERATION REPORT	169
REPORT OF THE INDEPENDENT AUDITOR	173
FINANCIAL STATEMENTS	177
APPENDIX 1: PRINCIPAL SHAREHOLDERS	270

Report of the Directors

FOR THE YEAR ENDED 31 MARCH 2024

This Report of the Directors is submitted together with the audited financial statements for the year ended 31 March 2024 which disclose the state of affairs of Safaricom Plc (the “Company” or “Safaricom”) and its subsidiaries (together, the “Group”).

Incorporation

The Company is domiciled in Kenya where it is incorporated as a private Company limited by shares under Kenyan Companies Act, 2015. The address of the registered office is set out on the inside back cover.

Directorate

The directors who held office during the year and to the date of this report are set out on page 167.

Principal activities

The principal activities of the Group are provision of telecommunication services, providing a comprehensive range of integrated telecommunication services including voice and data (both mobile and fixed), SMS, internet and M-PESA.

Business review

Economic outlook

In the financial year 2024 (FY24) we delivered a strong set of results amidst a challenging economic landscape that was characterised by currency fluctuations, inflationary pressures, geopolitical tensions, and global market volatility.

The business demonstrated resilience in the face of these economic headwinds, showcased by revenue growth and an improved bottom line. We were well positioned to capitalise on opportunities arising from digitizing our customers across consumer propositions and financial services. We continuously invested in innovation, infrastructure, and partnerships to drive sustainable growth and deliver value to our customers and for the company.

Environment, Social and Governance (ESG)

During the year, we continued to embed the Environmental, Social, and Governance (ESG) framework in our operations. As part of these efforts, we received a KShs 15 billion Sustainability Linked Loan (SLL), which was the first of its kind and the largest ESG-linked debt facility undertaken in East Africa. This funding will unlock our ability to create more diversified investments, support our investments in innovative technologies and allow us to manage our ESG footprint. We also continued to actively install solar powered equipment in our network infrastructure, with an aim to convert 5,000 sites by 2025.

Investing in the communities we serve

Through Safaricom Foundation and M-PESA Foundation, we have built a footprint across the country, benefiting millions of Kenyans. During this year, Safaricom Foundation celebrated 20 years of transforming lives through investments in health, education, and economic empowerment, while M-PESA Foundation, which was founded in 2010, continued to provide long-lasting, transformative impact through large scale projects. Through Ndoto Zetu (translated to ‘Our Dreams’ in English), Safaricom Foundation empowered hundreds of individual Kenyans to make a tangible difference in their community through

small projects.

Further, through the Safaricom Foundation, we impacted 1.5M lives in the community with projects focused on health, economic empowerment, agriculture, and education during the year. On the sports side, Safaricom Chapa Dimba (translated to ‘Playing Football’ in English) enabled thousands of young players across the country, both boys and girls, to showcase their football talents.

Supporting a digital Kenya and creating digital societies

We are working closely with the public sector and relevant industry stakeholders to provide connectivity, infrastructure development such as cloud and fiber, financial technology, and affordable smartphones to Kenyans.

In Agriculture, we digitized the roll out of the revolutionary fertilizer subsidy program to over 3.3 million farmers in 41 counties across the country. Under the Financial Inclusion programs, over 22 million Kenyans have benefited from the Hustler and Women Enterprise Fund through which we facilitate access to affordable credit. In partnership with TeleOne and Jamii Telkom, we have launched a smartphone device assembly in Kenya, through the East Africa Device Assembly Kenya to accelerate the access & penetration of affordable 4G devices in the country.

In Health, we are partnering with the National Government to support County Governments in strengthening Community Health Services through the Afya Bora Mashinani program. As the technology partner, we are committed to providing connectivity, infrastructure to store the data, our cybersecurity solutions to ensure data integrity and safety, and call center support amongst other services to the program. We continue to support these initiatives as the tech partner of choice in public services for the benefit of all Kenyans.

Ethiopia

We are proud of the success that Safaricom Ethiopia has achieved in the one and half years of operations to date. Our focus on scaling operations for Ethiopia’s digital future has been instrumental in driving our growth, and we remain committed to leveraging our expertise and resources to continue establishing ourselves as a key player in the Ethiopian telecommunications landscape.

We have sustained the commercial momentum, driven by steady network rollout, now covering 38% of the population in Ethiopia, and growth of customers to over 11Mn gross additions since inception. Additionally, M-PESA already has over 4.5 million registered customers and is growing rapidly.

Leveraging innovation and our commitment to delivering high-quality services, including reliable internet connectivity, we are poised to empower individuals, businesses, and communities across Ethiopia.

FY25 Guidance

We are pleased with the results delivered for FY24 despite the tough operating environment brought about by macroeconomic challenges. We continued to pursue our strategic goal for the year which is to scale technology solutions in order to embed customer first tech capabilities in order to be Africa’s leading purpose-led technology company by 2030.

As part of our strategic goals, we have focused on leveraging technology and driving customer innovation to offer relevant products, services, and solutions to meet their needs. During the year, we launched ‘Gomoka na Go Monthly’ promotion ensuring that customers can enjoy more data for less, cushioning them against the current challenging economic times.

Report of the Directors (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Business review (continued)

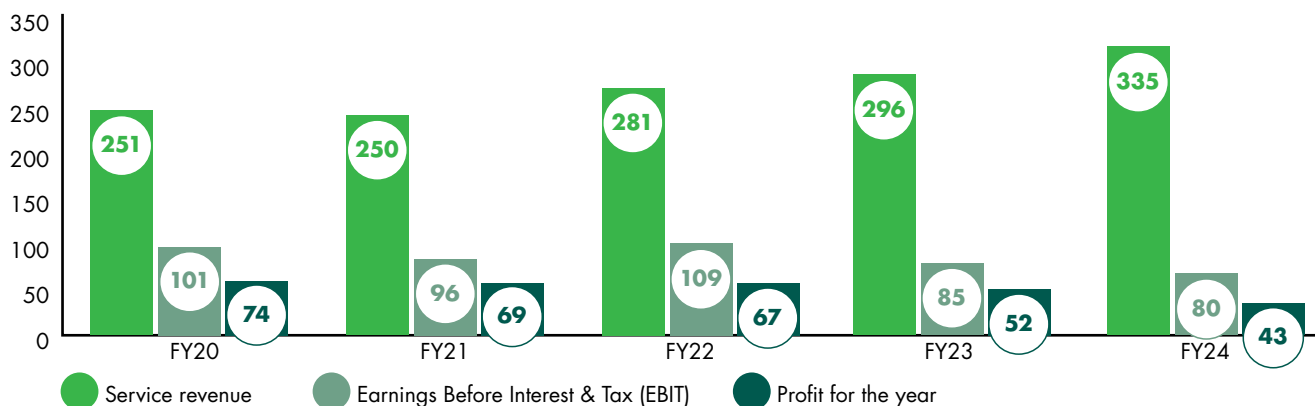
FY25 Guidance (continued)

We remain committed in protecting our shareholder value by achieving a strong performance in Kenya and making great milestones in Ethiopia. In line with our goal to accelerate new growth areas by developing scalable businesses in these areas, we launched M-PESA in Ethiopia in August 2023.

Looking forward

We will continue to drive value for our shareholders and establish a sustainable business on our pathway to be a purpose-led technology company by the end of 2025. We believe that our business is well positioned to unlock Kenya & Ethiopia's economic growth, solve customer and societal issues as well as deepen digital and financial inclusion in both countries.

Key performance indicators (KShs billions)



	FY20	FY21	FY22	FY23	FY24
Service revenue (KShs billions)	251	250	281	296	335
Earnings Before Interest & Tax (EBIT) (KShs billions)	101	96	109	85	80
Profit for the year (KShs billions)	74	69	67	52	43

Business review – Kenya

Voice and messaging

Voice revenue declined by 1.7% YoY to KShs 79.51Bn reflecting the global impact of the downward trend of voice service. We continue to offer better integrated and segmented propositions through our Customer Value Management (CVM) initiatives to drive affordability and usage. During the year, rate per min declined 12.7% YoY to KShs 1.25 while minutes of use per subscriber rose 15.9% YoY to 189.41 minutes. Messaging grew 8.0% YoY to KShs 12.28Bn supported by 8.0% growth in ARPU to KShs 47.33. Voice and messaging revenue are now 28.1% of service revenue.

M-PESA

M-PESA revenue grew strongly by 19.4% YoY to KShs 139.91Bn driven by increased usage. Chargeable transactions per one-month active customers rose 33.9% YoY to 31.51Mn while ARPU grew 16.1% YoY to KShs 361.32. Total transaction's value rose 9.4% YoY to KShs 39.39Trn while volumes grew 34.7% YoY to KShs 28.33Bn. One-month active M-PESA customers grew 0.9% YoY to 32.41Mn. Lipa Na M-PESA active merchants grew 4.3% YoY to 633.01k

Business review – Group

Our Group Service revenue grew by 13.4% year on year (YoY) to KShs 335.35Bn in financial year 2024 mainly supported by M-PESA, Mobile Data and Fixed Data. Overall, the Group customers grew 6.8% YoY to 49.02Mn while one-month active customers grew by 9.1% YoY to 37.70Mn. Safaricom Kenya's overall market share stood at 65.9% as at December 2023. The Group's profit after tax excluding minority interest grew by 1.2% YoY to KShs 62.99Bn.

Our business continues to record impressive growth over the years, as evidenced by the trend below on our 5-year Key Performance Indicators.

while pochi tills stood at 632.68k as at the end of FY24. M-PESA now accounts for 42.2% of service revenue, further complementing traditional voice and messaging services.

Mobile data

Mobile data revenue recorded a double-digit growth of 18.0% YoY to KShs 63.24Bn while ARPU grew marginally by 1.5% YoY to KShs 242.71. We continue to leverage price transformation, transparency, and personalised offers through CVM initiatives to enhance affordability on our data offerings. Data usage per chargeable subscriber increased by 6.4% YoY to 3.79GB while distinct bundle users grew 13.8% to 19.69Mn. Average rate per MB declined further by 4.6% YoY to 6.40cents during the year.

We continue to drive the penetration of 4G-enabled mobile devices through our device financing program while providing the right content to encourage usage. The number of smart phones on our network grew by 12.9% YoY to 22.93Mn. 4G devices grew by 27.5% YoY to 16.85Mn with 49.7% using more than 1GB while 5G devices rose by 79.3% YoY to 669.71k. Mobile data now accounts for 19.2% of Service Revenue.

Report of the Directors (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Business review (continued)

Business review – Kenya (continued)

Fixed service and wholesale transit

Fixed service and wholesale transit revenue grew by 12.0% YoY to KShs 15.11Bn supported by growth in consumer revenue which rose 31.1% to KShs 6.48Bn and 0.9% YoY growth in Enterprise revenue to KShs 8.63Bn. Our fixed data market share stood at 36.7% as at December 2023 according to the Communications Authority of Kenya (CAK) report. FTTH and fixed enterprise now account for 4.6% of service revenue.

Fibre To The Home (FTTH) customers grew 27.0% YoY to 248.57k. FTTH penetration rose to 66.4% with homes connected growing 34.9% YoY to 371.99k while homes passed increased by 20.3% YoY to 560.26k. Fixed Enterprise customers grew by 13.1% YoY to 59.46k.

Profit after tax

Profit after tax grew 13.7% YoY to KShs 84.74Bn supported by M-PESA, Mobile Data and effective cost management initiatives in the year.

Business review – Ethiopia

During the year, STEP incorporated a new operating company, Safaricom M-PESA Mobile Financial Services Plc. The M-PESA operations were launched in August 2023. The financial results of Safaricom Telecommunications Ethiopia Plc and Safaricom M-PESA Mobile Financial Services Plc have been consolidated in these financial statements.

Voice and messaging

Voice revenue stood at KShs 1,029.4Mn driven by growing number of customers as we continue to increase our site roll out in the country. One-month active Voice customers more than doubled to 3.06Mn while minutes of use (MoU) per subscriber rose 27.4% to 70.57mins. Messaging revenue closed the year at KShs 42.3Mn with 1.1Mn 30-day active SMS customers and SMS per subscriber at 11.6.

M-PESA

During the year we launched M-PESA in Q2 and in FY24 revenue stood at KShs 87.3Mn with 4.51Mn registered customers. 25.76k M-PESA agents were onboarded during the year with volume and value transacted at 31.5Mn and KShs 22.9Bn respectively.

Mobile data

Mobile Data revenue stood at KShs 4,168.1Mn in FY24 supported by increased usage as ARPU grew to KShs 215.20. Active customers doubled to 1.99Mn during the year while data usage per subscriber grew strongly to 4.32GB driven by accelerated post launch customer onboarding and site roll out.

Our risk management framework

Safaricom remains committed to robust risk management practices as an integral part of sound governance. This is demonstrated by the combination of top-down and bottom-up approach to risk management. This ensures appropriate handling of risks and opportunities across the business while also driving a positive risk culture that promotes risk ownership across the whole organization.

Our risk management framework is aligned to the International Risk Management Standard ISO 31000 (Risk Management - Principles and Guidelines). This opportunity and risk management system is applicable in risk identification, measurement, mitigation and monitoring. It provides our management with a clear line of sight over risk to enable informed decision making and is adopted across all Safaricom subsidiaries and supported by management and robust oversight by the Board.

We continuously review our risk management framework which provides the foundation and organisational arrangements for identifying, treating, reporting, monitoring, reviewing and continually improving risk management throughout the Group.

Our risk appetite statement

Safaricom faces a broad range of risks while carrying out its business operations. We recognize that risk is an integral part of creating and preserving value, as such we have developed detailed processes to ensure all critical and major risks are proactively managed.

We recognise that it is not possible to eliminate all the risks inherent in our operations and acceptance of some of the risks is necessary to foster innovation, development of a sustainable business and for maximising shareholders value.

Our risk philosophy is aligned to best risk management practices and is aimed at supporting attainment of our purpose, vision and mission by effectively balancing risk and reward.

Our principal risks and what we are doing about them

Our risk identification and mitigation processes have been designed to be responsive to the ever-changing environment that we operate in.

We identify the key risks through our Enterprise Risk Management Framework, which provides the Executive Committee and Board with a robust assessment of the principal risks facing the Company.

An embedded enterprise risk management process supports the identification of these principal risks. The risk appetite for each principal risk is reviewed and approved by the Board to enable informed risk-based decision-making.

Report of the Directors (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Our risk management framework (continued)

The following are the principal risks and related mitigation strategies that receive close management attention:

1. ECONOMIC, MARKET AND FOREIGN EXCHANGE CONDITIONS

Opportunities

To combat against the challenging economic times the business continues to push for innovation to cushion against the economic shocks while creating enhanced products and service offering that meet the needs of our customers.

Context

The economy continues to pose a challenge to our customers due to inflationary pressures and rising Consumer Price Index, geopolitical shocks, assertive tax regimes and uncertainty on foreign currency exchange conditions.

These economic pressures continue to negatively impact the purchasing power of our consumers with our services competing against their shrinking wallet.

Telecommunication companies (Telcos) are regarded as good sources of tax revenue and usually fall within the top taxpayers' category. Changes in tax may have an impact on product pricing regulations and could lead to reduced revenues or increased cost of operations.

Mitigation

We continue to proactively monitor these factors, implement measures to mitigate the effects and cushion the business from adverse effects.

Enhanced value propositions and flexible pricing plans to cater for reduced purchasing power and provide the customer with ability to choose packages that align with their budget and usage needs.

We include contingencies in our business plans to provide for the negative operational impacts that could arise from lower economic growth, changes in interest rates, inflation, and fluctuations of exchange rates.

Compliance with tax obligations and proactive review of our product and services with a key focus on key tax exposures.

Continued investment in transitioning to sources of renewable energy.

2. REGULATORY ENVIRONMENT

Opportunities

Enhanced collaboration with our regulators to ease some regulatory pressures while ensuring that satisfactory measures are taken to safeguard our customers and other stakeholders' interests.

Context

We operate in a complex and heavily regulated environment, changes in laws or regulatory requirements could adversely impact our business. A breach of these regulations could expose Safaricom or its subsidiaries to significant financial implications, reputational damage and/or suspension of our licenses.

The regional expansion into Ethiopia with our subsidiary Safaricom Telecommunication Ethiopia Plc (STE), further expands our regulatory and compliance landscape.

Furthermore, the nature of products and services provided require compliance with a wide range of laws and regulations from the different regulators.

Mitigation

We continue to build and maintain proactive and constructive relationships with the regulators and governments, informed by a shared understanding of the need for inclusive economic development.

Participating in industry forums and other policy forums as well as contributing to discussions on emerging legislation and regulations as we prepare to comply with the same.

Our products and services are carefully and continuously monitored to ensure they do not contravene any laws and regulations.

Strengthened focus placed on ensuring robust governance processes and strong regulatory compliance.

Report of the Directors (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Our risk management framework (continued)

3. CYBERSECURITY THREATS AND DATA PRIVACY RISKS

Opportunities

Protecting our customers personal data that is crucial to being a trusted provider and supporting our enterprise customers by providing managed security services to safeguard their business operations.

Context

In recent years, cybersecurity incidents, and other tactics designed to gain access to and exploit sensitive and personal information by breaching critical systems are evolving and have been increasing in both sophistication and occurrence.

We continue to see a lot of activities related to business Emails' compromise, Exploitation of Vulnerabilities, Zero-day Exploits, Supply Chain Attacks and Third-Party Breaches, Ransomware, Phishing and Advance Persistent Attacks across the globe.

Additionally, Implementation of the General Data Protection Regulations (GDPR) in 2018 as well as enactment of the Kenya Data protection Act 2019 continues to raise the bar on data protection.

Failure to mitigate these risks would lead to Denial-of-Service attacks, fraud, leakage of confidential and customer data, loss of digital trust, litigations, and penalties.

Mitigation

We have implemented robust cyber security tools, systems and controls complemented by the 24/7 Cyber Defense Center to ensure we safeguard the services that we offer.

Creation of a cyber aware ecosystem through collaboration with various stakeholders.

Our networks and infrastructure are built with security in mind with layers of security control applied to all applications and infrastructure.

Implementation of strong recovery and Business Continuity Plans (BCP).

Continuous capacity enhancement of our capabilities.

Our ISO 27001 Information Security Certification and Privacy Information system implementation is an independent confirmation to our customers that we have implemented appropriate processes and controls relating to product and services to protect the privacy of their information.

4. MARKET DISRUPTION AND COMPETITION

Opportunities

The competitive and disruptive environment has yielded innovations that are setting us apart, allowing us to be agile, drive partnerships and explore new markets while providing our customers with world-class experience.

Context

In our shift from a conventional telco to a digital services provider, we are facing heightened competition both for customers and for digital talent from various nontraditional players.

Competition in the telecommunication industry is on the rise in terms of product and service offerings and our recent entry into Ethiopia as a market challenger further exacerbates this risk.

Dynamic market needs, ever-changing consumer trends, entrance of new players in the market coupled with speed of new disruptive technologies have also intensified the competition with customer value proposition being the competitive edge.

We equally face increased competition from a variety of new technology platforms, which aim to build alternative communication, which could potentially affect our customer relationships.

Mitigation

Our strategies to manage competition focus on growing and retaining our customers by:

- Focusing in new growth areas such as ICT, managed security services and markets (Ethiopia)
- Customer Obsession program with key initiatives to address customer experience challenges.
- Developing insights using big data into our customer's needs, wants and behaviors and provide competitive proposition.
- Adoption of agile way of working to drive faster innovation and efficiency.
- Continuous investment in network rollout (5G and fibre).

Offering quality services and leveraging on strategic partnerships within different sectors to ensure we provide our customers with relevant products and services.

Report of the Directors (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Our risk management framework (continued)

5. TECHNOLOGY RISK AND OPERATIONAL RESILIENCE

Opportunities

Extensive investment in a robust network architecture driven by customer needs to ensure we meet customer expectations at all times. In addition, we have strong technology redundancies to minimize technology failures.

Context

Our customer value proposition is based on the reliable availability of our high-quality network and services.

We have an increasingly complex information/network technology infrastructure, which we constantly expand and upgrade to ensure the best customer experience and consolidate our technology leadership.

A major failure in critical network or information technology assets for example, through natural disasters, insufficient preventative maintenance, or malicious attacks would have a profound impact on our customers and business partners.

Mitigation

Invest in maintaining and upgrading our network on an ongoing basis, with comprehensive business continuity and disaster recovery plans in place.

Investments to ensure adequate redundancy capabilities and elimination of any single point of failure.

6. SOCIAL ENGINEERING, FRAUD, MONEY LAUNDERING AND TERRORISM FINANCING

Opportunities

Providing our customers with worry free and safe services is crucial to being a trusted and reliable service provider while ensuring that the products, services, and platforms are not misused and involved in conducting illegal activities. As a safety measure we provide policies, procedures and tools that ensure screening of activities conducted on our platforms.

Context

Due to the wide usage of our M-PESA services across the country our M-PESA customers and partners are exposed to social engineering frauds, fraudulent sim swaps and digital identity theft.

The large size of our business channels, rapid growth of international money transfers further exposes our services to money laundering and terrorism financing activities.

Mitigation

Existence of strong Anti-Money Laundering (AML) and Fraud programs with continuous review and development of technological controls to minimize social engineering fraud, fraudulent sim swaps and money laundering.

Always on customer education and awareness through various platforms as well as continuous collaboration and engagement with financial institutions on fraud reduction/prevention initiatives and minimize instance of money laundering and terrorism financing activities.

Investment in banking grade AML solution and use of advanced technologies to prevent, monitor and detect these activities.

7. LITIGATION RISK EXPOSURES

Opportunities

Continuous customer education through our customer handles and touchpoints.

Context

Due to the nature and scope of our operations, Safaricom is susceptible to litigation risks that extend beyond typical business activities. These risks may arise from incidents such as customer data leaks, fraudulent activities, trade disputes, increasing intellectual property (IP) cases, and failure to comply with regulatory requirements.

Mitigation

Safaricom seeks to keep the exposure to litigation at a minimal as we strive to comply with legal and regulatory requirements, provide safe and worry-free products and services for our clients.

Report of the Directors (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Our risk management framework (continued)

8. GENERAL INSECURITY AND TERRORISM

Opportunities

Our existing community interactions has embedded our brand creating a sense of ownership and protection. Our collaboration with governments and other agencies to combat crime and insecurity enable us to take part in creating a better environment for all.

Context

There has been increase in general insecurity due to economic and opportunistic conditions and continued terror activities in the country with some threats targeting our Base Transmission Station (BTS) assets.

Our expansion into Ethiopia has further exposed us to geopolitical tensions following the civil unrest experienced in some of the regions. While relative calm has been attained the political environment in the region is still volatile.

Mitigation

Security program in place to support our business and partners in creating a secure and safe environment.

Continuous intelligence gathering and collaboration with various security agencies for operational support.

9. HEALTH AND SAFETY RISK

Opportunities

Our ongoing focus is to provide a safe working environment for everyone working for and on behalf of Safaricom and the communities in which we operate in.

Context

Exposure to health and safety risks to our staff and partners due to the nature of our operations (driving, working at high heights/ underground, working with electricity and working in terror prone locations).

Exposure to a large ecosystem of partners working within our distribution and network rollout and /or maintenance and support who are exposed to health and safety risks while executing their duties across the country and in Ethiopia.

Mitigation

Entrenching our zero-harm strategy across the business and to our partners and creating a health and safety aware culture across Safaricom, its subsidiaries and the entire ecosystem.

Suppliers' safety management through strengthening supplier oversight and accelerating supplier maturity, through enhanced onboarding and monitoring processes.

10. SUPPLY CHAIN DISRUPTION AND GEOPOLITICAL RISKS

Opportunities

Supply chain disruptions create opportunities for us to develop more resilient supply chains, leverage on disruptions to innovate and improve our products therefore gaining a competitive advantage over the competition or disruptions.

Context

We rely upon various key suppliers and partners to drive and meet our goals. If these suppliers and/ or partners fail to meet the agreed service level agreements (SLA), we could experience disruptions, which could have an adverse effect on our operations and customer experience.

Additional risks could result from other geopolitical conflicts impacting supply chains, availability of certain components such as chipsets, disruption of logistics and/or shipping lines and international trade sanctions and or/conflicts resulting to supply side pressures.

Mitigation

We operate our supply chain with resiliency in design by having dual supply partners, strong SLA and partnership framework while proactively monitoring the ongoing geopolitical activities/dynamics and adjusting our sourcing strategies and controls accordingly.

Report of the Directors (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Results and dividend

The Group's profit for the year is KShs 42,658.4 million (2023: KShs 52,482.8 million) and has been added to retained earnings.

During the year, an interim dividend of KShs 0.55 per ordinary share (2023: KShs 0.58) was declared. The directors have proposed a final dividend in respect of the year ended 31 March 2024 of KShs 0.65 per ordinary share (2023: KShs 0.62) to be approved at the Annual General Meeting (AGM) to be held on 25 July 2024. This brings the total dividend for the year to KShs 48.08 billion which represents KShs 1.20 per share (2023: KShs 1.20) in respect of the year ended 31 March 2024.

Directors

The Directors who held office during the year were:

Name	Position	Nationality	Date of Appointment
Adil Arshed Khawaja (MGH)	Chairman and Non-Executive Director	Kenyan	22 December 2022
Michael Joseph ¹	Non-Executive Director	Kenyan & American	8 September 2008
Peter Ndegwa (CBS)	Chief Executive Officer (CEO) and Executive Director	Kenyan	1 April 2020
Dilip Pal	Chief Finance Officer and alternate to the CEO	Indian	1 November 2020
Cabinet Secretary, The National Treasury and Economic Planning	Non-Executive Director	Kenyan	10 February 2021
Dr. Karen Kandie	Alternate Director to CS, The National Treasury and Economic Planning	Kenyan	24 February 2023
Francesco Bianco	Non-Executive Director	Italian	20 March 2020
Ory Okolloh	Independent Non-Executive Director	Kenyan	24 February 2023
Mohamed Joosub	Non-Executive Director	South African	31 August 2017
Raisibe Morathi	Non-Executive Director	South African	1 November 2020
Rose Ogega	Independent Non-Executive Director	Kenyan	12 February 2019
Winnie Ouko	Independent Non-Executive Director	Kenyan	10 February 2021
Murielle Lorilloux ²	Non-Executive Director	French	23 August 2023
Dr. (Eng.) John Kipngetich Mosonik ³	Non-Executive Director	Kenyan	23 August 2023

¹Michael Joseph ceased to be a director with effect from 1 August 2023.

²Murielle Lorilloux was appointed to be a Non-Executive Director in the Board with effect from 23 August 2023.

³Dr. (Eng.) John Kipngetich Mosonik was appointed to be a Non-Executive Director in the Board with effect from 23 August 2023.

Statement as to disclosure to the Group's and Company's auditor

With respect to each Director at the time this report was approved:

- There is, so far as the Director is aware, no relevant audit information of which the Group's and Company's auditor is unaware; and
- The Director has taken all steps that the Director ought to have taken as a Director to be aware of any relevant audit information and to establish that the Group's and Company's auditor is aware of that information.

Terms of appointment of the auditor

During the Annual General Meeting (AGM) of the Company that was held on 29 July 2023, the shareholders resolved to re-appoint Messrs Ernst and Young LLP, as the Company's independent Auditors in accordance with the provisions of section 721 of the Kenyan Companies Act, 2015.

The Directors monitor the effectiveness, objectivity and independence of the auditor. The Directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

By order of the Board



Linda Mesa Wambani
Acting Company Secretary
8 May 2024

Statement of Directors' Responsibilities

FOR THE YEAR ENDED 31 MARCH 2024

The Kenyan Companies Act, 2015 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and Company as at the end of the financial year and of their profit or loss for that year. It also requires the Directors to ensure that the Group and Company keeps proper accounting records that: (a) show and explain the transactions of the Group and Company; (b) disclose, with reasonable accuracy, the financial position of the Group and Company; and (c) enable the Directors to ensure that every financial statement required to be prepared complies with the requirements of the Kenyan Companies Act, 2015. They are also responsible for safeguarding the assets of the Group and the Company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the preparation and presentation of these consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- i) Designing, implementing and maintaining internal controls that determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- ii) Selecting suitable accounting policies and then applying them consistently; and
- iii) Making judgements and accounting estimates that are reasonable in the circumstances.

Having made an assessment of the Group's and Company's ability to continue as a going concern, the Directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's and Company's ability to continue as a going concern.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the Board of Directors on 8 May 2024 and signed on its behalf by:

Adil Arshed Khawaja (MGH)
Chairman and Non-Executive Director

Peter Ndegwa (CBS)
Chief Executive Officer

Directors' Remuneration Report

FOR THE YEAR ENDED 31 MARCH 2024

Information not subject to audit

The Company's Board composition as at 31 March 2024 is as below:

Name	Position	Nationality	Date of appointment
a) Non-Executive Directors			
Adil Arshed Khawaja (MGH)	Chairman and Non-Executive Director	Kenyan	22 December 2022
Cabinet Secretary (CS), The National Treasury and Planning	Non-Executive Director	Kenyan	10 February 2021
Francesco Bianco	Non-Executive Director	Italian	20 March 2020
Mohamed Joosub	Non-Executive Director	South African	31 August 2017
Raisibe Morathi	Non-Executive Director	South African	1 November 2020
Murielle Lorilloux	Non-Executive Director	French	23 August 2023
Dr. (Eng.) John Kipngetich Mosonik	Non-Executive Director	Kenyan	23 August 2023
b) Independent Directors			
Rose Ogega	Independent Non-Executive Director	Kenyan	12 February 2019
Winnie Ouko	Independent Non-Executive Director	Kenyan	10 February 2021
Ory Okolloh	Independent Non-Executive Director	Kenyan	24 February 2023
c) Executive Director			
Peter Ndegwa (CBS)	Chief Executive Officer (CEO) and Executive Director	Kenyan	1 April 2020
d) Alternate Directors			
Dr. Karen Kandie	Alternate to CS, National Treasury and Economic Planning	Kenyan	24 February 2023
Dilip Pal	Chief Finance Officer and alternate to the CEO	Indian	1 November 2020

The following Directors served in office and resigned during the year.

Name	Position	Nationality	Date of resignation
Michael Joseph	Non-Executive Director	Kenyan and American	1 August 2023

Non-executive Directors' remuneration policy

The Board establishes and approves transparent and competitive remuneration policies for the non-executive Board members. These policies clearly stipulate remuneration elements such as Directors' annual fees, sitting allowances per meeting attended and other benefits that are based on proper benchmarking and taking into consideration the prevailing market conditions.

Safaricom Plc seeks to remunerate Non-Executive Directors at least at the 75th percentile. The current remuneration structure is based on a survey commissioned by the Board through its Board Nominations and Remuneration Committee and carried out by PricewaterhouseCoopers (PwC), a consultant, across peer organizations comparable with Safaricom. Remuneration for Non-Executive Directors is reviewed every two years.

The current agreed fees and allowance's structure is as follows:

- Annual Directors fees paid to the Chairman of the Board agreed at KShs 8,500,000 per annum.
- Annual Directors fees paid to each Non-Executive Director agreed at KShs 3,000,000 per annum.
- Sitting allowance payable to the Chairman of the Board retained at KShs 230,000 per meeting.
- Sitting allowance payable to the Chair of a Committee retained at KShs 125,000 per meeting.
- Sitting allowance payable to each Non-Executive Director retained at KShs 110,000 per meeting.

Directors' Remuneration Report (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Information not subject to audit (continued)

Non-executive Directors' remuneration policy (continued)

The annual Directors' fees for the director representing The National Treasury and Economic Planning is paid directly to the National Treasury and Economic Planning.

The annual Directors' fees and sitting allowances for the directors representing Vodafone Kenya Limited are paid directly to Vodafone Foundation and Vodacom Group Limited.

The Board members are also entitled to telephone and internet usage allowance.

The Board has in place a formal annual process of reviewing its performance and that of its committees and individual directors. Evaluation of the Board during the year ended 31 March 2024 was facilitated by an independent external consultant.

Executive Director's remuneration

The Executive Director's remuneration is as per the negotiated employment contract and is employed on permanent basis.

Besides the basic salary, the Executive Director is entitled to an annual performance-based bonus and shares, residential accommodation, utility bills payment and club membership.

Statement of voting on the Directors' remuneration report at the previous AGM

During the AGM held on 29 July 2023, voting was done by the ballot to approve the Directors' Remuneration Report.

The results of the vote were as below;

Agenda	Vote	Total votes	As a percentage of the total votes cast
Directors' remuneration report	For	33,442,817,642	99.64%
	Against	114,543,168	0.34%
	Withheld	5,412,150	0.02%
Total votes casted		33,562,772,960	100.00%

Directors' Remuneration Report (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Information subject to audit

The following table shows remuneration for the Executive and Non-Executive Directors in respect of qualifying services for the financial year ended 31 March 2024 and comparative figures for the year ended 31 March 2023. The aggregate Directors' emoluments are shown in Note 32(iii).

Directors' remuneration for the year ended 31 March 2024

Name	Salary KShs'm	Directors' fees KShs'm	Bonus KShs'm	Non-cash benefits KShs'm	Total KShs'm
Executive Directors					
Peter Ndegwa (CBS)	94.3	–	134.1	23.9	252.3
Dilip Pal	58.9	–	35.1	19.8	113.8
Total	153.2	–	169.2	43.7	366.1
Non-Executive Directors					
Adil Arshed Khawaja (MGH)	–	24.1	–	0.8	24.9
Rose Ogega	–	9.3	–	0.2	9.5
Mohamed Joosub	–	7.1	–	–	7.1
The National Treasury and Economic Planning	–	2.0	–	–	2.0
Francesco Bianco	–	6.1	–	–	6.1
Dr. (Eng.) John Kipngetich Mosonik	–	3.2	–	0.1	3.3
Winnie Ouko	–	8.7	–	0.3	9.0
Murielle Lorilloux	–	1.3	–	–	1.3
Raisibe Morathi	–	8.3	–	–	8.3
Ory Okolloh	–	7.1	–	0.3	7.4
Dr. Karen Kandie	–	5.8	–	0.2	6.0
Michael Joseph*	–	10.5	–	1.8	12.3
Eng. Stanley Kamau*	–	–	–	0.2	0.2
John Ngumi*	–	–	–	0.1	0.1
Linda Muriuki*	–	–	–	0.2	0.2
Bitange Ndemo*	–	–	–	0.1	0.1
Total	–	93.5	–	4.3	97.8
Grand total	153.2	93.5	169.2	48.0	463.9

*Relate to benefits utilised in the prior year but the related payments were settled in the current financial year.

Directors' Remuneration Report (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Information subject to audit (continued)

Directors' remuneration for the year ended 31 March 2023

Name	Salary KShs'm	Directors' fees KShs'm	Bonus KShs'm	Non-cash benefits KShs'm	Total KShs'm
Executive Directors					
Peter Ndegwa (CBS)	95.2	–	196.3	21.6	313.1
Dilip Pal	57.9	–	39.7	17.7	115.3
Total	153.1	–	236.0	39.3	428.4
Non-Executive Directors					
Adil Arshed Khawaja (MGH)	–	4.7	–	–	4.7
John Ngumi	–	7.9	–	3.1	11.0
Michael Joseph	–	15.7	–	5.4	21.1
Bitange Ndemo	–	5.7	–	0.2	5.9
Rose Ogega	–	10.4	–	0.2	10.6
Linda Muriuki	–	7.4	–	0.3	7.7
Mohamed Joosub	–	6.7	–	–	6.7
The National Treasury and Economic Planning	–	2.5	–	–	2.5
Francesco Bianco	–	5.5	–	–	5.5
Christopher Kirigua	–	0.9	–	5.7	6.6
Eng. Stanley Kamau	–	2.9	–	0.1	3.0
Winnie Ouko	–	8.5	–	0.4	8.9
Sitholizwe Mdlalose	–	2.2	–	–	2.2
Raisibe Morathi	–	7.8	–	–	7.8
Ory Okolloh	–	0.8	–	–	0.8
Dr. Karen Kandie	–	0.7	–	–	0.7
Total	–	90.3	–	15.4	105.7
Grand total	153.1	90.3	236.0	54.7	534.1

On behalf of the Board



Ms. Winnie Ouko

Chairperson, Board Human Resources Committee

8 May 2024

EY Report of the Independent Auditor to the shareholders of Safaricom PLC

FOR THE YEAR ENDED 31 MARCH 2024

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Safaricom PLC (the "Company") and its subsidiaries (together, the "Group") set out on pages 177 to 269, which comprise the consolidated and separate statements of financial position as at 31 March 2024 and the consolidated and separate statements of profit or loss, the consolidated and separate statements of other comprehensive income, the consolidated and separate statements of changes in equity, and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Company as at 31 March 2024, and its consolidated and separate financial performance, and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by Kenyan Companies Act, 2015.

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 Consolidated and Separate Financial Statements* section of our report.

We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate 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 Group and Company's 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 consolidated and separate 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 consolidated and separate financial statements.

The Key Audit Matters apply equally to the audit of the consolidated and separate financial statements.

Report of the Independent Auditor to the shareholders of Safaricom PLC (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Report on the audit of the consolidated and separate financial statements (continued) Key audit matters (continued)

KEY AUDIT MATTER

Revenue recognition – occurrence, completeness and measurement of recorded revenue given the complexity of products, systems and IFRS 15: Revenue from contracts with customers.

The occurrence and accuracy of amounts recorded as revenue is an inherent industry risk due to the complexity of the billing systems arising from changes in products and plans – including multiple element arrangements, the number of products sold and the tariff structure changes during the year.

The application of the revenue recognition accounting standard, IFRS 15: Revenue from contracts with customers, requires the use of complex rating, billing and accounting systems. The complexity is compounded by the significant number of revenue transactions that are accounted for on an annual basis.

We therefore considered revenue recognition to be a matter of most significance to our current year's audit.

The significant accounting policies and detailed disclosures on revenue recognition are included in Note 2(f) – Revenue recognition, 5(a) – Revenue from contracts with customers, and 30(b) – Contract liabilities disclosures.

HOW THE MATTER WAS ADDRESSED IN THE AUDIT

Our audit procedures included, but were not limited to:

- We understood and tested the design and operating effectiveness of management's controls over the transfer of revenue information between the multiple systems involved in recording revenue;
- We tested the controls in place over the authorisation of rate changes and a review of the new products recorded in the billing systems;
- We involved our internal IT audit specialists to test the IT general controls of the rating and billing environments, as well as assessed the completeness of the relevant revenue reports utilised for audit purposes;
- We tested the end-to-end reconciliation from rating and billing systems to the journals processed in the general ledger;
- We performed analytical review procedures over significant revenue streams by identifying the drivers that resulted in changes year on year to establish detailed monthly and annual expectations. Where movement were outside our precision level set, we performed substantive audit procedures;
- We performed a three-way correlation between revenue, deferred revenue, trade receivables and cash;
- We reviewed the reconciliation of the aggregate of the prepaid and hybrid customers per the charging system to the deferred revenue balance;
- We selected and tested a sample of enterprise revenue contracts and assessed, in line with the requirements of IFRS 15: Revenue from contracts with customers, that contracts with customers were valid, that performance obligations were agreed by both parties and that revenue was appropriately recognised;
- We tested the standalone selling prices as input into the system and agreed the logic behind the standalone selling prices to the relevant IFRS 15: Revenue from contracts with customers, requirements;
- We tested management reconciliations for interconnect/roaming revenue to third party confirmations as appropriate;
- We tested a sample of journal entries, processed in relation to non-standard revenue including manual ERP journals by reviewing supporting documentation to ensure that the journals were supported by an underlying business rationale, were accounted for correctly, in the correct period and appropriately authorised; and
- We examined and assessed the accounting policies applied and disclosures in terms of the recognition of revenue for compliance with IFRS 15: Revenue from contracts with customers and industry guidance.

Hyperinflation accounting in the subsidiary, Safaricom Telecommunications Ethiopia PLC.

As disclosed on Note 3(iv), the Ethiopian economy, where Safaricom Telecommunications Ethiopia PLC operates, has been classified as hyperinflationary as of 31 December 2022 and thereafter.

As a result, the financial statements of Safaricom Telecommunications Ethiopia PLC, have been prepared in accordance with IAS 29; Financial Reporting in Hyperinflationary Economies, and consolidated into the Group's Financial statements. IAS 29 requires that the financial statements of an entity that reports in the currency of a hyperinflationary economy be stated in terms of the current measuring unit at the reporting date by applying a general price index. We have considered this as a Key Audit Matter due to the complexity and significant judgements relating to the restatement of the Safaricom Telecommunications Ethiopia PLC's financial statements into current measuring units, and the importance of IAS 29 disclosures to the understanding of the Group's financial statements.

The disclosures related to the Hyperinflation accounting in the subsidiary, Safaricom Telecommunications Ethiopia PLC, are on Notes 2(e), 3(iv) and 36, to the financial statements.

We performed the following audit procedures in response to this matter:

- Obtained the IAS 29 model used by management in the restatement of the Safaricom Telecommunications Ethiopia PLC's financial statements into current measuring units.
- Assessed whether the underlying assumptions and judgements applied in the model were justifiable in the context of IAS 29.
- Re-calculated the current measuring units and the hyperinflationary monetary gain in the restated financial statements using management's model.
- Assessed the appropriateness of the disclosures included in the consolidated financial statements for compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

EY Report of the Independent Auditor to the shareholders of Safaricom PLC (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Report on the audit of the consolidated and separate financial statements (continued)

Other information

The directors are responsible for the other information. The other information comprises Report of the directors, Statement of directors' responsibilities, Directors' remuneration report and the appendix (Principal shareholders) which we obtained prior to the date of this report, and the rest of the other information in the Annual Report which are expected to be made available to us after that date. Other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 the Directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Group's and Company's ability to continue as going concerns. 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 consolidated and separate 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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 of the Independent Auditor to the shareholders of Safaricom PLC (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Report on other matters prescribed by the Kenyan Companies Act, 2015

As required by the Kenyan Companies Act, 2015 we report to you, based on our audit, that:

- i) in our opinion, the information given in the report of the Directors on pages 160 to 167 is consistent with the consolidated and separate financial statements.
- ii) in our opinion, the auditable part of Directors' remuneration report on page 169 to 172 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Allan Gichuhi practicing certificate number 1899.

Allan Gichuhi

For and on behalf of Ernst & Young LLP
Certified Public Accountants
Nairobi, Kenya

10 May 2024

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	GROUP		COMPANY	
		2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Revenue from contracts with customers	5(a)	345,893.4	307,142.1	335,330.8	302,579.4
Revenue from other sources	5(b)	3,553.8	3,762.7	4,386.5	7,900.4
Total revenue		349,447.2	310,904.8	339,717.3	310,479.8
Direct costs	6(a)	(97,046.9)	(92,232.1)	(89,261.9)	(89,363.4)
Expected credit losses on financial assets	6(b)	(5,807.4)	(4,725.3)	(6,073.4)	(4,925.3)
Other operating expenses	7	(83,300.3)	(74,085.0)	(59,146.1)	(53,118.7)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		163,292.6	139,862.4	185,235.9	163,072.4
Depreciation - property and equipment	18	(55,162.3)	(39,754.5)	(39,324.3)	(36,971.8)
Depreciation - Indefeasible rights of use (IRUs)	19	(281.3)	(281.3)	(281.3)	(281.3)
Amortisation - Intangible assets	21	(17,804.5)	(8,417.9)	(2,836.4)	(2,329.6)
Depreciation - right of use (RoU) assets	22(a)	(9,699.7)	(6,411.3)	(4,503.2)	(4,419.0)
Operating profit		80,344.8	84,997.4	138,290.7	119,070.7
Finance income	8	5,459.6	6,686.7	3,288.5	2,403.7
Finance costs	9	(22,101.1)	(13,773.8)	(16,395.0)	(12,416.0)
Fair value adjustment to investment properties	20	-	90.0	-	90.0
Share of (loss)/profit of associates	23(b)	(2.9)	12.5	(2.9)	12.5
Share of loss of joint venture	23(b)	(1,376.2)	(50.7)	(1,376.2)	(50.7)
Hyperinflationary monetary gain	36	22,363.2	10,383.1	-	-
Profit before income tax		84,687.4	88,345.2	123,805.1	109,110.2
Income tax expense	12(a)	(42,029.0)	(35,862.4)	(41,151.3)	(34,170.6)
Profit for the year		42,658.4	52,482.8	82,653.8	74,939.6
Attributable to:					
Equity holders of the parent		62,991.7	62,268.9	82,653.8	74,939.6
Non-controlling interests		(20,333.3)	(9,786.1)	-	-
Profit for the year		42,658.4	52,482.8	82,653.8	74,939.6
Basic earnings per share (KShs per share)	13	1.6	1.6	2.1	1.9
Diluted earnings per share (KShs per share)	13	1.6	1.6	2.1	1.9
Profit for the year		42,658.4	52,482.8	82,653.8	74,939.6
Other comprehensive income:					
<i>Items that will subsequently be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operations*		(7,278.1)	10,260.0	-	-
Other comprehensive (loss)/ income for the year		(7,278.1)	10,260.0	-	-
Total comprehensive income for year		35,380.3	62,742.8	82,653.8	74,939.6
Attributable to:					
Equity holders of the parent		59,230.9	67,984.7	82,653.8	74,939.6
Non-controlling interests		(23,850.6)	(5,241.9)	-	-
Total comprehensive income for year		35,380.3	62,742.8	82,653.8	74,939.6

* These components of other comprehensive income do not attract any tax.

Statement of Financial Position

AS AT 31 MARCH 2024

	Notes	GROUP		COMPANY	
		2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Non-current assets					
Deferred income tax	17	15,644.5	15,337.0	15,605.0	15,338.0
Property and equipment	18	277,041.3	221,987.6	149,598.2	141,803.5
Indefeasible rights-of-use	19	2,001.7	2,283.0	2,001.7	2,283.0
Investment properties	20	935.0	935.0	935.0	935.0
Intangible assets	21	194,280.7	150,198.8	21,841.4	14,163.0
Right-of-use assets	22(a)	59,455.7	36,885.5	18,968.1	17,691.3
Investment in subsidiaries	23(a)	–	–	98,779.6	78,012.5
Investment in associates and joint venture	23(b)	3,542.5	3,943.9	3,461.9	3,943.9
Restricted cash	26(b)	1,019.9	1,481.4	1,019.9	1,481.4
Deferred restricted cash asset	26(c)	431.9	278.2	431.9	278.2
Contract assets	30(a)	1,607.9	1,852.7	954.0	1,578.3
Loans receivable from joint venture	32(x)(a)	2,661.3	1,588.4	2,661.3	1,588.4
Loan receivable from subsidiary	32(x)(b)	–	–	485.4	639.4
		558,622.4	436,771.5	316,743.4	279,735.9
Current assets					
Current income tax	12(b)	–	851.6	7.9	–
Inventories	24	4,526.0	3,655.6	2,639.0	2,231.5
Trade and other receivables	25	48,119.0	40,791.5	28,079.9	23,788.1
Net cash and cash equivalents	26(a)	22,868.2	22,098.1	19,072.1	18,061.9
Restricted cash - letter of credit	27	1,563.4	615.1	–	–
Other financial assets	28	–	28.6	–	–
Contract assets	30(a)	5,202.0	4,395.0	4,748.8	4,236.3
Mobile financial deposit	33	263.3	–	–	–
		82,541.9	72,435.5	54,547.7	48,317.8
Total assets		641,164.3	509,207.0	371,291.1	328,053.7
Equity					
Share capital	14	2,003.3	2,003.3	2,003.3	2,003.3
Share premium	14	2,200.0	2,200.0	2,200.0	2,200.0
Retained earnings		134,314.0	121,823.6	171,640.5	137,065.2
Other reserves		61,789.3	36,688.4	–	–
Proposed dividend	15	26,042.5	24,840.6	26,042.5	24,840.6
Equity attributable to equity holders of the parent		226,349.1	187,555.9	201,886.3	166,109.1
Non-controlling interests	23(a)	109,398.8	75,810.0	–	–
Total equity		335,747.9	263,365.9	201,886.3	166,109.1

Statement of Financial Position (continued)

AS AT 31 MARCH 2024

	Notes	GROUP		COMPANY	
		2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Non-current liabilities					
Borrowings	16	63,093.2	42,050.0	36,110.8	38,533.6
Lease liabilities	22(b)	48,474.3	29,984.0	18,409.1	17,070.1
Payables and accrued expenses	29(a)	19,458.6	27,359.3	–	–
Provisions	29(b)	5,087.0	4,462.8	3,629.7	3,410.7
Contract liabilities	30(b)	1,481.2	1,607.8	1,481.2	1,607.8
Financial guarantees liability	32(xi)	–	–	1,062.7	960.4
		137,594.3	105,463.9	60,693.5	61,582.6
Current liabilities					
Current income tax	12(b)	193.1	2,408.8	–	192.2
Dividend payable	15	6,649.2	1,783.0	6,649.2	1,783.0
Borrowings	16	45,053.6	45,555.4	41,555.8	37,563.1
Lease liabilities	22(b)	6,411.0	5,354.9	5,163.1	4,376.6
Payables and accrued expenses	29(a)	94,919.5	70,625.1	41,822.5	42,235.5
Provisions	29(b)	2,938.9	4,524.1	2,938.9	4,524.1
Mobile financial payable	33	263.3	–	–	–
Contract liabilities	30(b)	11,393.5	10,125.9	10,581.8	9,687.5
		167,822.1	140,377.2	108,711.3	100,362.0
Total liabilities		305,416.4	245,841.1	169,404.8	161,944.6
Total equity and liabilities		641,164.3	509,207.0	371,291.1	328,053.7

The financial statements on pages 168 to 269 were approved for issue by the Board of Directors on 8 May 2024 and signed on its behalf by:


Adil Arshed Khawaja (MGH)
Chairman and Non-Executive Director


Peter Ndegwa (CBS)
Chief Executive Officer

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2024

GROUP

Attributable to the equity holders of the parent

	Notes	Share capital KShs'm	Share premium KShs'm	Retained earnings KShs'm	Other reserves** KShs'm	Proposed dividend KShs'm	Total KShs'm	Non-controlling interests KShs'm	Total equity KShs'm
Year ended 31 March 2024									
At start 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
-Adjustment on application of IAS 29		-	-	(3,467.8)	31,311.1	-	27,843.3	26,041.2	53,884.5
As restated		2,003.3	2,200.0	118,355.8	67,999.5	24,840.6	215,399.2	101,851.2	317,250.4
Redistribution of loss after shareholding change		-	-	1,045.0	(2,449.4)	-	(1,404.4)	1,404.4	-
Total		2,003.3	2,200.0	119,400.8	65,550.1	24,840.6	213,994.8	103,255.6	317,250.4
Profit or (loss) for the year		-	-	62,991.7	-	-	62,991.7	(20,333.3)	42,658.4
Other comprehensive income									
Exchange differences on translation of foreign operations		-	-	-	(3,760.8)	-	(3,760.8)	(3,517.3)	(7,278.1)
Total comprehensive income for the year		-	-	62,991.7	(3,760.8)	-	59,230.9	(23,850.6)	35,380.3
Transactions with owners:									
Dividend:									
- 2023 final dividends paid	15	-	-	-	-	(24,840.6)	(24,840.6)	-	(24,840.6)
- 2024 interim dividend paid	15	-	-	(22,036.0)	-	-	(22,036.0)	-	(22,036.0)
- Proposed final dividend for 2024		-	-	(26,042.5)	-	26,042.5	-	-	-
- Capital contribution from NCI shareholders*		-	-	-	-	-	-	29,993.8	29,993.8
		-	-	(48,078.5)	-	1,201.9	(46,876.6)	29,993.8	(16,882.8)
At end of year		2,003.3	2,200.0	134,314.0	61,789.3	26,042.5	226,349.1	109,398.8	335,747.9

* 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, adjustment on application of IAS 29 (Note 36) and redistribution of loss after shareholding change.

Consolidated Statement of Changes in Equity (continued)

FOR THE YEAR ENDED 31 MARCH 2024

GROUP

Attributable to the equity holders of the parent

Year ended 31 March 2023	Notes	Share capital KShs'm	Share premium KShs'm	Retained earnings KShs'm	Other reserves** KShs'm	Proposed dividend KShs'm	Total KShs'm	Non- controlling interests KShs'm	Total equity KShs'm
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 IAS29		-	-	(2,895.8)	36,285.3	-	33,389.5	26,545.0	59,934.5
As restated		2,003.3	2,200.0	107,633.1	30,972.6	30,049.1	172,858.1	66,777.3	239,635.4
Profit or (loss) for the year		-	-	62,268.9	-	-	62,268.9	(9,786.1)	52,482.8
Other comprehensive income / (loss)									
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:									
- 2022 final dividends paid	15	-	-	-	-	(30,049.1)	(30,049.1)	-	(30,049.1)
- Interim dividend paid		-	-	(23,237.8)	-	-	(23,237.8)	-	(23,237.8)
- proposed final dividend for 2023	15	-	-	(24,840.6)	-	24,840.6	-	-	-
- Capital contribution from NCI shareholders*		-	-	-	-	-	-	14,274.6	14,274.6
		-	-	(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

* 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 application of IAS 29 (Note 36).

Company Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2024

COMPANY

	Notes	Share capital KShs'm	Share premium KShs'm	Retained earnings KShs'm	Proposed dividend KShs'm	Total equity KShs'm
Year ended 31 March 2024						
At start of year		2,003.3	2,200.0	137,065.2	24,840.6	166,109.1
Profit for the year		-	-	82,653.8	-	82,653.8
Transactions with owners:						
Dividend:						
- 2023 final dividends paid	15	-	-	-	(24,840.6)	(24,840.6)
- 2024 Interim dividends paid	15	-	-	(22,036.0)	-	(22,036.0)
- Proposed final dividend for 2024		-	-	(26,042.5)	26,042.5	-
		-	-	(48,078.5)	1,201.9	(46,876.6)
At end of year		2,003.3	2,200.0	171,640.5	26,042.5	201,886.3
Year ended 31 March 2023						
At start of year		2,003.3	2,200.0	110,204.0	30,049.1	144,456.4
Profit for the year		-	-	74,939.6	-	74,939.6
Transactions with owners:						
Dividend:						
- 2022 final dividend	15	-	-	-	(30,049.1)	(30,049.1)
- 2023 interim dividend	15	-	-	(23,237.8)	-	(23,237.8)
- Proposed final dividend for 2023		-	-	(24,840.6)	24,840.6	-
		-	-	(48,078.4)	(5,208.5)	(53,286.9)
At end of year		2,003.3	2,200.0	137,065.2	24,840.6	166,109.1

Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	GROUP		COMPANY	
		2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Cash flows from operating activities					
Cash generated from operations	31(a)	149,469.2	159,596.8	178,939.7	160,263.4
Interest received		2,155.0	1,571.0	1,940.2	1,302.3
Income tax paid	12(b)	(43,700.6)	(45,016.7)	(41,618.4)	(44,493.9)
Net cash generated from operating activities		107,923.6	116,151.1	139,261.5	117,071.8
Cash flows from investing activities					
Purchase of property and equipment		(66,636.1)	(66,331.2)	(48,839.8)	(38,564.0)
Proceeds from disposal of property and equipment		290.0	43.8	261.0	43.6
Acquisition of intangible assets	21	(30,992.5)	(5,143.0)	(10,514.8)	(5,143.0)
Assets retirement obligations payments		(59.6)	–	(59.6)	–
Proceeds / investment in other financial assets	28	28.6	(28.6)	–	–
Movement in restricted cash		(796.0)	(116.6)	336.9	416.0
Dividends from subsidiaries		–	–	–	4,200.0
Loans to joint ventures	32(x)(a)	(1,075.0)	(300.0)	(1,075.0)	(300.0)
Loans to subsidiaries	32(x)(b)	–	–	(9.2)	(120.0)
Investment in subsidiaries	23(a)	–	–	(20,663.9)	(18,116.1)
Investment in associates and joint ventures	23(b)	(977.6)	–	(897.0)	–
Net cash used in investing activities		(100,218.2)	(71,875.6)	(81,461.4)	(57,583.5)
Cash flows from financing activities					
Dividends paid	15	(42,010.4)	(63,557.8)	(42,010.4)	(63,557.8)
Repayment of lease liabilities- principal	22(b)	(7,727.1)	(8,349.1)	(3,898.1)	(4,001.3)
Repayment of lease liabilities- interest	22(b)	(1,913.7)	(1,768.5)	(1,811.0)	(1,735.3)
Interest paid on borrowings		(12,776.5)	(6,924.4)	(10,907.6)	(6,415.4)
Proceeds from borrowings	16	65,841.3	62,238.1	36,892.5	51,500.0
Repayment of borrowings	16	(41,103.9)	(42,777.2)	(35,055.3)	(42,777.2)
Capital contribution from NCI shareholders		29,993.8	14,274.5	–	–
Net cash used in financing activities		(9,696.5)	(46,864.4)	(56,789.9)	(66,987.0)
(Decrease) / increase in cash and cash equivalents		(1,991.1)	(2,588.9)	1,010.2	(7,498.7)
Movement in cash and cash equivalents:					
At start of year		22,098.1	30,779.6	18,061.9	25,560.6
Net foreign exchange differences		1,923.5	537.7	–	–
Net monetary gain/(loss) on cash and cash equivalents		837.7	(6,630.3)	–	–
(Decrease) / increase in cash and cash equivalents		(1,991.1)	(2,588.9)	1,010.2	(7,498.7)
At end of year	26(a)	22,868.2	22,098.1	19,072.1	18,061.9

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2024

1 General information

Safaricom Plc is incorporated in Kenya under the Kenyan Companies Act, 2015 as a public limited liability company and is domiciled in Kenya.

The Company's shares are listed on the Nairobi Securities Exchange.

For the Kenyan Companies Act, 2015, reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income, in these financial statements.

2 Summary of accounting policies

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

(a) Basis of preparation

The financial statements, except for cashflow information have been prepared using the accrual accounting basis and in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. The financial statements are presented in Kenya Shillings (KShs), which is also the functional currency of the Company, rounded to the nearest million (KShs 'm), except where otherwise stated.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Measurement basis

The measurement basis used is the historical cost basis adjusted for the effects of inflation where entities operate in hyperinflationary economies except for investment property that has been measured at fair value. The financial statements have been adjusted for the effects of inflation for Safaricom Telecommunication Ethiopia Plc as the Ethiopian economy was declared hyperinflationary on or after 31 December 2022.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

New and amended standards

The following amendments became effective during the year:

New standards or amendments	Effective for annual period beginning on or after
IFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	1 January 2023
International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12	Immediately

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2 Summary of accounting policies (continued)

(a) Basis of preparation (continued)

Measurement basis (continued)

New and amended standards (continued)

These amendments apply for the first time in the year, but do not have significant impact on the audited financial statements of the Group and Company:

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply.

The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The new standard had no impact on the Group's consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

Definition of Accounting Estimates - Amendments to IAS 8 The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's consolidated financial statement.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

These amendments had no impact on the Group's consolidated financial statements.

International tax Reform – Pillar two Model Rules – Amendments to IAS 12

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon issue of the amendments. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023.

These amendments had no impact on the Group's consolidated financial statements.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2 Summary of accounting policies (continued)

(a) Basis of preparation (continued)

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are listed below:

New standards or amendments	Effective for annual period beginning on or after
Classification of Liabilities as Current or Non-current and Non-current Liabilities with covenants - Amendments to IAS 1	1 January 2024
Lease Liability in a sale and leaseback – Amendments to IFRS 16	1 January 2024
Disclosures: Supplier Finance Arrangements -Amendments to IAS 7 and IFRS 7	1 January 2024
Lack of exchangeability – Amendments to IAS 21	1 January 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	To be determined

Other than the impact assessments disclosed on specific standards and interpretations below, the impact for the adoption of the remaining standards and interpretations on Group are still being assessed.

The following standards and interpretations are expected to affect the Group's annual financial statements when they become effective.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.

Lease Liability in a Sale Leaseback – Amendments to IFRS 16

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right-of-use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right-of-use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

A seller-lessee applies the amendment to annual reporting periods beginning on or after 1 January 2024. The amendments are not expected to have a material impact on the Group, but directors will continue to assess the impact up to the point of initial application.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2 Summary of accounting policies (continued)

(a) Basis of preparation (continued)

Standards issued but not yet effective (continued)

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7 (continued)

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. The amendments are not expected to have a material impact on the Group and Company, but directors will continue to assess the impact up to the point of initial application.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21) that specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date and to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. The amendments are not expected to have a material impact on the Group and Company, but directors will continue to assess the impact up to the point of initial application.

Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investor's interests in the associate or joint venture. The amendments are not expected to have a material impact on the Group and Company, but directors will continue to assess the impact up to the point of initial application.

(b) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2024. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it has power over the investee, when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date in which control is transferred to the Group. They are deconsolidated from the date that control ceases.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2 Summary of accounting policies (continued)

(b) Basis of consolidation (continued)

(i) Subsidiaries (continued)

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively. When the proportion of the equity held by non-controlling interests changes, the Group adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The Group recognises directly in equity any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received, and attribute it to the owners of the parent.

(ii) Investment in associates

Associates are all entities over which the Group has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. This is generally the case where the Group holds between 20% and less than 50% of the voting rights of the entity. In assessing existence of significant influence, the Group considers among other parameters whether there is:

- Representation on the board of directors or equivalent governing body of the investee
- Participation in the policy-making process and material transactions between the investor and the investee
- Interchange of managerial personnel between the investor and the investee
- Provision of essential technical information by the investor to the investee.

In certain instances, the requirement that significant influence arises from a 20% or more in investments can be invalidated where an entity can demonstrate that it does not have significant influence, or there is demonstrable presence of significant influence in an investment of less than 20% based on the above assessment criteria.

Investments in associates are accounted for using the equity method of accounting. The initial investment is recognised at cost of acquisition and any share of profit or loss from the investment is reflected as changes in the value of the investment. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income.

Dividend received or receivable from associates are recognised as a reduction in the carrying amount of the investment. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment. A gain on bargain purchase - is recognised through statement of profit or loss and other comprehensive income.

The carrying amount of investment in associates is tested for impairment in accordance with the policy described in Note 2(i).

(iii) Investment in joint ventures

The Group assesses its joint arrangements to determine whether they are joint ventures or joint operations. A joint venture arises from a joint arrangement where the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The resultant share of operational results, assets and liabilities of joint ventures are incorporated in the consolidated annual report and financial statements from the date on which the Group has joint control and derecognised on the date when the Group ceases to have such control.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2 Summary of accounting policies (continued)

(b) Basis of consolidation (continued)

(iii) Investment in joint ventures (continued)

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Under the equity method, joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of the investment. Losses of a joint venture in excess of the Group's interest in that joint venture are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment. A gain on bargain purchase is recognised through statement of profit or loss and other comprehensive income.

The carrying amount of investment in joint ventures is tested for impairment in accordance with the policy described in Note 2(j).

(iv) Separate financial statements

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment and investment in associates and Joint venture are accounted for using the equity method. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Senior Leadership Team (SLT) which makes strategic decisions.

The SLT consider the Group to be comprised of two operating segments, namely Kenya and Ethiopia. The financial statements are presented on the basis that risks and rates of return are related to these two reportable segments. Entity wide segments information is the same as that presented in these financial statements. There are no revenues from transactions with a single external customer that amount to 10% or more of the Group's revenue. For further details, refer to Note 37.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Kenya Shillings (KShs), which is the Group's and Company's presentation currency. The Company's functional currency is Kenya Shillings.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Differences arising on settlement or translation of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation are recognised in other comprehensive income (OCI) until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2 Summary of accounting policies (continued)

(d) Foreign currency translation (continued)

(ii) Transactions and balances (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

(iii) Translation of foreign operations

The results and financial position of Group entities which are not accounted for as entities operating in hyperinflationary economies and that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- Assets and liabilities, including goodwill and fair value adjustments arising on acquisition, are translated at rates of exchange ruling at the reporting date.
- Income and expenditure are translated at weighted average exchange rates for the period or translated at exchange rates at the date of the transaction, where applicable; and
- Foreign exchange translation differences are recognised in OCI and accumulated in the foreign currency translation reserve (FCTR), except to the extent the difference is allocated to non-controlling interests.

The results and financial position of the Group entities, which are accounted for as entities operating in hyperinflationary economies and that have functional currencies different from the presentation currency of the Group are translated into the presentation currency of its immediate parent at rates of exchange ruling at the reporting date. As the presentation currency of the Group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level or exchange rates in the current financial year.

An entity may have a monetary item that is receivable from a foreign operation. An item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the entity's net investment in that foreign operation. On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income and accumulated in the foreign currency translation reserve.

(iv) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Kenya Shillings at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates prevailing in the months of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2 Summary of accounting policies (continued)

(e) Hyperinflation

The financial statements of the Group entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period.

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the consumer price index from the date of acquisition to the end of the reporting period. On initial application of hyperinflation, prior period gains and losses are recognised directly in equity.

An impairment loss is recognised in profit or loss if the restated amount of a non-monetary item exceeds its estimated recoverable amount. Gains or losses on the net monetary position are recognised in profit or loss. All items recognised in the income statement are restated by applying the change in the consumer price index from the dates when the items of income and expenses were initially earned or incurred.

At the beginning of the first period of application, the components of equity, except retained earnings and revaluation surplus, are restated by applying a consumer price index from the dates the components were contributed or otherwise arose. Any revaluation surplus that arose in previous periods is eliminated. These restatements are recognised directly in equity as an adjustment to opening retained earnings. Restated retained earnings are derived from all other amounts in the restated statement of financial position.

If on initial application of hyperinflation accounting the restated value of the non-monetary assets exceed their recoverable amount, the amount in excess of the recoverable amount is recorded as a reduction in retained earnings.

At the end of the first period and in subsequent periods, all components of equity are restated by applying a consumer price index from the beginning of the period or the date of contribution, if later. All items in the statement of cash flows are expressed in terms of the consumer price index at the end of the reporting period.

The Ethiopian economy has been classified as hyperinflationary. Accordingly, the results, cash flows and financial position of the Group's subsidiary; Safaricom Telecommunication Ethiopia Plc have been expressed in terms of the measuring unit current at the reporting date. For further details, refer to Note 36.

(f) Revenue recognition

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. Depending on whether certain criteria are met, revenue is recognised:

- Over time, in a manner that best reflects the delivery of the Group's performance obligations; or
- At a point in time, when control of the goods or services is transferred to the customer.

The Group applies the five-step model as per IFRS 15 - Revenue from contracts with customers, to determine when to recognise revenue and at what amount.

The following approach is used:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract and
- Recognise revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Group accounts for a contract with a customer only when;

- i) There is evidence of an arrangement
- ii) The Group can identify each party's rights and obligations regarding the goods and services to be transferred
- iii) The contract has commercial substance and collectability is reasonably assured.

The transaction price is allocated between performance obligations based on relative standalone selling prices as determined at contract inception.

Since the timing and classification of revenue recognised for a contract will often be dependent on the standalone selling prices that are identified for each performance obligation, the determination of standalone selling prices is critical.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2 Summary of accounting policies (continued)

(f) Revenue recognition (continued)

The standalone selling price of a performance obligation is the observable price for which the good or service is sold by the Group in similar circumstances to similar customers. If a standalone selling price is not directly observable, then it is estimated. Estimations consider all relevant facts and circumstances and maximise the use of observable inputs.

Customers typically pay in advance for prepay mobile services and monthly for other communication services. Customers typically pay for handsets and other equipment either upfront at the time of sale or over the term of the related service agreement.

The Group's principal business has been the provision of telecommunication services. Airtime can be bought as scratch cards or PINless top ups through dealers and own-retail centers spread across the country. Customers can also buy airtime through M-PESA, emergency top up and direct top up for bulk purchases. Revenue from sale of the airtime is deferred and recognised as revenue on usage or expiry. Customers can use airtime to make voice calls, send SMS and browse the internet.

Voice and SMS revenue

Voice and SMS services enable both prepay and postpay customers to make calls and send text messages respectively within and outside the network. Prepay customers top up their phones by either buying prepay cards from dealers, other retail outlets, M-PESA or borrowing credit through emergency top up service (Okoa Jahazi). They can also receive airtime from other subscribers through Sambaza. Postpay customers subscribe to various tariffs and are billed at the end of the month based on a fixed charge or usage.

The headline voice tariff for prepay customers is called Uwezo and Advantage tariff for postpay customers. The on-net and off-net rate is KShs 4.67 per minute during the peak hours (08:00 to 22:00) and KShs 2.40 per minute during off-peak hours (22:00 to 08:00) applicable to both prepay and post-pay customers. Revenue from prepay voice customers is recognised on usage whereas postpay revenue is recognised at the end of every month based on a monthly charge.

In the spirit of giving value to the customers, the Group has introduced voice bundles including regional based offerings and Tunukiwa which have segmented price offerings for the customers. The Group also has in place the 'Stori Ibambe' bonus scheme where the subscribers are awarded 100% bonus airtime on achieving a daily target of usage, with the bonus valid until midnight daily. The bonus can be used for Safaricom-to-Safaricom voice calls and SMS, and revenue is recognised based on customers usage or upon expiry.

A non-expiry product named 'Milele Airtime' (Neo) is also available for use to either call or SMS at the normal rates. On purchase of Neo product, the billed amount is deferred and only revenues recognised when the service is rendered as either voice or SMS.

The Group has signed interconnect agreements with both local and foreign partners. This allows customers from either network to originate or terminate calls to each other's network. Revenue is earned and recognised when partners' calls are terminated to the Groups' network i.e., the service is rendered.

The Group has roaming agreements with roaming partners that enable customers to make and receive calls when travelling around the world. The agreed charges vary per partner. When visitors roam on Safaricom network, revenue is earned by billing the visiting customers' network while revenue from Safaricom customers is earned from customer billing for voice, SMS and data usage while roaming on other networks. Revenue is recognised on billing.

Customers can send messages for KShs 1.20 per SMS on both on-net and off-net. There are also attractive SMS bundles which offer an effective price per SMS lower than KShs 1.20. Revenue from SMS service is recognised on earlier of usage or expiry of SMS bundle.

Data revenue

Mobile data enables both Prepay and Postpay customers access the internet. Prepay customers top up their lines by purchasing credit or bundles in advance whereas Postpay customers are availed credit based on the tariff subscribed.

Mobile data has a wide range of propositions available as per customers' requirements. These include, Pay as you Go, hourly bundles, daily bundles, 3-day, 7-day, 14-day, 30-day bundles and time-based billing.

The data bundles are deferred on purchase and recognised as revenue on the earlier of usage or expiry.

The validity of purchased but unutilised data bundles is extended upon additional purchase of the same data bundles and the Group prompts the subscriber in advance before unutilised bundles expire and are consequently unavailable for use.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2 Summary of accounting policies (continued)

(f) Revenue recognition (continued)

Data revenue (continued)

The Group introduced no expiry data bundles dubbed Neo data that allows customers to buy data for any amount they wish. As a result, customers have the option of purchasing data packs with set expiry and higher value, or non-expiry packs.

The Group has in place, My Data Manager, a tool that gives subscribers power to control data bundle usage and allows them to restrict browsing out of bundle which enables them to take control of their browsing and internet usage.

The Group has rolled out its own home fibre to connect both households and businesses through Fibre to the Home (FTTH) and Fibre to the Building (FTTB) services that enable fast, reliable and unlimited internet access from the comfort of a customer's home/premises. This service is open and available to all customers residing within areas that have Safaricom fibre infrastructure ready and have applied to have their homes / premises connected to the Safaricom fibre grid.

The price charged is based on the bandwidth and speed contracted by the customer. The price is charged upfront for a standard period of 7 days and/or 30 days and the customer can renew the subscription by making a payment. The amount charged is deferred and recognised as revenue proportionately over the subscription period.

Integrated bundles

An integrated bundle is a one-stop package that offers subscribers freedom to choose their preferred resources in the form of voice minutes, SMS bundles and mobile data bundles.

The Group has in place All in One monthly bundles, Tunukiwa tariff, S-Hook, Postpay packs and Make Your bundle.

All in One monthly bundles are available to all Safaricom customers (prepay, postpaid and hybrid) and they have a simplified journey that seeks to offer the consumer the best choice for maximizing their purchase, including free WhatsApp access once the customer exhausts their mobile data bundle and the expiry date has not yet elapsed. Customers can access these bundles on USSD *544#, *100#, *200# and *456#, select the amount they wish to spend and then view all data and integrated products and resources at the respective amounts. All in one monthly bundles have a validity of 30 days with the possibility of rolling over resources if the customer purchases the same bundle before expiry.

Tunukiwa tariff is a personalised offer that is based on an individual customer usage, network utilisation, capacity availability, device type and general location. Daily, upon dialing *444# from their Safaricom line, customers access a list of custom-made options being number and value of voice minutes, SMS bundles and mobile data bundles, to choose from. The customers can purchase multiple options of the personalised package depending on their preferences. The personalised options are subject to the validity as specified in the USSD (*444#) before purchase.

S-Hook is a platform that empowers the youth using mobile phones and targets the fast growing 16- to 24-year-old demographic group. The platform offers access to custom-made tariffs and product offerings that leverage Safaricom's extensive mobile network.

Make Your Bundle is an integrated proposition that allows customers across all segments to access voice and data propositions while choosing their preferred validity from hourly to monthly as well as choosing the amount of money/airtime they wish to spend for the pack. This gives flexibility to customers wishing to purchase an integrated pack that's shorter than 30-days in validity and allows them to access both products with their preferred product mix.

The price charged on these bundles is deferred on purchase and recognised as revenue on utilization by the customers or on expiry in line with the validity period. Revenue from integrated bundles is recognised under the respective revenue stream i.e., voice, SMS and/or mobile data revenue streams.

M-PESA revenue

M-PESA is a mobile money transaction service allowing customers to deposit, transfer and withdraw money or pay for goods and services (Lipa na M-PESA) using a mobile phone. M-PESA is available to all Safaricom subscribers (Prepay and Postpay). Registration is free and available at any M-PESA agent countrywide. The M-PESA application is installed on the sim-card and works on all makes of handsets.

Payment products and services

Revenue from the payment services is earned at a point in time and is largely from transfer and withdrawal transactions performed by customers. A graduated tariff depending on the funds being transacted is applied on all transactions which are cumulatively reported as M-PESA transaction revenue.

The Group has in place an M-PESA tariff dubbed 'M-PESA Kadogo' where transaction charges for single transaction amounts that are up to KShs 100 were waived. This allows subscribers to send as little as KShs 1 on the M-PESA platform with nil charges.

Lipa na M-PESA enables merchants to accept cashless payments for goods and services from customers. Revenue is earned on all the transactions based on a graduated tariff applied on the transacted values. Revenue is recognized at a point in time when the transactions occur.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2 Summary of accounting policies (continued)

(f) Revenue recognition (continued)

Payment products and services (continued)

'Pochi La Biashara' is a micro merchant service that allows small business owners such as food vendors, small kiosk owners, boda-boda operators, secondhand clothes dealers, etc., to receive and separate business funds from personal funds on their M-PESA line. A graduated tariff depending on the funds being transacted is applied on all transactions which are cumulatively reported as M-PESA transaction revenue.

The M-PESA Kadogo tariff has also been extended to merchant services where commission charges for single transaction amounts that are up to KShs 200 were waived for merchants. This allows for merchants to accept payments as little as KShs 1 on the M-PESA platform with nil charges.

Remittance products and services

Safaricom Plc through its fully owned subsidiary, Safaricom Money Transfer Services Limited (SMTSL), operates the remittance services that allows customers to send and receive money to a beneficiary through registered mobile phone numbers in partnership with third party International Money Remittance (IMT) Providers. Revenues is earned from transaction fees charged to customers for international money transfers (inbound and outbound). The revenue is recognised at a point in time.

Global payment products and services

In partnership with VISA the group operates a visa virtual card dubbed 'M-PESA GlobalPay' that is powering the ecommerce opportunities for M-PESA customers and make it easier for Kenyans when travelling abroad. The virtual card is linked to the M-PESA wallet and enables one to make payments to international online sites for goods and services through Visa's global network. Safaricom earns a proportion of the fee based on a prescribed revenue share matrix. The revenue is recognized at a point in time.

Digital financial services

In partnership with Kenya lenders, NCBA Bank Kenya Limited and KCB Bank Kenya Limited, consumers and businesses can access digital saving and lending products and services.

An Overdraft (OD) facility dubbed 'Fuliza', enables customers to access unsecured line of credit by overdrawing on M-PESA to cover short-term cash-flow shortfalls subject to an applicable pre-determined limit.

Fuliza is underwritten by Kenyan lenders, NCBA Bank Kenya Limited and KCB Bank Kenya Limited. Customers who 'opt in' on Fuliza are charged a one-off access fee and daily maintenance fees on unpaid loan amounts based on a pre-determined matrix. Safaricom earns a proportion of the fee based on a pre-determined revenue share matrix. The revenue is recognised at a point in time.

In line with the financial inclusion strategy savings and loan services enables M-PESA customers to borrow money in times of need or to complement their savings dubbed M-shwari and KCB M-PESA. The services enable customers to save as little as KShs 1 (USD 0.008) and get loans from KShs 50 (USD 0.37) to KShs 1 million (USD 7,491). M-shwari loan is underwritten by Kenyan Lender NCBA Bank Kenya Limited while KCB M-PESA loan is underwritten by KCB Bank Kenya Limited. Customers who opt-in to the services are charged a predetermined one-time access fee. Safaricom earns a proportion of the fee based on a pre-determined revenue share matrix. The revenue is recognised at a point in time.

This has enabled more subscribers to get access to mobile banking services. There are no application forms, ledger fees, limits on the frequency of withdrawal and minimum operating. M-Shwari lock box product enables customers to make fixed deposit savings at a higher interest rate.

The Group in partnership with KCB Bank Kenya limited launched a merchant value preposition dubbed 'boost ya biashara' which is an overdraft business credit line for M-PESA Merchants. The facility allows business owners to complete transactions, by overdrawing their accounts, when they have insufficient funds in their M-PESA business tills. Boost ya Biashara is underwritten by a Kenyan Lender KCB Bank Kenya Limited and customers who opt-in are charged an access fee for every disbursement with a predetermined tiered matrix daily maintenance fee. Safaricom earns a proportion of the fee based on a prescribed revenue share matrix. The revenue is recognized at a point in time.

Super Apps, Mini Apps & Application Programming Interface (API)s

M-PESA APIs & Super Apps powers integrations & partnerships as M-PESA has evolved into an ecosystem technology platform. The Super App and Mini App ecosystem seamlessly connect to third party services to offer more value to customers while the API economy is reshaping the financial services sector by enabling more open, integrated, and customer-centric services. It provides opportunities for financial institutions to innovate, collaborate, and create new business models, making it a key driver of digital transformation in the sector. Safaricom earns subscription-based fees from the ecosystem partners. The revenue is recognized at a point in time.

Other service revenue

This includes access fees charged on emergency top up service when a customer borrows airtime (Okoa Jahazi) and data bundles (Okoa Data) with the debt being repayable within five days.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2 Summary of accounting policies (continued)

(f) Revenue recognition (continued)

Loyalty program

The Groups loyalty programme, 'Bonga Points', was introduced in January 2007 for both Prepay and Post-pay subscribers. Under this scheme, subscribers earn one Bonga point for every KShs 10 spent on voice calls, short messages service (SMS), data and KShs 100 for M-PESA services. These points can be redeemed for airtime, SMS or merchandise such as phones, modems and tablets at Safaricom retail outlets.

The Group has in place the 'Bonga everywhere' scheme where subscribers can utilize their Bonga points in appointed retail outlets e.g., Naivas Limited amongst others to purchase goods and services.

Management defers revenue for every point accumulated and recognizes the revenue relating to the points earned on redemption either at a point in time (for merchandise or Bonga everywhere) or overtime based on the usage of acquired resources. Management also recognizes revenue on the remaining loyalty points for churned sim cards at the point when the sim cards are churned.

In addition, Enterprise Business customers earn loyalty points upon achievement of their revenue targets and the accumulated amounts are only redeemable after the maturity of the underlying revenue contracts with the Group. Management defers revenue for amounts accumulated guided by a pre-determined matrix and recognizes the revenue earned upon redemption.

Contract related costs

Connection commissions paid to dealers and SIM activation costs are recognised as costs to fulfill a contract in the statement of financial position when the related payment obligation is extinguished through payments.

Deferred SIM costs are incurred prior to connecting customers to the network and are recognised as costs to obtain a contract in the statement of financial position when the SIM card is sold to the dealer. Contract cost are then amortised over the customer life as determined by the Group.

Other revenue

This includes, among others, site rentals. Site rental revenue is billed monthly and is based on the number of sites and equipment hosted per site. Revenue is recognised systematically over the lease period. Please refer to accounting policy 2(k) Accounting for leases, for the Group's lessor accounting policy in this regard.

Miscellaneous income

Miscellaneous income includes among others cash discounts received from vendors, donations from third parties utilised to fund Safaricom Foundation activities, and gains on disposal of property and equipment.

(g) Property and equipment

All categories of property and equipment are initially recorded at cost. Following initial recognition, property and equipment are carried at cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life as follows:

Network infrastructure	5–20 years
Equipment and motor vehicles	4–10 years
Fibre	25 years
Leasehold improvements	Shorter of life of lease or useful life of the asset
Network maintenance spares	4–10 years

Depreciation relating to the property and equipment of Safaricom Telecommunications Ethiopia Plc is based on the restated amounts, which have been adjusted for the effects of hyperinflation.

Spare parts, standby equipment and servicing equipment are recognised as property and equipment when they meet the definition of property, plant and equipment.

The assets residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each period end. 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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2 Summary of accounting policies (continued)

(g) Property and equipment (continued)

Property and equipment acquired in exchange for non-monetary assets, or a combination of monetary and non-monetary assets are measured at fair value of the new asset. If the fair value of the newly acquired asset cannot be determined reliably, then the newly acquired asset is measured at the carrying amount of the asset given up.

The carrying amount of an item of property and equipment is derecognised on disposal; or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property and equipment is included in profit or loss when the item is derecognised. The gain or loss from the derecognition is calculated as the net disposal proceeds (usually income from sale of item) less the carrying amount of the item.

As the functional currency of Safaricom Telecommunication Ethiopia Plc is currency of hyperinflationary economies, property and equipment relating to the subsidiary are restated by applying the change in the consumer price indices from the date of acquisition to the current reporting date. Depreciation relating to property and equipment of Safaricom Telecommunication Ethiopia Plc is based on the restated amounts which have been adjusted for the effects of hyperinflation.

Asset Retirement Obligations (ARO)

The Group accounts for the costs associated with dismantling and removing network infrastructure assets and returning a network infrastructure site to its original condition upon termination of the network infrastructure site.

A restoration provision is recorded based on the best estimate of the average restoration costs (being the future costs relating to dismantling and removing property and equipment and restoring each site) multiplied by the number of sites for which the Company has a restoration obligation.

The best estimate of average restoration costs per site is determined using historical and current experience, adjusted where necessary for known factors which will impact the future. In the absence of such experience, the best estimate is based on quotations obtained from relevant suppliers or an equally rigorous internal costing process.

Upon recognition of a provision, a corresponding amount is recognised as part of the cost of the asset and depreciated over its useful life, which would normally be the period to the removal of the network infrastructure from the site. This period should not exceed the remaining lease term.

Where the impact is material, the provision, as originally established, should be discounted using the appropriate pre-tax discount rate. This discount should be unwound through the finance cost in the statement of profit or loss over the period to the lease termination date.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. The changes and adjustments to the provisions are made directly against the underlying asset to which the provision relates.

(h) Investment properties

Investment properties are properties held to earn rentals and/ or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. The Group reassess the fair value of its investment property annually.

An investment property is de-recognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is de-recognised.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2 Summary of accounting policies (continued)

(i) Intangible assets – network licences

Separately acquired trademarks and licenses are measured on initial recognition at cost. Following initial recognition, they are carried at cost, net of accumulated amortisation and accumulated impairment losses, if any. Licenses acquired in a business combination are recognised at fair value at the acquisition date. Licenses that have a finite useful life are carried at cost less accumulated amortisation and assessed for impairment whenever there is indication that the licence may be impaired. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives of 10 to 15 years.

As the functional currency of Safaricom Telecommunication Ethiopia Plc is currency of hyperinflationary economies, intangible assets relating to the subsidiary are restated by applying the change in the consumer price indices from the date of acquisition to the current reporting date.

A telecommunication license is a requirement of the Communications Authority of Kenya (CA) for mobile telephone companies. The licence is renewable for an additional period upon its expiry. Currently Safaricom Plc is licenced under the Unified Licence Framework which is technology and service neutral.

Telecommunication license fees are capitalised at cost and amortised over the period of the license using the straight-line method from commencement of the service of the network.

Safaricom has the following licences:

- Network Facilities Provider licence Tier 1 (NFP) licence;
- Applications Services Provider (ASP) licence;
- Content Service Provider (CSP) licence;
- International Gateway Systems and service (IGSS) licence;

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 the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Amortisation relating to Safaricom Telecommunication Ethiopia Plc is based on the restated amounts, which have been adjusted for the effects of hyperinflation.

There are annual network licence fees associated with these licences which are expensed each year.

The following licences are also in place for subsidiaries.

- Subscription Broadcasting Licence issued by Communication Authority of Kenya on 16 July 2019 to Comtec Integration Systems Limited valid for 10 years.
- Unified Telecommunications Services License issued by Ethiopian Communications Authority (ECA) on 9 July 2021 to Safaricom Telecommunications Ethiopia Plc valid for 15 years.
- Payment Instrument issuer (PII) license for subsidiary MPESA launched in 15 August 2023 for a period of 14 years

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 the statement of profit or loss.

(j) Impairment of non-financial assets

The Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit 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 cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds 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 or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's revenue generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2 Summary of accounting policies (continued)

(j) Impairment of non-financial assets (continued)

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, 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 Group 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, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Accounting for leases

Group 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group 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 Group 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, being the present value of the lease payments paid or payable at or before the commencement date, plus any initial direct costs incurred in entering the lease and dismantling & restoration costs, less any lease incentives received less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are also subject to impairment. Refer to Note 22(a).

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments included in the lease liability include fixed payments and in-substance fixed payments during the term of the lease less any lease incentives receivable, variable lease payments that depend on an index or a rate, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease and amounts expected to be payable by the lessee under residual value guarantees.

In calculating the present value of lease payments, the Group 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 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 or a change in the assessment of an option to purchase the underlying asset. The Group lease liabilities are shown in Note 22(b).

The Group is the lessor - operating leases

An operating lease is a lease in which substantially all of the risks and rewards of the leased assets remain with the lessor. Where the Group is the lessor, lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. The Group recognises leased assets on the statement of financial position as right-of-use assets.

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.

The Group acts as lessor of sites. These leases have an average life of between five and ten years with renewal options included in the contracts. There are no restrictions placed upon the lessee by entering into these leases. Rental income recognised by the Group during the year is KShs 3,215.4 million (2023: KShs 2,557.5 million).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2 Summary of accounting policies (continued)

(k) Accounting for leases (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of sites, shops, facilities and secondees/expatriates houses (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of sites, shops, facilities and secondees/expatriates houses that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(l) Financial assets

Initial recognition

Financial instruments are recognised when, and only when, the Group becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the Group commits itself to the purchase or sale.

Initial measurement

On initial recognition:

- Trade receivables are measured at their transaction price.
- All other financial assets and financial liabilities are initially measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument, except for financial assets and financial liabilities measured at fair value for which the directly attributable transaction costs are expensed in profit or loss.

Classification

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost.

Financial assets held during the year were classified as follows:

- Trade and other receivables, loan to subsidiary, loans and receivables due from related parties, cash and cash equivalents were classified as at amortised cost.
- Restricted cash was classified as amortised cost.

Subsequent measurement

After initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Impairment

The Group recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial assets for which:

- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For receivables, due from related parties and bank balances, the Group and Company applies a simplified approach in calculating ECLs. Therefore, the Group recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, and assessed forward-looking factors specific to the debtors, banks and the economic environment.

The Group considers a financial asset to be in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default and credit impaired when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2 Summary of accounting policies (continued)

(l) Financial assets (continued)

Presentation

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the reporting date, those which directors has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

As the functional currency of Safaricom Telecommunications Ethiopia Plc is of hyperinflationary economy prepayments relating to this subsidiary are restated by applying the change in the general price indices from the date of payment to the current reporting date.

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 Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group 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 Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.

Write-off

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(m) 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 and payables.

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 Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified as financial liabilities at amortised cost (loans and borrowings and payables).

Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (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.

Trade and other payables excluding deferred revenue as well as dividends payable are not interest bearing and are subsequently stated at their nominal values.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2 Summary of accounting policies (continued)

(m) Financial liabilities (continued)

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 liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. No such arrangements were in place in the year under review.

(n) Indefeasible rights of use

The Group enters into long-term fibre contracts under which it purchases capacity from fibre networks. The purchase involves making prepayments to acquire indefeasible right of use (IRU) for a fixed period. The prepayment is amortised and recognised in the profit or loss on a straight-line basis over the life of the contract.

Provider	Inception	Contract period
The East African Marine Systems Limited (TEAMS)	1 May 2011	25 years
Kenya Power and Lighting Company (KPLC)	1 Feb 2010	20 years
SEACOM	1 July 2008	20 years

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of inventories comprises purchase price and other costs incurred in bringing each product to its present location and condition. 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.

Provisions for saleable inventories are made based on aged listing for items older than 180 days, damaged and unusable stocks. As the functional currency of Safaricom Telecommunications Ethiopia Plc is of hyperinflationary economy, inventories relating to this subsidiary are measured at the lower of the restated cost and net realisable value.

(p) Payable and accrued expenses

Payables and accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables and accrued expenses are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables and accrued expenses are recognised initially at fair value net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Payables and accrued expenses are derecognised when the obligation under the liability is discharged or cancelled or expires or when an existing financial liability is replaced by another from the same lender on substantially different terms.

(q) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value (KShs 0.05) of the shares is classified as 'share premium' in equity.

Ordinary shares represent the residual economic value of a Company. They carry rights to distribution of profits through dividend, to the surplus assets of a Company on a winding up and to votes at general meetings of the Company.

There are no differences in the voting rights of the ordinary shares held by the shareholders of the Company.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2 Summary of accounting policies (continued)

(r) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

(s) Restricted cash

Restricted cash and cash equivalent balances are those which meet the definition of cash and cash equivalents but are not available for use by the group.

Restricted cash relates to deposits held with Housing Finance Group Limited, NCBA Bank Kenya Limited and KCB Bank Kenya Limited. The cash is used as a backup for the staff mortgage loans and its withdrawal is restricted, up to the point when the mortgage has been repaid.

The restricted cash is initially measured at fair value using discounted cash flow method. The discount rate used is based on 70% of the Central Bank of Kenya Rate (CBR). Subsequently, the restricted cash is measured at amortised cost. The difference between the actual cash held as deposits and the determined value (i.e. the deferred restricted cash asset) is amortised over the term of the deposit.

(t) Employees benefits

(i) Retirement benefit obligation

The Group has a defined contribution plan for its employees. The Group and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense when they are due.

(ii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iii) Other entitlements

The estimated monetary liability for employees accrued annual leave entitlement at the statement of financial position date is recognised as an expense accrual.

(iv) Short-term benefits

Short-term benefits consist of salaries, bonuses and any non-monetary benefits such as medical aid contributions and free services. They exclude equity-based benefits and termination benefits. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2 Summary of accounting policies (continued)

(u) Share-based payments

The Group operates an Employee Performance Share Award Plan (EPSAP) under which senior management and other qualifying staff are entitled to receive a predetermined number of shares at a predetermined price, subject to fulfilment of the vesting conditions.

The process of EPSAP includes the Group purchasing shares from the market pro-rata to vesting period and then issuing the same to eligible employees after a 3-year vesting period at no cost. The shares are purchased through a Trust and held until the end of the vesting period. The cost of purchase is charged to profit or loss statement.

(v) Taxes

The income tax expense for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity respectively.

Income tax expense

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated and separate financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

The carrying amount of deferred 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 re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Generally, the Group is unable to control the reversal of the temporary difference for associates except where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

As the functional currency of Safaricom Telecommunications Ethiopia Plc is of hyperinflationary economy, deferred tax relating to this subsidiary is recognised using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their restated carrying amounts.

Value added tax

Expenses and assets are recognised net of the amount of Value Added Tax (VAT) except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2 Summary of accounting policies (continued)

(w) Borrowings

Borrowings are recognised initially at fair value net of directly attributable transaction costs and subsequently stated at amortised cost using the effective interest method. 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. Any differences between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings. Borrowings are derecognised when the obligation under the liability is discharged or cancelled or expires or when an existing financial liability is replaced by another from the same lender on substantially different terms.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates and accounted for as "finance cost within profit or loss. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after year end.

Capitalisation of borrowing cost

The Group from time to time capitalises borrowing costs as provided under IAS 23. In line with the standard, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and, therefore, will be capitalized. A qualifying asset is one which necessarily takes more than six months to get ready for its intended use or sale. A qualifying asset can either be tangible or intangible in nature.

Examples of qualifying assets include core network equipment, transmission and radio equipment for base station sites and computer software development. The rate used to determine the amount of borrowing costs eligible for capitalisation is the EIR of the specific borrowing. There were no borrowing costs capitalised during the year.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

(x) Dividend distribution

Dividend payable to the shareholders are recognised as a liability in the Group's financial statements in the period in which the dividend is approved by the Company's shareholders. Proposed dividend is shown as a separate component of equity until approved.

(y) Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. The details on specific provisions are outlined under Note 29(b).

(z) Dividend income

Dividend income is recognised when the Group's and Company's right to receive payment is established.

(aa) Mobile financial deposits and payables

The M-PESA service allows users to deposit money into an account stored to their cell phone number, to send balances using PIN-secured SMS text messages to other users, including sellers of goods and services, and to redeem deposits for regular money.

Mobile financial deposits are the deposits made by all customers in exchange for electronic mobile money and the unrestricted interest earned on the funds, which will be utilised upon approval if required. This cash is held in restricted accounts with reputable financial institutions and measured at amortised cost.

Upon recognition of the mobile financial deposits, the Group recognises a corresponding current liability, owed to the mobile financial customers for the deposits made. Mobile financial payables due to customers are primarily composed of saving deposits and amounts payable on demand.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

3 Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(i) Significant accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Hyperinflation

The Group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiaries, associates or joint ventures is the currency of a hyperinflationary economy.

The directors have made judgements in the process of applying accounting policies that would have significant effects on the amounts recognized in the consolidated financial statements. Judgement was made in determining whether the economy of Ethiopia in which Safaricom Telecommunications Ethiopia Plc operates was hyper inflationary as at 31 March 2024 and 31 March 2023.

Income taxes

The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made (Note 12 and 17).

Property and equipment

Critical estimates are made by directors in determining depreciation rates and timing of capitalization of the assets. The depreciation rates used are set out in Note 2 (g) above and Note 18.

IFRS 16 leases

The key areas where estimates and judgement were applied included the interpretation of the requirements to determine the contracts containing leases and separating the lease and the non-lease components of a contract, the determination of the incremental rate of borrowing and the decision to exercise the extension or termination options while determining the lease term. See further details under Note 2 (k), Note 22(a), and Note 22 (b).

Valuation of Bonga points

The price attributed to the awarded Bonga points is determined by historical redemption information. The length of historical period used to determine the price is set by directors and is based on previous redemptions rates on airtime, data, SMS or merchandise. These balances have been included under contract liabilities, Note 30(b).

Expected credit losses (ECL)

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., product type, customer type and rating, and coverage by letters of credit). The Group also considers forward-looking information at a customer level based on macroeconomics and microeconomics variables around the customer and level of effort utilised to collect the debt.

This estimate is therefore based on factors not in control by the Group and included in the financial statements (Note 6(b)).

Provisions

The Group faces exposure to claims and other liabilities arising from normal course of business. These claims and other liabilities normally take time to be determined and therefore significant judgement is required in assessing the likely outcome and the potential liability for such matters. Management in consultation with the legal, tax and other advisers estimates a provision based on exposure, precedents, and industry best practice. Further details can be found in Note 29(b).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

3 Significant accounting estimates and judgements (continued)

(i) Significant accounting estimates and assumptions (continued)

Impairment of non-financial assets including subsidiaries

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset.

The value in use calculation is based on a Discounting Cash Flow (DCF) model. The cash flows are derived from the budget for the next five or 10 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to impairment assessment of the subsidiaries by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 2(j).

(ii) Significant judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management has made judgements in determining:

- The classification of financial assets, contract costs and liabilities.
- Whether assets are impaired.
- The average customer life; Customer life is based on the average churn period of the customers from the network;
- Assessment of IFRS 16 – Leases;
- Assessment of IFRS 9 - Financial instruments
- Income taxes- Significant judgement is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.
- Assessment of significant influence over an associate - The Group considers that it has significant influence over Circle Gas Limited though it owns less than 20% of the voting rights of the company because of the following reasons:
 - i) The Group has one non-executive directors' slot in Circle Gas board where Safaricom Plc has one reserved board seat so long as a Trademark Licence and Brand Management Co-operation Agreement made remains in force and Safaricom Plc remains a holder of ordinary shares.
 - ii) The associate uses Safaricom Plc's trademarks as per agreement in return for a royalty fee agreement and interchange of managerial personnel between the entities.
 - iii) The associate is riding on Safaricom's network to guarantee connectivity to its smart meters.

(iii) Significant judgement on going concern

The Group's current liabilities exceed its current assets by KShs 85.3 billion (2023 net current liabilities position: KShs 67.9 billion) at the statement of financial position. For items that significantly impact the net working capital, refer to Notes 24 to 30.

This net current liability position is expected to remain in the near future as a result of the nature of the Group's business. A significant portion of creditors relate to network infrastructure investments rather than on-going trading hence net working capital is typically a negative amount due to the mismatch of the financing (short term) and the investment (long term). Other significant portion of current liabilities is a result of how revenue is recognised. The related liabilities are all held in the statement of financial position and are explained below:

- Unused airtime and data bundles by prepaid customers of KShs 2.6 billion (2023: 2.6 billion). Prepaid airtime when sold to customers is held as a liability in the statement of financial position (deferred revenue) until the customer uses it, at which point revenue is recognised by reducing the liability and reporting revenue. Based on its nature, there are no expected cash outflow since its reduction is based on usage rather than actual cash outflow.
- Loyalty points earned by customers (Bonga points) of KShs 3.3 billion (2023: KShs 3.0 billion). Loyalty points are earned when a customer uses a Safaricom service including use of airtime, data or M-PESA. These points are valued and accumulated into the customer account until such a time when the customer opts to redeem the points against merchandise (devices including handsets, accessories, and merchandise from appointed Bonga everywhere outlets) or non-merchandise (free airtime and data bundles). Based on its nature, there are no expected cash outflow since its reduction is based on usage rather than actual cash outflow.
- Unutilised resources by the customers of KShs 7.0 billion (2023: KShs 6.1 billion). The Group applies IFRS 15 — Revenue from Contracts with Customers in accounting for bundled resources. The value of unutilized resources (customer balances) is reported as subscriber liability until the customers use the resources. Based on its nature, there are no expected cash outflow since its reduction is based on usage rather than actual cash settlement.

These amounts are included under contract liabilities in the statement of financial position. Management has accessed each of the items above and does not anticipate any cash outflow.

Further, the Group uses a broad mix of long-term and short debt to finance its operations. In the year ended 31 March 2024, the Group borrowed KShs 65.8 billion and repaid KShs 41.1 billion. Of the outstanding loan amount of KShs 108.1 billion, KShs 45.1 billion is short-term working capital.

Management is confident that sufficient funds will be available and accessible to meet all obligations as they fall due.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

3 Significant accounting estimates and judgements (continued)

(iv) Significant judgement on hyperinflation

The Group applies IAS 29 in accounting for entities in hyperinflationary economies.

The Group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiaries, associates or joint ventures is the currency of a hyperinflationary economy.

Various characteristics of the economic environment of each country are taken into account. These characteristics include, but are not limited to, whether:

- the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency.
- prices are quoted in a relatively stable foreign currency.
- sales or purchase prices take expected losses of purchasing power during a short credit period into account.
- interest rates, wages and prices are linked to a price index; and
- the cumulative inflation rate over three years is approaching, or exceeds, 100%.

The International Monetary Fund (IMF) World Economic Outlook (WEO), IMF WEO, reported a 3-year cumulative rate of inflation of 114% as of December 2022. For 2023, the IMF WEO forecasts an annual rate of inflation of 25% (2024: 19%) and a 3-year cumulative rate of inflation of 125% (2024: 97%). The Ethiopian National Statistics Office reported cumulative rate of inflation of 116% and 29%, respectively, as of June 2023.

Therefore, directors believes that Ethiopia continues to be hyperinflationary as at 31 March 2024. Following directors' assessment, the Group's subsidiary, Safaricom Telecommunication Ethiopia Plc, and its operating company Safaricom M-PESA Mobile Financial Services Plc have been accounted for as entities operating in hyperinflationary economies.

The results, cash flows and financial positions of Safaricom Telecommunication Ethiopia Plc and Safaricom M-PESA Mobile Financial Services Plc have been expressed in terms of the measuring units current at the reporting date. Refer to Note 36.

4 Risk management

(a) Financial risk management

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

Financial risk management is carried out by the Group Treasury section in the Finance division of the Group under policies approved by the Board of Directors. The Group Treasury section identifies, evaluates, and manages financial risks.

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 and non-derivative financial instruments and investing excess liquidity. Financial assets and financial liabilities have been carried at amortised cost.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

4 Risk management (continued)

(a) Financial risk management (continued)

Market risks

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily, with respect to the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Group manages foreign exchange risk arising from future commercial transactions by holding adequate foreign currency reserves to meet future cash flow requirements.

The Group does not have any derivative instruments.

If there was a 20% change in the shilling against the US dollar during the year (2023: 10% change), with all other variables held constant, the consolidated pre- and post-tax profit for the Group would change by KShs 1,564.5 million and KShs 1,095.2 million respectively (2023: KShs 1,249.9 million and KShs 874.9 million) and KShs 1,473.3 million and KShs 1,031.3 million respectively for Company (2023: KShs 879.6 million and KShs 615.7 million), mainly as a result of US dollar denominated cash and bank balances, borrowings, receivables and payables.

If there was a 20% change in the shilling against the Euro during the year (2023: 10% change), with all other variables held constant, the consolidated pre and post-tax profit would change by KShs 272.0 million and KShs 190.4 million respectively for Group and KShs 96.3 million and KShs 67.4 million for Company respectively (2023: KShs 514.2 million and KShs 359.9 million), mainly as a result of increased Euro denominated creditors balances and bank balances.

The sensitivity of 20% applied in the current year has been informed by the changes in foreign currency during the year. As per IFRS 7 – Financial Instruments Disclosures, the exposure to foreign exchange risk for Ethiopia has not been aggregated in the Group analysis as Ethiopia has been consolidated in a hyperinflationary economy as at 31 March 2024 and 31 March 2023.

The Group's exposure to foreign currency changes for all other currencies is not material.

(ii) Interest rate risk

Interest rate risk arises from bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group regularly monitor financing options available to ensure optimum interest rates are obtained.

A 100-basis points fluctuation in interest during the year (2023: 100 basis points) would have resulted in a net decrease/increase in Group's pre- and post-tax profit / equity of KShs 829.4 million and KShs 580.6 million respectively (2023: KShs 469.7 million and KShs 328.8 million). This sensitivity is a fair and reasonable reflection of the Company's pre- and post-tax profit / equity.

The exposure to interest rate risk for Ethiopia has not been aggregated in the Group analysis as Ethiopia has been consolidated in a hyperinflationary economy as at 31 March 2024 and 31 March 2023.

(iii) Price risk

The Group and Company do not hold any financial instruments subject to price risk.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

4 Risk management (continued)

(a) Financial risk management (continued)

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, other financial instruments, loans receivable from related parties, trade receivables, related parties' receivables, loans to subsidiaries and other receivables. The Group has no significant concentrations of credit risk. The Group assesses the expected credit losses for all financial assets and all changes in loss allowance are recognised in profit or loss as impairment gains or losses (expected credit losses (ECL) on financial instruments).

Cash at bank, government securities and deposits with financial institutions

For banks and financial institutions, only reputable well-established investment grade financial institutions are used, which are considered to have a low credit risk. The following table represents the cash and short-term fixed deposits held in financial institutions per category. Category 1 is made up of counterparties with international presence; Category 2 are counterparties who are subsidiaries of parents that have an international presence; Category 3 counterparties are local banks that are categorised as tiers 1 and 2 by the Central Bank of Kenya. These categories are reflective of the credit risks rating of the financial institutions.

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Category 1	7,653.8	4,042.1	7,638.6	4,013.4
Category 2	11,393.5	8,493.2	9,670.6	4,645.0
Category 3	3,830.1	9,573.2	1,766.0	9,404.8
Allowance for expected credit losses	(9.2)	(10.4)	(3.1)	(1.3)
	22,868.1	22,098.1	19,072.1	18,061.9

The Group has used the general approach for measuring the loss allowance for cash at bank, government securities and deposits with financial institutions. No collateral is held on any of the cash at bank, government securities and deposits with financial institutions.

Management has assessed the expected credit losses on cash at bank, government securities and deposits with financial institutions. The loss allowance as at 31 March 2024 is shown in Note 26(a). The ECL allowance calculated reflects the lifetime losses associated with events of default that are expected to occur within 12 months of the reporting date (12-month ECL). There has been no significant increase in credit risk within these financial assets.

Other receivables

Management has assessed the expected credit losses on the other receivables. The loss allowance as at 31 March 2024 and 31 March 2023 are shown in Note 25.

The Group has used the simplified approach where applicable for measuring the loss allowance for other receivables. The Group has established a provision matrix that is based on its historical credit loss experience.

No collateral is held on any of the other receivables. The ECL allowance calculated reflects the lifetime losses associated with events of default that are expected to occur over the life of these receivables from the reporting date.

Amounts due from related parties

The Group has used the simplified approach where applicable for measuring the loss allowance for balances due from related parties. In the simplified approach, the Group has established a provision matrix that is based on its historical credit loss experience. The ECL allowance calculated reflects the lifetime losses associated with events of default that are expected to occur over the life of these receivables from the reporting date.

No collateral is held on any of the receivables from related parties. The loss allowance as at 31 March 2024 are disclosed in Note 25 and Note 32 (viii).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

4 Risk management (continued)

(a) Financial risk management (continued)

Credit risk (continued)

Trade receivables

For trade receivables, depending on the type of customer, the Group Credit Controller assesses the credit quality of each customer, taking into account their financial position, past experience and other factors including information from credit reference bureau to set individual risk limits. The utilisation of credit limits is regularly monitored.

The dealer channel comprises the largest distribution network for the Group. Dealers operate either on a cash basis or on credit following successful application of the credit facility. All credit limits are supported by a bank guarantee.

Postpay debtors comprise individuals as well as corporate customers. Postpay debtors have a 15-day credit period after which individual customers must pay within 10 days after due date, while business accounts have up to 30 days. The auto-bar feature ensures that once the limit has been reached the customer account is barred. This minimises the credit risk associated with these customers.

The Group has signed international roaming agreements. The roaming strategy is to have preferential partners in countries which historically have had the most visitors to Kenya, including United Kingdom, Italy, Spain, Sweden, South Africa, and Kenya's neighboring countries. Roaming partners have entered into an agreement with the Group to terminate their calls on the Group's network for visitors travelling into Kenya. Amounts due from the contracted roaming partners are settled within 60 days unless a dispute arises. Disputes are handled by Comfone Financial Clearing, the current roaming clearing house.

The Group has also signed interconnect agreements with partners to terminate calls to and from other networks on the Group's network. Amounts due from interconnect partners are settled within 30 days of invoice unless a dispute arises. Disputes are handled in the first instance by the Regulatory Department of the Group. The Group's maximum exposure to credit risk is approximated by the carrying amounts.

The Group has a defined aging system for monitoring its receivables. Dealers' transactions and credit positions are closely monitored in line with existing credit policy.

Collateral is held for select trade receivables in the form of bank guarantees and deposits.

The Group applies the simplified approach to determine the expected credit losses (ECL) for trade receivables. This results in calculating lifetime expected credit losses (ECL) for these trade receivables. ECL for trade receivables is calculated using a provision matrix.

The Group segregates the trade receivables based on the aging of the receivables. The Group determines the expected loss rate per the categories based on a historical 24-month roll over model. The loss rate is computed based on the rate movement of the outstanding balances between categories and the recovery rate of past debtors for the respective debt categories.

The loss allowance as at year end was determined as shown below for trade receivables.

	GROUP			
	0-30 days KShs'm	31-90 days KShs'm	Over 91 days KShs'm	Total KShs'm
At 31 March 2024				
Trade receivables	19,967.4	2,405.8	20,517.3	42,890.5
Expected credit loss rate	5.9%	61.3%	53.8%	-
Loss allowance	1,187.5	1,473.6	11,037.9	13,699.0
	0-30 days KShs'm	31-90 days KShs'm	Over 91 days KShs'm	Total KShs'm
At 31 March 2023				
Trade receivables	12,774.2	3,667.3	8,441.8	24,883.3
Expected credit loss rate	6.1%	40.1%	96.7%	-
Loss allowance	776.9	1,469.8	8,164.5	10,411.2

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

4 Risk management (continued)

(a) Financial risk management (continued)

Credit risk (continued)

Trade receivables (continued)

	COMPANY			
	0-30 days KShs'm	31-90 days KShs'm	Over 91 days KShs'm	Total KShs'm
At 31 March 2024				
Trade receivables	16,661.4	2,400.1	12,068.9	31,130.3
Expected credit loss rate	5.8%	61.3%	91.5%	-
Loss allowance	969.1	1,470.1	11,043.3	13,482.5
	0-30 days KShs'm	31-90 days KShs'm	Over 91 days KShs'm	Total KShs'm
At 31 March 2023				
Trade receivables	10,470.5	3,669.6	8,529.5	22,669.6
Expected credit loss rate	5.8%	40.1%	92.6%	-
Loss allowance	607.7	1,469.7	7,894.2	9,971.6

A detailed assessment of the trade receivables as shown below;

	GROUP		
	Gross carrying amount KShs'm	Expected credit loss KShs'm	Net carrying amount KShs'm
At 31 March 2024			
Dealers	171.4	(10.1)	161.3
Post-pay	5,004.2	(1,234.4)	3,769.8
Roaming and interconnect	3,766.7	(1,991.8)	1,774.9
Other trade receivables*	33,948.2	(10,462.7)	23,485.5
Total trade receivables	42,890.5	(13,699.0)	29,191.5
At 31 March 2023			
Dealers	21.1	(14.0)	7.1
Post-pay	4,264.1	(1,326.4)	2,937.7
Roaming and interconnect	3,286.5	(1,583.1)	1,703.4
Other trade receivables*	17,311.6	(7,487.7)	9,823.9
Total trade receivables	24,883.3	(10,411.2)	14,472.1

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

4 Risk management (continued)

(a) Financial risk management (continued)

Credit risk (continued)

Trade receivables (continued)

	COMPANY		
	Gross carrying amount KShs'm	Expected credit loss KShs'm	Net carrying amount KShs'm
At 31 March 2024			
Dealers	153.4	(10.1)	143.3
Post-pay	4,992.9	(1,234.4)	3,758.5
Roaming and interconnect	3,664.5	(1,991.8)	1,672.7
Other trade receivables*	22,319.6	(10,246.2)	12,073.4
Total trade receivables	31,130.4	(13,482.5)	17,647.9
At 31 March 2023			
Dealers	20.4	(14.0)	6.4
Post-pay	4,263.9	(1,326.4)	2,937.5
Roaming and interconnect	3,273.6	(1,583.1)	1,690.5
Other trade receivables*	15,111.7	(7,048.1)	8,063.6
Total trade receivables	22,669.6	(9,971.6)	12,698.0

*Other trade receivables mainly comprise of co-location control, commissions receivables, device financing receivables and debtors.

Collateral held by the Group on the trade receivables as at 31 March 2024 is KShs 273.9 million. (2023: KShs 165.2 million). The collaterals relate to bank guarantees issued by dealers on dealer receivables. There is no concentration risk on trade receivables or revenue.

Maximum credit exposure

The amounts on the statement of financial position represent the maximum credit exposure for financial assets not subject to credit risk and financial assets that are subject to credit risk. Below is a summary of the maximum credit exposure.

	GROUP		
	Gross carrying amount KShs'm	Expected credit loss KShs'm	Net carrying amount KShs'm
At 31 March 2024			
Cash at bank and deposits with financial institutions	22,877.4	(9.2)	22,868.2
Trade receivables	42,890.5	(13,699.0)	29,191.5
Due from related parties	307.9	(34.4)	273.5
Other receivables	7,505.1	(68.3)	7,436.8
Loans receivable from joint venture	2,663.7	(2.4)	2,661.3
Total	76,244.6	(13,813.3)	62,431.3
At 31 March 2023			
Cash at bank and deposits with financial institutions	22,108.5	(10.4)	22,098.1
Trade receivables	24,883.3	(10,411.2)	14,472.1
Due from related parties	1,599.2	(12.0)	1,587.2
Other receivables	13,296.1	(71.7)	13,224.4
Loans receivable from joint venture	1,588.7	(0.3)	1,588.4
Total	63,475.8	(10,505.6)	52,970.2

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

4 Risk management (continued)

(a) Financial risk management (continued)

Credit risk (continued)

Maximum credit exposure (continued)

	COMPANY		
	Gross carrying amount KShs'm	Expected credit loss KShs'm	Net carrying amount KShs'm
At 31 March 2024			
Cash at bank and deposits with financial institutions	19,075.2	(3.1)	19,072.1
Trade receivables	31,130.4	(13,482.5)	17,647.9
Due from related parties	3,573.5	(1,593.1)	1,980.4
Other receivables	4,330.4	(68.3)	4,262.1
Loans receivable from joint venture	2,663.7	(2.4)	2,661.3
Loan receivable from subsidiary	869.2	(383.7)	485.5
Total	61,642.4	(15,533.1)	46,109.3
At 31 March 2023			
Cash at bank and deposits with financial institutions	18,063.2	(1.3)	18,061.9
Trade receivables	22,669.6	(9,971.6)	12,698.0
Due from related parties	4,580.4	(1,413.6)	3,166.8
Other receivables	5,072.2	(71.7)	5,000.5
Loans receivable from joint venture	1,588.7	(0.3)	1,588.4
Loan receivable from subsidiary	860.0	(220.6)	639.4
Total	52,834.1	(11,679.1)	41,155.0

Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group Finance. Group Treasury Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet its operational needs.

Such forecasting takes into consideration the entity's debt financing plans, prudent liquidity risk management includes maintaining sufficient cash, and the availability of funding from an adequate amount of committed credit facilities. (See Note 16 for undrawn bank facilities), covenant compliance, compliance with internal statement of financial position ratio targets. Surplus cash held by the entity over and above the amounts required for working capital management are invested in interest bearing current accounts and fixed deposit accounts and marketable securities.

The Group's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, without incurring unacceptable losses or risking damage to the Group's reputation.

Due to the dynamic nature of the underlying businesses, Group Treasury section maintains flexibility in funding by maintaining availability under committed credit lines. Liquidity position is monitored through daily cash position as well as monthly cash forecast that monitors debt structure and expected cash position.

The tables below analyse the Group's and the Company's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the tables below are the contractual undiscounted cash flows.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

4 Risk management (continued)

(a) Financial risk management (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the undiscounted cashflows of the Group's financial assets and liabilities as at 31 March 2024.

	GROUP					
	Maturing within 1 month KShs'm	Maturing after 1 month but within 6 months KShs'm	Maturing after 6 months but within 12 months KShs'm	Maturing after 12 months but within 5 years KShs'm	Maturing after 5 years KShs'm	Total KShs'm
Non-derivative financial assets						
Cash and bank balances	22,868.2	–	–	–	–	22,868.2
Trade and other receivables	26,067.9	2,629.6	22,005.8	–	–	50,703.3
Loans receivable from joint venture	–	–	–	–	2,663.7	2,663.7
Other assets*	–	–	2,599.2	1,563.4	–	4,162.6
Total non-derivative financial assets	48,936.1	2,629.6	24,605.0	1,563.4	2,663.7	80,397.8
Non-derivative financial liabilities						
Payables and accrued expenses	–	8,345.6	5,996.9	75,853.9	10,800.6	100,997.0
Borrowings	2,342.1	14,044.6	33,765.7	4,452.0	82,829.3	137,433.7
Lease liabilities	–	–	10,769.8	–	63,570.1	74,339.9
Other liabilities**	–	216.7	–	–	–	216.7
Total non-derivative financial liabilities	2,342.1	22,606.9	50,532.4	80,305.9	157,200.0	312,987.3
Liquidity gap at 31 March 2024	46,594.0	(19,977.3)	(25,927.4)	(78,742.5)	(154,536.3)	(232,589.5)

Guarantees amounting to KShs 557.6 million (2023: KShs 291.3 million) have been issued by the banks to various suppliers for services provided to the Group (Note 34).

There are also undrawn bank facilities amounting to KShs 12.2 billion (2023: KShs 25.9 billion) that would be utilised to settle obligations as they fall due.

Other assets includes restricted cash, deferred restricted cash assets, restricted cash-letter of credit and mobile financial deposit.*
*Other liabilities** includes mobile financial payable*

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

4 Risk management (continued)

(a) Financial risk management (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the undiscounted cashflows of the Group's financial assets and liabilities as at 31 March 2023.

	GROUP					Total KShs'm
	Maturing within 1 month KShs'm	Maturing after 1 month but within 6 months KShs'm	Maturing after 6 months but within 12 months KShs'm	Maturing after 12 months but within 5 years KShs'm	Maturing after 5 years KShs'm	
Non-derivative financial assets						
Cash and bank balances	22,098.1	-	-	-	-	22,098.1
Trade and other receivables	12,774.2	3,667.3	8,441.8	15,908.2	-	40,791.5
Loans receivable from joint venture	-	-	-	-	1,588.4	1,588.4
Other assets*	-	28.6	5,752.1	278.2	-	6,058.9
Total non-derivative financial assets	34,872.3	3,695.9	14,193.9	16,186.4	1,588.4	70,536.9
Non-derivative financial liabilities						
Payables and accrued expenses	-	-	67,092.4	27,359.3	-	94,451.7
Borrowings	8,081.4	36,154.6	4,590.6	35,352.4	3,516.4	87,695.4
Lease liabilities	-	-	5,800.9	-	43,516.4	49,317.3
Other liabilities**	6,307.1	-	4,462.8	-	-	10,769.9
Total non-derivative financial liabilities	14,388.5	36,154.6	81,946.7	62,711.7	47,032.8	242,234.3
Liquidity gap at 31 March 2023	20,483.8	(32,458.7)	(67,752.8)	(46,525.3)	(45,444.4)	(171,697.4)

Other assets* includes restricted cash, deferred restricted cash assets, restricted cash-letter of credit and mobile financial deposit.
Other liabilities** includes financial guarantee and dividend payable.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

4 Risk management (continued)

(a) Financial risk management (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the undiscounted cashflows of the Company's financial assets and liabilities as at 31 March 2024.

	COMPANY					
	Maturing within 1 month KShs'm	Maturing after 1 month but within 6 months KShs'm	Maturing after 6 months but within 12 months KShs'm	Maturing after 12 months but within 5 years KShs'm	Maturing after 5 years KShs'm	Total KShs'm
Non-derivative financial assets						
Cash and bank balances	19,072.1	–	–	–	–	19,072.1
Trade and other receivables	21,692.7	2,631.0	14,710.6	–	–	39,034.3
Loans and receivable from related companies	–	–	–	–	3,312.0	3,312.0
Other assets*	–	–	2,335.9	–	–	2,335.9
Total non-derivative financial assets	40,764.8	2,631.0	17,046.5	–	3,312.0	63,754.3
Non-derivative financial liabilities						
Payables and accrued expenses	–	9,204.6	5,352.4	8,385.4	6,540.7	29,483.1
Borrowings	–	13,581.3	27,974.5	–	58,864.4	100,420.2
Lease liabilities	–	–	5,292.4	–	25,164.4	30,456.8
Other liabilities**	–	20,412.2	–	–	–	20,412.2
Total non-derivative financial liabilities	–	43,198.1	38,619.1	8,385.4	90,569.5	180,772.3
Liquidity gap at 31 March 2024	40,764.8	(40,567.1)	(21,572.6)	(8,385.4)	(87,257.5)	(117,018.0)

Other assets* includes restricted cash and deferred restricted cash assets.

Other liabilities** includes financial guarantee and dividend payable.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

4 Risk management (continued)

(a) Financial risk management (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the undiscounted cashflows of the Group's financial assets and liabilities as at 31 March 2023.

	COMPANY					
	Maturing within 1 month KShs'm	Maturing after 1 month but within 6 months KShs'm	Maturing after 6 months but within 12 months KShs'm	Maturing after 12 months but within 5 years KShs'm	Maturing after 5 years KShs'm	Total KShs'm
Non-derivative financial assets						
Cash and bank balances	18,061.9	–	–	–	–	18,061.9
Trade and other receivables	10,470.5	3,669.6	8,529.5	1,192.4	–	23,862.0
Loans and receivable from related companies	–	–	–	2,153.8	–	2,153.8
Other assets*	–	–	3,712.8	278.2	–	3,991.0
Total non-derivative financial assets	28,532.4	3,669.6	12,242.3	3,624.4	–	48,068.7
Non-derivative financial liabilities						
Payables and accrued expenses	–	–	38,905.9	–	–	38,905.9
Borrowings	–	36,154.6	4,590.6	35,352.4	–	76,097.6
Lease liabilities	–	–	4,498.3	–	23,521.5	28,019.8
Other liabilities**	6,307.1	–	3,410.7	–	10,647.9	20,365.7
Total non-derivative financial liabilities	6,307.1	36,154.6	51,405.5	35,352.4	34,169.4	163,389.0
Liquidity gap at 31 March 2023	22,225.3	(32,485.0)	(39,163.2)	(31,728.0)	(34,169.4)	(115,320.3)

Other assets* includes restricted cash and deferred restricted cash assets.

Other liabilities** includes financial guarantee and dividend payable.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

4 Risk management (continued)

(b) Capital risk management

The Group and Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital levels, the Group may adjust the amount of dividend paid to shareholders.

The Group has a dividend policy that permits dividend to be paid if the Board of Directors finds that the payments are sustainable, after taking into account the sufficiency of distributable reserves and liquidity in order to ensure the Group's operational needs and/or business growth are not limited by the unavailability of funds, as well as the Company's known contingencies and compliance with any funding facility covenants. The Group maintains to operate a progressive distribution policy based on what it assesses to be sustainable levels of dividend payments.

The first priority of the Group is to maintain sufficient liquidity to ensure that operational needs and / or business growth are not limited by the unavailability of funds and also that facilities are available to cover all known contingencies. There are no externally imposed capital requirements at end of year.

The Group's focus is to minimize funds tied up in working capital, whilst ensuring that it has sufficient financial ability to meet its liabilities as and when they fall due. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The Group aims to maintain the gearing ratios within the industry standards with the optimal debt equity mix as demonstrated by the position below:

Gearing ratio

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Net debt – Note 31 (b)	140,163.9	100,846.2	82,166.7	79,481.5
Total equity	335,747.9	263,365.9	201,886.3	166,109.1
Total capital	475,911.8	364,212.1	284,053.0	245,590.6
Gearing ratio	29.5%	27.7%	28.9%	32.4%

Fair value estimation

Financial instruments measured at fair value are measured using the following levels of fair value measurement hierarchy:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily NSE equity investments classified as trading securities.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying amounts of borrowings, loans to subsidiaries, cash and cash equivalents, trade and other receivables, loans receivable from related parties, restricted and deferred restricted cash asset, other financial assets, payables, and accrued expenses approximate their fair values due to the nature of these instruments. Investment properties are carried at fair value as disclosed in Note 20 to the financial statements.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

5 Revenue

(a) Revenue from contracts with customers

	GROUP					
	31 March 2024			31 March 2023		
	At a point in time KShs'm	Over time KShs'm	Total KShs'm	At a point in time KShs'm	Over time KShs'm	Total KShs'm
M-PESA revenue	140,006.7	–	140,006.7	117,192.2	–	117,192.2
Voice revenue	–	80,541.1	80,541.1	–	81,053.9	81,053.9
Mobile data revenue	–	67,404.3	67,404.3	–	53,952.4	53,952.4
Fixed data revenue	–	14,962.2	14,962.2	–	13,458.0	13,458.0
Messaging revenue	–	12,319.2	12,319.2	–	11,375.6	11,375.6
Interconnect revenue	–	5,106.2	5,106.2	–	5,303.5	5,303.5
Mobile incoming	–	3,461.4	3,461.4	–	2,805.9	2,805.9
Other services revenues*	–	11,552.0	11,552.0	–	10,550.8	10,550.8
Service revenue	140,006.7	195,346.4	335,353.1	117,192.2	178,500.1	295,692.3
Handset revenue	8,453.6	–	8,453.6	10,468.9	–	10,468.9
Connection revenue	–	2,086.7	2,086.7	–	980.9	980.9
Total revenue	148,460.3	197,433.1	345,893.4	127,661.1	179,481.0	307,142.1

*Other services revenues include Okoa Jahazi fees, roaming revenues and bulk SMS service revenue.

The Group has two reportable operating segments whose revenue is presented below:

	GROUP								
	KENYA			ETHIOPIA			ELIMINATIONS	CONSOLIDATED	
	At a point in time KShs'm	Over time KShs'm	Sub Total KShs'm	At a point in time KShs'm	Over time KShs'm	Sub Total KShs'm	Total KShs'm	Sub Total KShs'm	
At 31 March 2024									
Service revenue	139,914.8	189,890.7	329,805.5	91.9	5,486.3	5,578.2	(30.7)	335,353.0	
Handset revenue	6,780.1	–	6,780.1	1,673.5	–	1,673.5	–	8,453.6	
Connection revenue	–	1,986.2	1,986.2	–	100.6	100.6	–	2,086.8	
Total revenue	146,694.9	191,876.9	338,571.8	1,765.4	5,586.9	7,352.3	(30.7)	345,893.4	

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

5 Revenue

(a) Revenue from contracts with customers (continued)

GROUP								
	KENYA			ETHIOPIA			ELIMINATIONS	CONSOLIDATED
At 31 March 2023	At a point in time KShs'm	Over time KShs'm	Sub Total KShs'm	At a point in time KShs'm	Over time KShs'm	Sub Total KShs'm	Total KShs'm	Sub Total KShs'm
Service revenue	117,117.9	178,063.4	295,181.3	–	518.9	518.9	(7.9)	295,692.3
Handset revenue	9,796.9	–	9,796.9	672.0	–	672.0	–	10,468.9
Connection revenue	–	976.2	976.2	–	4.7	4.7	–	980.9
Total revenue	126,914.8	179,039.6	305,954.4	672.0	523.6	1,195.6	(7.9)	307,142.1

COMPANY						
	31 March 2024			31 March 2023		
	At a point in time KShs'm	Over time KShs'm	Total KShs'm	At a point in time KShs'm	Over time KShs'm	Total KShs'm
M-PESA revenue	136,686.9	–	136,686.9	114,359.7	–	114,359.7
Voice revenue	–	79,511.7	79,511.7	–	80,918.2	80,918.2
Mobile data revenue	–	63,236.2	63,236.2	–	53,596.0	53,596.0
Fixed data revenue	–	15,111.3	15,111.3	–	13,496.6	13,496.6
Messaging revenue	–	12,277.0	12,277.0	–	11,371.7	11,371.7
Interconnect revenue	–	5,094.6	5,094.6	–	5,302.2	5,302.2
Mobile incoming	–	3,158.0	3,158.0	–	2,753.8	2,753.8
Other services revenues*	–	11,488.9	11,488.9	–	10,008.2	10,008.2
Service revenue	136,686.9	189,877.7	326,564.6	114,359.7	177,446.7	291,806.4
Handset revenue	6,780.1	–	6,780.1	9,796.9	–	9,796.9
Connection revenue	–	1,986.1	1,986.1	–	976.1	976.1
Total revenue	143,466.0	191,863.8	335,330.8	124,156.6	178,422.8	302,579.4

*Other services revenues include Okoa Jahazi fees, roaming revenues and bulk SMS service revenue.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

5 Revenue (continued)

(b) Revenue from other sources

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Site rental revenue	3,215.4	2,557.5	3,215.4	2,557.5
Other income				
– Gain on disposal of property and equipment	268.4	34.6	250.4	34.6
– Dividend income	–	–	–	4,200.0
– Miscellaneous income*	70.0	1,170.6	920.7	1,108.3
	3,553.8	3,762.7	4,386.5	7,900.4

*Miscellaneous income includes cash discounts received from vendors and non-recurring revenue from partnership agreements.

6(a) Direct costs

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
M-PESA commissions	(37,823.4)	(35,599.2)	(37,283.1)	(35,191.0)
Airtime commissions	(8,243.8)	(8,281.7)	(6,657.6)	(8,104.9)
License fees	(12,487.7)	(10,986.3)	(12,255.0)	(10,854.7)
Interconnect and roaming costs	(8,987.6)	(7,581.7)	(7,344.6)	(7,350.7)
Handset costs	(8,347.3)	(10,929.3)	(6,615.5)	(10,097.8)
Customer acquisition and retention	(14,048.1)	(11,203.2)	(12,042.5)	(10,699.9)
Promotions and value-added services costs (voice and SMS)	(5,982.6)	(5,387.8)	(5,947.7)	(5,363.1)
Other direct costs	(1,126.4)	(2,262.9)	(1,115.9)	(1,701.3)
	(97,046.9)	(92,232.1)	(89,261.9)	(89,363.4)

6(b) Expected credit losses on financial assets

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Trade and other receivables (Note 25)	(5,806.5)	(4,732.5)	(5,906.3)	(4,791.8)
Loan receivables from related parties	(2.1)	3.4	(165.3)	(143.3)
Cash and cash equivalents	1.2	3.8	(1.8)	9.8
	(5,807.4)	(4,725.3)	(6,073.4)	(4,925.3)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

7 Other operating expenses

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Repairs and maintenance	(305.4)	(302.1)	(293.2)	(274.4)
Non-lease operating costs – buildings**	(201.4)	(67.2)	(74.5)	(40.2)
Non-lease operating costs – sites**	(2,643.1)	(1,247.8)	(2,635.3)	(1,199.2)
Inventory storage costs	(417.3)	(319.3)	(397.6)	(291.1)
Employee benefits expense (Note 10)	(30,537.0)	(28,334.9)	(23,727.4)	(21,266.5)
Auditor's remuneration***	(110.2)	(125.3)	(77.0)	(81.8)
Sales and advertising	(5,756.7)	(5,593.7)	(4,336.3)	(4,326.8)
Consultancy and legal fees	(569.2)	(966.7)	(216.8)	(75.1)
Network operating costs	(26,187.2)	(19,699.7)	(17,497.3)	(14,228.6)
Travel and accommodation	(1,547.2)	(1,287.9)	(602.0)	(462.3)
Computer maintenance	(4,478.9)	(2,968.2)	(2,492.7)	(2,381.1)
Office administration	(836.4)	(669.4)	(630.2)	(449.5)
Net foreign exchange gains/(losses), other than on borrowings and cash and cash equivalents	558.9	(2,162.9)	313.0	(1,073.8)
Other operating expenses*	(10,269.2)	(10,339.9)	(6,478.8)	(6,968.3)
	(83,300.3)	(74,085.0)	(59,146.1)	(53,118.7)

*Other operating expenses includes Vodafone Group procurement fees (Note 32(ii)), fleet management costs, general staff expenses including training and welfare costs and innovation costs.

**Relates to non-lease components of the lease e.g., services charges and VAT disallowed on lease payments. The cost is excluded from the measurements of the lease liabilities as required by IFRS 16 Leases.

***The breakdown of auditors' remuneration in the year is as follows:

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Audit fees	(61.4)	(64.4)	(54.0)	(55.8)
Other fees	(32.9)	(54.1)	(23.0)	(26.0)
Other fees charged to other affiliates	(15.9)	(6.8)	–	–
	(110.2)	(125.3)	(77.0)	(81.8)

Audit fees relate to fees payable for the statutory audit of the financial statement in the year, Other fees relate to fees other than audit fees paid in the financial year under review.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

8 Finance income

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Interest income*	2,467.5	1,563.7	2,257.4	1,304.9
Foreign exchange gain on cash and borrowings	2,962.9	5,115.2	1,001.9	1,091.0
Amortisation of deferred restricted cash asset	29.2	7.8	29.2	7.8
	5,459.6	6,686.7	3,288.5	2,403.7

* Interest income relates to income earned from fixed deposits and government securities is calculated using effective interest method.

9 Finance costs

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Interest expense*	(12,644.3)	(7,786.6)	(10,640.4)	(7,320.6)
Foreign exchange losses on cash and borrowings	(2,872.8)	(2,763.6)	(2,271.3)	(2,511.5)
Interest on asset retirement obligation (ARO)	(523.8)	(382.6)	(411.1)	(382.6)
Interest on lease liabilities	(5,820.0)	(2,875.9)	(3,058.8)	(2,238.5)
Origination fee on credit facilities	(240.2)	(1.5)	(13.4)	0.8
Discounting adjustment on construction contract receivables	–	36.4	–	36.4
	(22,101.1)	(13,773.8)	(16,395.0)	(12,416.0)

*The interest expense included within finance costs is calculated using effective interest method.

10 Employee benefits expense

The following items are included within employee benefits expense:

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Club membership	(153.4)	(147.4)	(153.4)	(147.2)
Employee other administrative costs	(174.6)	(284.3)	25.2	(15.7)
Secondees other administrative costs	(997.6)	(1,173.5)	(169.8)	(174.8)
Employee Performance Share Award Plan	(474.9)	(304.4)	(474.0)	(304.3)
Leave provision	(109.1)	(10.3)	(97.2)	12.1
National Social security Fund (NSSF)	(79.5)	(25.3)	(79.3)	(25.3)
Defined pension contribution plan	(1,086.7)	(886.1)	(938.8)	(805.2)
Salaries	(21,572.8)	(19,116.5)	(19,609.4)	(17,895.4)
Seconded salaries	(3,751.0)	(4,593.7)	(373.7)	(224.3)
Staff medical and life insurance	(2,137.4)	(1,793.4)	(1,857.0)	(1,686.4)
	(30,537.0)	(28,334.9)	(23,727.4)	(21,266.5)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

10 Employee benefits expense (continued)

Number of employees

	GROUP		COMPANY	
	2024	2023	2024	2023
Permanent employees	6,434	6,271	5,547	5,362
Fixed-term contract employees	227	345	227	345
	6,661	6,616	5,774	5,707

11 Employee Performance Share Award Plan

On 1 July 2011, the Group implemented an Employee Performance Share Award Plan (the Trust) where shares are awarded to qualifying staff based on previous years' achieved performance ratings. Under the outright grant scheme, shares are purchased from the market and transferred to eligible staff at no cost after a three-year vesting period. The shares are purchased and held by the Trust until the end of the vesting period.

During the year, 10.0 million shares were bought by the Trust, at a cost of KShs 164.3 million (2023: 12.4 million shares at a cost of 489.4 million). Additionally, 17.5 million shares historically valued at KShs 386.8 million (2023: 15.3 million shares valued at 519.4 million) vested and were exercised by eligible staff.

The Trust currently holds 1.1 million shares at a total cost of KShs 18.1 million (2023: 11.5 million shares at a cost of KShs 416.2 million).

The Trust is an 'equity-settled share-based Payment scheme' as described in IFRS 2 Share Based Payments, as the Company provides money to the Trust to purchase shares which will be distributed to the entitled employees on the vesting date.

The Company has accounted for a receivable from the Trust in relation to shares purchased and payables to employees in these financial statements (Note 25).

12(a) Income tax expense

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Current income tax	(43,559.4)	(41,113.5)	(42,642.4)	(39,422.7)
Adjustments in respect of current income tax of previous year	1,222.9	(177.1)	1,224.1	(177.1)
Deferred income tax (Note 17)	1,534.5	5,194.6	1,494.0	5,195.6
Adjustments in respect of deferred income tax of previous year	(1,227.0)	233.6	(1,227.0)	233.6
Income tax expense	(42,029.0)	(35,862.4)	(41,151.3)	(34,170.6)
Profit before income tax	84,687.4	88,345.2	123,805.1	109,110.2
Tax calculated at the applicable income tax rate of 30%	(25,406.2)	(26,503.6)	(37,141.5)	(32,733.1)
Tax effect of:				
- Income not subject to tax	6,842.6	2,174.2	11.2	3,424.6
- Expenses not deductible for tax purposes	(11,673.4)	(4,730.8)	(4,018.1)	(4,918.6)
Adjustments in respect of deferred income tax of previous year	(1,227.0)	233.6	(1,227.0)	233.6
Adjustments in respect of current income tax of previous year	1,222.9	(177.1)	1,224.1	(177.1)
Deferred tax not recognised in the year	(11,787.9)	(6,858.7)	-	-
Income tax expense	(42,029.0)	(35,862.4)	(41,151.3)	(34,170.6)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

12(b) Current income tax payable

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
At start of year	(1,557.2)	(5,283.3)	(192.2)	(5,086.3)
Current income tax (Note 12(a))	(43,559.4)	(41,113.5)	(42,642.4)	(39,422.7)
Adjustments in respect of current income tax of previous year (Note 12(a))	1,222.9	(177.1)	1,224.1	(177.1)
Tax paid during the year	43,700.6	45,016.7	41,618.4	44,493.9
At end of year	(193.1)	(1,557.2)	7.9	(192.2)
Current asset	–	851.6	7.9	–
Current liabilities	(193.1)	(2,408.8)	–	(192.2)
At end of year	(193.1)	(1,557.2)	7.9	(192.2)

13 Earnings per share

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

	GROUP		COMPANY	
	2024	2023	2024	2023
Profit attributable to equity holders of the parent (KShs million)	62,991.7	62,268.9	82,653.8	74,939.6
Total number of ordinary shares in issue (million)	40,065.4	40,065.4	40,065.4	40,065.4
Basic earnings per share (KShs)	1.6	1.6	2.1	1.9
Diluted earnings per share (KShs)	1.6	1.6	2.1	1.9

There were no potentially dilutive shares outstanding as at 31 March 2024 and 31 March 2023. Diluted earnings per share are therefore the same as basic earnings per share.

14 Share capital and share premium

	Number of shares (million)	Ordinary shares KShs'm	Share premium KShs'm	Total KShs'm
As at 31 March 2024 and 31 March 2023	40,065.4	2,003.3	2,200	4,203.3

The authorised share capital of the Company is KShs 6,000,000,000 divided into 119,999,999,600 ordinary shares of KShs 0.05 each and 5 non-redeemable preference shares of KShs 4 each.

The issued share capital comprises 40,065,428,000 (2023: 40,065,428,000) ordinary shares with a par value of KShs 0.05 each. All issued shares are fully paid.

Share premium reserve was established on initial issuance of the Company's ordinary shares at premium.

Holders of ordinary shares are entitled to dividend as declared from time to time and are entitled to one vote per share at the general meetings of the Company.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

15 Dividend

Proposed dividends are classified as a separate component of equity in the statement of changes in equity through a transfer from retained earnings. They are transferred to the dividend payable account once approved by shareholders in the annual general meeting.

During the year, an interim dividend of KShs 0.55 per ordinary share (2023: KShs 0.58) amounting to KShs 22.04 billion (2023: KShs 23.24 billion) was declared. The directors have proposed a final dividend in respect of the year ended 31 March 2024 of KShs 0.65 per ordinary share (2023: KShs 0.62) amounting to a total of KShs 26.04 billion (2023: KShs 24.84 billion) to be approved at the Annual general Meeting (AGM) to be held on 25 July 2024. This brings the total dividend for the year to KShs 48.08 billion (2023: KShs 48.08 billion) which represents KShs 1.20 per share in respect of the year ended 31 March 2024 (2023: KShs 1.20 per share).

The payment of dividend is subject to withholding tax at the rate of 10% for all non-residents, 5% for Kenyan residents and 0% for resident Kenyan companies with a shareholding of 12.5% or more in the Company. Total dividend payouts in the year were as follows:

Movement in the year

	GROUP AND COMPANY	
	2024 KShs'm	2023 KShs'm
At start of year	1,783.0	12,053.9
Final dividend declared	24,840.6	30,049.1
Interim dividend declared	22,036.0	23,237.8
Paid during the year	(42,010.4)	(63,557.8)
At end of year	6,649.2	1,783.0

16 Borrowings

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
At start of year	87,605.4	66,468.6	76,096.7	66,468.7
Additions	65,841.3	62,238.1	36,892.5	51,500.0
Interest charged	12,644.3	7,786.6	10,640.3	7,320.6
Interest paid	(12,776.5)	(6,924.4)	(10,907.6)	(6,415.4)
Repayments	(41,103.9)	(42,777.2)	(35,055.3)	(42,777.2)
Hyperinflation adjustment	(135.0)	43.1	–	–
Foreign exchange differences	(3,928.8)	770.6	–	–
At end of year	108,146.8	87,605.4	77,666.6	76,096.7

Split

	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Short term borrowings	39,760.0	36,083.1	39,760.0	35,500.0
Bank overdraft	3,497.8	7,409.2	–	–
Interest payable	1,795.8	2,063.1	1,795.8	2,063.1
Total short-term borrowings	45,053.6	45,555.4	41,555.8	37,563.1
Long term borrowings	63,093.2	42,050.0	36,110.8	38,533.6
At end of year	108,146.8	87,605.4	77,666.6	76,096.7

Under the terms of the loan facilities, the Group is required to comply with certain covenants. The Group had complied with all the covenants as at 31 March 2024 and 31 March 2023.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

16 Borrowings (continued)

The loan facilities are with Kenyan banks at an average interest rate of 12%-19% (2023: average interest rate 8%-13%).

Long-term facilities repayment period is seven years for the Kenya shilling denominated loans and three to five years for the Ethiopian Birr denominated term loans.

17 Deferred income tax

Group

The analysis of deferred income tax assets and deferred tax liabilities is as follows:

	GROUP	
	2024 KShs'm	2023 KShs'm
– Deferred income tax assets	29,654.8	21,144.4
– Deferred income tax liability	(14,010.3)	(5,807.4)
Net deferred income tax asset	15,644.5	15,337.0

Deferred income tax is calculated using an income tax rate of 30%

	2024 KShs'm	2023 KShs'm
At start of year	15,337.0	9,908.8
Credit to statement of profit or loss (Note 12)	1,534.5	5,194.6
Adjustments in respect of deferred income tax of previous year (Note 12)	(1,227.0)	233.6
At end of year	15,644.5	15,337.0

Consolidated deferred income tax assets and liabilities and deferred income tax credit/ (charge) in the statement of profit or loss and other comprehensive income (SOI) are attributable to the following items:

	GROUP		
	1 April 2023 KShs'm	Credit/ (charged) to SOI KShs'm	31 March 2024 KShs'm
Year ended 31 March 2024			
Deferred income tax liabilities			
Unrealised foreign exchange gains	(502.4)	(1,121.6)	(1,624.0)
Right of use assets	(5,307.2)	(7,079.1)	(12,386.3)
	(5,809.6)	(8,200.7)	(14,010.3)
Deferred income tax assets			
Unrealised foreign exchange losses	220.5	104.3	324.8
Tax losses	7,250.2	12,450.2	19,700.4
Property and equipment	7,910.2	(1,170.9)	6,739.3
Lease liabilities	6,434.0	6,805.6	13,239.6
Other temporary differences*	6,667.5	2,106.9	8,774.4
	28,482.4	20,296.1	48,778.5
Deferred tax asset not recognised	(7,335.8)	(11,787.9)	(19,123.7)
Net deferred income tax asset	15,337.0	307.5	15,644.5

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

17 Deferred income tax (continued)

Group (continued)

	1 April 2022 KShs'm	Credit/ (charged) to SOCI KShs'm	31 March 2023 KShs'm
Year ended 31 March 2023			
Deferred income tax liabilities			
Unrealised foreign exchange gains	(90.8)	(411.6)	(502.4)
Right of use assets	(5,153.3)	(153.9)	(5,307.2)
	(5,244.1)	(565.5)	(5,809.6)
Deferred income tax assets			
Unrealised foreign exchange losses	119.5	101.0	220.5
Tax losses	391.5	6,858.7	7,250.2
Property and equipment	4,738.8	3,171.4	7,910.2
Lease liabilities	5,855.0	579.0	6,434.0
Other temporary differences*	4,525.2	2,142.3	6,667.5
	15,630.0	12,852.4	28,480.2
Deferred tax asset not recognised	(477.1)	(6,858.7)	(7,335.8)
Net deferred income tax asset	9,908.8	5,428.2	15,337.0

*Other temporary differences mainly relate to deferred income tax on expected credit losses on financial assets and provisions for liabilities.

In relation to Ethiopia, Federal Income Tax Proclamation 979/2016 Article 26 allows carry forward of a maximum of two years of losses. According to the proclamation, if the determination of taxable profits results in a loss in a tax period, the loss may base off against a future taxable income, but a taxpayer is not allowed to carry a loss forward for more than 5 tax years after the end of year in which the loss was incurred.

The Group has not recognised deferred income tax asset relating to tax losses carried forward and other deductible temporary differences amounting to KShs 19,123.7 million (2023: KShs 7,335.8) due to lack of certainty of availability of future taxable profits against which such deductible temporary differences and tax losses could be utilised.

Company

The analysis of deferred income tax assets and deferred tax liabilities is as follows:

	COMPANY	
	2024 KShs'm	2023 KShs'm
– Deferred income tax assets	22,746.7	21,686.3
– Deferred income tax liability	(7,141.7)	(6,348.3)
Net deferred income tax asset	15,605.0	15,338.0
Deferred income tax is calculated using an income tax rate of 30%		
	2024 KShs'm	2023 KShs'm
At start of year	15,338.0	9,908.8
Credit to statement of profit or loss (Note 12)	1,494.0	5,195.6
Adjustments in respect of deferred income tax of previous year (Note 12)	(1,227.0)	233.6
At end of year	15,605.0	15,338.0

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

17 Deferred income tax (continued)

Company (continued)

Company deferred income tax assets and liabilities and deferred income tax credit/ (charge) in the statement of profit or loss and other comprehensive income (SOCl) are attributable to the following items:

	COMPANY		
	1 April 2023 KShs'm	Credit/ (charged) to SOCl KShs'm	31 March 2024 KShs'm
Year ended 31 March 2024			
Deferred income tax liabilities			
Unrealised foreign exchange gains	(190.8)	(410.1)	(600.9)
Right of use assets	(6,157.5)	(383.4)	(6,540.9)
	(6,348.3)	(793.5)	(7,141.8)
Deferred income tax assets			
Unrealised foreign exchange losses	(290.0)	(114.0)	(404.0)
Property and equipment	7,909.1	(610.5)	7,298.6
Lease liabilities	6,434.1	637.7	7,071.8
Other temporary differences*	7,633.1	1,147.3	8,780.4
	21,686.3	1,060.5	22,746.8
Net deferred income tax asset	15,338.0	267.0	15,605.0
	1 April 2022 KShs'm	Credit/ (charged) to SOCl KShs'm	31 March 2023 KShs'm
Year ended 31 March 2023			
Deferred income tax liabilities			
Unrealised foreign exchange gains	(90.9)	(99.9)	(190.8)
Right of use assets	(5,153.3)	(1,004.2)	(6,157.5)
	(5,244.2)	(1,104.1)	(6,348.3)
Deferred income tax assets			
Unrealised foreign exchange losses	119.4	(409.4)	(290.0)
Property and equipment	4,741.6	3,167.5	7,909.1
Lease liabilities	5,855.0	579.1	6,434.1
Other temporary differences*	4,437.0	3,196.1	7,633.1
	15,153.0	6,533.3	21,686.3
Net deferred income tax asset	9,908.8	5,429.2	15,338.0

In the opinion of the Directors, the deferred income tax balances are expected to be recoverable against future profits.

*Other deductible temporary differences mainly to deferred tax of expected credit losses on financial assets and provisions

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

18 Property and equipment

Year ended 31 March 2024	GROUP							Total KShs'm
	Network infra- structure KShs'm	Capital work in progress (CWIP)* KShs'm	Network mainte- nance spares KShs'm	Lease- hold improve- ments KShs'm	Vehicles and equip- ment KShs'm	Fibre KShs'm	Freehold property KShs'm	
Opening net carrying amount	53,344.0	94,563.6	318.0	583.3	40,810.7	32,160.4	207.6	221,987.6
Additions	–	87,118.4	–	–	368.8	–	–	87,487.2
Transfers from CWIP	22,943.5	(67,714.2)	118.3	72.5	38,834.8	5,745.1	–	–
Asset retirement obligations (ARO) - additions	236.7	–	–	–	–	–	–	236.7
Disposal – cost	(54.1)	–	(33.8)	–	(1,220.0)	–	–	(1,307.9)
Depreciation on disposals	51.6	–	33.0	–	1,201.7	–	–	1,286.3
Reclassifications cost	1,624.7	–	–	–	(1,621.5)	(3.2)	–	–
Depreciation on reclassifications	(319.3)	–	–	–	319.2	0.1	–	–
Asset retirement - cost	(1,022.1)	–	–	–	(5,482.6)	–	–	(6,504.7)
Asset retirement - depreciation	1,022.1	–	–	–	5,482.6	–	–	6,504.7
Depreciation charge	(23,948.3)	–	(125.3)	(277.2)	(28,887.8)	(1,923.7)	–	(55,162.3)
Hyperinflation adjustment	66,509.3	(51,594.7)	0.1	76.0	5,930.0	115.9	–	21,036.6
Translation differences	764.1	–	–	4.7	706.0	2.3	–	1,477.1
Closing net carrying amount	121,152.2	62,373.1	310.3	459.3	56,441.9	36,096.9	207.6	277,041.3
At 31 March 2024								
Cost	343,625.0	62,373.1	1,896.0	8,129.0	186,846.8	46,645.8	207.6	649,723.3
Accumulated depreciation	(222,472.8)	–	(1,585.7)	(7,669.7)	(130,404.9)	(10,548.9)	–	(372,682.0)
Net carrying amount	121,152.2	62,373.1	310.3	459.3	56,441.9	36,096.9	207.6	277,041.3

*Capital work-in-progress largely relates to self-constructed assets not yet completed. These mostly include network infrastructure, equipment and fibre that had not been brought into use as at year end.

Included in property and equipment are fully depreciated assets amounting to KShs 236,148.6 million (2023: KShs 202,423.4 million) which would have a notional depreciation of KShs 4,271.4 million (2023: KShs 2,921.0 million).

Included in property and equipment is KShs 5,370.8 million (2023: KShs 4,608.4 million) relating to expenditures recognised in the carrying amount of property and equipment during its construction.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

18 Property and equipment (continued)

	GROUP							
	Network infrastructure KShs'm	Capital work in progress (CWIP)* KShs'm	Network maintenance spares KShs'm	Leasehold improvements KShs'm	Vehicles and equipment KShs'm	Fibre KShs'm	Freehold property KShs'm	Total KShs'm
At 1 April 2022								
Cost	253,445.7	25,181.6	1,731.0	7,932.2	138,346.8	35,504.2	204.3	462,345.8
Accumulated depreciation	(196,428.4)	–	(1,370.2)	(7,045.3)	(101,443.4)	(7,065.5)	–	(313,352.8)
Net book carrying amount	57,017.3	25,181.6	360.8	886.9	36,903.4	28,438.7	204.3	148,993.0
Year ended 31 March 2023								
Opening net carrying amount	57,017.3	25,181.6	360.8	886.9	36,903.4	28,438.7	204.3	148,993.0
Additions	–	105,981.8	–	–	411.7	–	–	106,393.5
Transfers from CWIP	11,911.1	(41,885.3)	81.6	50.5	24,549.9	5,292.2	–	–
Disposal – cost	(1,625.7)	–	–	–	(3,149.9)	(2.6)	–	(4,778.2)
Depreciation on disposals	1,620.0	–	–	–	3,148.6	0.3	–	4,768.9
Asset retirement - cost	(12,056.7)	–	–	–	(10,271.1)	–	–	(22,327.8)
Asset retirement obligation (ARO) additions	1,052.1	–	–	–	–	–	–	1,052.1
Asset retirement - depreciation	12,056.7	–	–	–	10,271.1	–	–	22,327.8
Depreciation charge	(16,630.8)	–	(124.4)	(354.1)	(21,077.0)	(1,568.2)	–	(39,754.5)
Hyperinflation adjustment (Note 36(a))	–	5,285.5	–	–	24.0	–	3.3	5,312.8
Closing net carrying amount	53,344.0	94,563.6	318.0	583.3	40,810.7	32,160.4	207.6	221,987.6
At 31 March 2023								
Cost	252,588.4	94,563.6	1,811.4	7,986.0	149,808.4	40,787.6	207.6	547,753.0
Accumulated depreciation	(199,244.4)	–	(1,493.4)	(7,402.7)	(108,997.7)	(8,627.2)	–	(325,765.4)
Net carrying amount	53,344.0	94,563.6	318.0	583.3	40,810.7	32,160.4	207.6	221,987.6

*Capital work-in-progress largely relates to self-constructed assets not yet completed. These mostly include network infrastructure, equipment and fibre that had not been brought into use as at year end.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

18 Property and equipment (continued)

	COMPANY							
	Network infrastructure KShs'm	Capital work in progress (CWIP)* KShs'm	Network maintenance spares KShs'm	Leasehold improvements KShs'm	Vehicles and equipment KShs'm	Fibre KShs'm	Freehold Property KShs'm	Total KShs'm
Year ended 31 March 2024								
Opening net carrying amount	54,545.8	13,038.7	318.0	586.4	40,946.7	32,160.3	207.6	141,803.5
Additions	–	46,893.4	–	–	368.8	–	–	47,262.2
Transfers from CWIP	18,493.5	(45,008.0)	118.3	(39.9)	21,367.7	5,068.4	–	–
Asset retirement obligations additions	(132.6)	–	–	–	–	–	–	(132.6)
Disposal – cost	(54.1)	–	(33.8)	–	(563.4)	–	–	(651.3)
Depreciation on disposals	51.6	–	33.0	–	556.1	–	–	640.7
Reclassifications cost	1,624.7	411.7	–	–	(2,029.7)	(6.7)	–	–
Depreciation on reclassifications	(319.3)	–	–	–	319.2	0.1	–	–
Asset retirement - cost	(1,022.1)	–	–	–	(5,482.6)	–	–	(6,504.7)
Asset retirement - depreciation	1,022.1	–	–	–	5,482.6	–	–	6,504.7
Depreciation charge	(15,810.5)	–	(125.3)	(227.4)	(21,261.5)	(1,899.6)	–	(39,324.3)
Closing net carrying amount	58,399.1	15,335.8	310.2	319.1	39,703.9	35,322.5	207.6	149,598.2
At 31 March 2024								
Cost	270,445.6	15,335.8	1,895.9	7,946.1	162,902.4	45,852.7	207.6	504,586.1
Accumulated depreciation	(212,046.5)	–	(1,585.7)	(7,627.0)	(123,198.5)	(10,530.2)	–	(354,987.9)
Net carrying amount	58,399.1	15,335.8	310.2	319.1	39,703.9	35,322.5	207.6	149,598.2

*Capital work-in-progress largely relates to self-constructed assets not yet completed. These mostly include network infrastructure, equipment and fibre that had not been brought into use as at year end.

Included in property and equipment are fully depreciated assets amounting to KShs 236,148.6 million (2023: KShs 202,423.4 million) which would have a notional depreciation of KShs 4,271.4 million (2023: KShs 2,921.0 million).

Included in property and equipment is KShs 5,370.8 million (2023: KShs 4,608.4 million) relating to expenditures recognised in the carrying amount of property and equipment during its construction.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

18 Property and equipment (continued)

	COMPANY							
	Network infra- structure KShs'm	Capital work in progress (CWIP)* KShs'm	Network mainte- nance spares KShs'm	Leasehold improve- ments KShs'm	Vehicles and equipment KShs'm	Fibre KShs'm	Freehold Property KShs'm	Total KShs'm
At 1 April 2022								
Cost	253,307.7	14,917.7	1,730.4	7,934.3	137,844.5	35,498.0	204.3	451,436.9
Accumulated depreciation	(196,290.4)	–	(1,369.6)	(7,047.4)	(101,167.5)	(7,059.3)	–	(312,934.2)
Net carrying amount	57,017.3	14,917.7	360.8	886.9	36,677.0	28,438.7	204.3	138,502.7
Year ended 31 March 2023								
Opening net carrying amount	57,017.3	14,917.7	360.8	886.9	36,677.0	28,438.7	204.3	138,502.7
Additions	–	39,866.7	–	–	411.7	–	3.3	40,281.7
Transfers from CWIP	11,911.1	(41,745.7)	81.6	50.5	24,410.3	5,292.2	–	–
Disposal – cost	(1,625.7)	–	–	–	(3,149.8)	(2.7)	–	(4,778.2)
Depreciation on disposals	1,620.0	–	–	–	3,148.8	0.3	–	4,769.1
Asset retirement - cost	(12,056.7)	–	–	–	(10,271.1)	–	–	(22,327.8)
Asset retirement - depreciation	12,056.7	–	–	–	10,271.1	–	–	22,327.8
Depreciation charge	(14,376.9)	–	(124.4)	(351.0)	(20,551.3)	(1,568.2)	–	(36,971.8)
Closing net carrying amount	54,545.8	13,038.7	318.0	586.4	40,946.7	32,160.3	207.6	141,803.5
At 31 March 2023								
Cost	251,536.3	13,038.7	1,811.4	7,986.0	149,245.1	40,787.5	207.6	464,612.6
Accumulated depreciation	(196,990.5)	–	(1,493.4)	(7,399.6)	(108,298.4)	(8,627.2)	–	(322,809.1)
Net carrying amount	54,545.8	13,038.7	318.0	586.4	40,946.7	32,160.3	207.6	141,803.5

*Capital work-in-progress largely relates to self-constructed assets not yet completed. These mostly include network infrastructure, equipment and fibre that had not been brought into use as at year end.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

19 Indefeasible rights-of-use (IRU)

	GROUP AND COMPANY			
	SEACOM KShs'm	KPLC* KShs'm	TEAMS** KShs'm	Total KShs'm
Year ended 31 March 2024				
Opening carrying amount	536.5	286.7	1,459.8	2,283.0
Depreciation charge	(76.7)	(41.9)	(162.7)	(281.3)
Net carrying amount	459.8	244.8	1,297.1	2,001.7
At 31 March 2024				
Cost	1,535.0	838.4	3,252.8	5,626.2
Accumulated depreciation	(1,075.2)	(593.6)	(1,955.7)	(3,624.5)
Net carrying amount	459.8	244.8	1,297.1	2,001.7
Year ended 31 March 2023				
Opening carrying amount	613.2	328.6	1,622.5	2,564.3
Depreciation charge	(76.7)	(41.9)	(162.7)	(281.3)
Net carrying amount	536.5	286.7	1,459.8	2,283.0
At 31 March 2023				
Cost	1,535.0	838.4	3,252.9	5,626.3
Accumulated depreciation	(998.5)	(551.7)	(1,793.1)	(3,343.3)
Net carrying amount	536.5	286.7	1,459.8	2,283.0

*KPLC - Kenya Power and Lighting Company.

**TEAMS - The East African Marines Systems Limited.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

20 Investment properties (Group and Company)

The investment properties relate to vacant parcels of land title No. 164259 and 164260 located in the Nairobi area. This land does not generate any rental income or direct operating costs. There are no restrictions attached to realisability of the investment properties or the remittance of income and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance, or enhancements.

	GROUP AND COMPANY	
	2024 KShs'm	2023 KShs'm
At start of year	935.0	845.0
Net gain from fair value adjustment	–	90.0
At end of year	935.0	935.0

The fair value measurement of the investment property as at 31 March 2024 was performed by a registered and independent valuation firm who has valuation experience for similar properties in Kenya. They are members of the Institute of Surveyors of Kenya.

The fair value was determined by reference to market evidence of recent transactions for similar properties. In estimating the fair value of the properties, the highest and best use of those similar properties was assumed.

Details of the Group's and Company's investment properties and information about fair value hierarchy as at 31 March 2024 and 31 March 2023 is as follows:

Non-financial asset	Fair Value as at 31 March 2024 KShs'm	Fair Value as at 31 March 2023 KShs'm	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs
Investment properties	935.0	935.0	Level III	Market comparison approach	Recent sale transactions for similar properties in the neighbourhood

Sensitivity analysis

If there was a 10% change in the selling prices of similar properties, with all other variables held constant, the fair value of the investment properties would have been KShs 93.5 million lower/higher (2023: KShs 93.5 million lower/higher).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

21 Intangible assets- Network Licenses

The cost of Group intangibles at end of March 2022 was KShs 105,004.5 million (Company KShs 22,688.6 million) and accumulated amortisation was KShs 11,357.3 million (Company: 11,339.0 million). Below is the movement of intangibles as at 31 March 2024 and 31 March 2023.

	GROUP	
	2024 KShs'm	2023 KShs'm
Opening carrying amount	150,198.8	93,647.2
Additions – cost	30,992.5	5,143.0
Hyperinflation adjustment	38,265.5	52,433.0
Translation difference	(7,371.6)	7,393.5
Derecognition – cost	–	(1,673.8)
Derecognition – amortisation	–	1,673.8
Amortisation charge	(17,804.5)	(8,417.9)
Closing carrying amount	194,280.7	150,198.8
Cost	229,910.0	168,300.2
Accumulated amortisation	(35,629.3)	(18,101.4)
Closing carrying amount	194,280.7	150,198.8

	COMPANY	
	2024 KShs'm	2023 KShs'm
Opening carrying amount	14,163.0	11,349.6
Additions – cost	10,514.8	5,143.0
Derecognition – cost	–	(1,673.8)
Derecognition – amortisation	–	1,673.8
Amortisation charge	(2,836.4)	(2,329.6)
Closing carrying amount	21,841.4	14,163.0
Cost	36,672.7	26,157.8
Accumulated amortisation	(14,831.3)	(11,994.8)
Closing carrying amount	21,841.4	14,163.0

Derecognition represents amounts de-recognised upon expiry of license. There was no de-recognition in the current year.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

22 Leases

(a) Right of use (ROU) asset

	GROUP						
	Site KShs'm	Co-location KShs'm	Shops KShs'm	Facilities KShs'm	Secondees houses KShs'm	Equipment KShs'm	Total KShs'm
Year ended 31 March 2024							
At start of year	9,744.0	20,823.7	816.7	1,803.1	38.0	1.0	33,226.5
Additions	3,293.5	17,861.4	394.9	1,656.8	366.2	0.6	23,573.4
Terminations and revisions - cost	30.4	325.2	(31.0)	(366.7)	(241.0)	1.1	(282.0)
Depreciation charge	(2,403.7)	(5,184.8)	(319.7)	(1,218.7)	(570.1)	(2.7)	(9,699.7)
Termination and revisions - depreciation	301.2	937.3	–	148.5	(2.9)	–	1,384.1
Hyperinflation adjustment	2,912.9	6,367.0	86.6	957.2	440.2	–	10,763.9
Translation differences	106.8	272.8	5.3	52.0	52.6	–	489.5
Closing net carrying amount	13,985.1	41,402.6	952.8	3,032.2	83.0	–	59,455.7
At 31 March 2024							
Cost	20,753.8	51,681.9	2,324.4	6,697.6	1,626.6	17.5	83,101.8
Accumulated depreciation	(6,768.7)	(10,279.3)	(1,371.6)	(3,665.4)	(1,543.6)	(17.5)	(23,646.1)
Closing net carrying amount	13,985.1	41,402.6	952.8	3,032.2	83.0	–	59,455.7
	Site KShs'm	Co-location KShs'm	Shops KShs'm	Facilities KShs'm	Secondees houses KShs'm	Equipment KShs'm	Total KShs'm
Year ended 31 March 2023							
Opening cost	7,082.9	8,270.1	806.7	2,081.5	52.8	7.6	18,301.6
Additions	5,460.5	15,809.7	337.7	1,768.8	1,071.2	–	24,447.9
Terminations and revisions cost	71.2	719.9	4.5	(1,397.2)	0.7	–	(600.9)
Depreciation charge	(1,610.3)	(2,372.1)	(293.4)	(1,327.6)	(801.3)	(6.6)	(6,411.3)
Depreciation on terminations and revisions	23.3	(4.6)	–	1,136.4	–	–	1,155.1
Hyperinflation adjustment	(1.8)	–	(0.2)	(3.1)	(1.8)	–	(6.9)
Closing net carrying amount	11,025.8	22,423.0	855.3	2,258.8	321.6	1.0	36,885.5
At 31 March 2023							
Cost	15,637.6	28,078.9	1,906.4	4,802.9	1,188.5	15.8	51,630.1
Accumulated depreciation	(4,611.8)	(5,655.9)	(1,051.1)	(2,544.1)	(866.9)	(14.8)	(14,744.6)
Closing net carrying amount	11,025.8	22,423.0	855.3	2,258.8	321.6	1.0	36,885.5

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

22 Leases (continued)

(a) Right of use asset (ROU) (continued)

	COMPANY						
	Site KShs'm	Co-location KShs'm	Shops KShs'm	Facilities KShs'm	Secondees houses KShs'm	Equipment KShs'm	Total KShs'm
Year ended 31 March 2024							
At start of year	6,148.1	10,387.7	712.8	431.5	10.2	1.0	17,691.3
Additions	798.0	2,837.8	358.1	1,414.8	343.9	0.6	5,753.2
Terminations and revisions cost	(122.2)	288.5	(31.1)	(505.9)	(305.6)	1.1	(675.2)
Depreciation charge	(1,268.0)	(2,290.4)	(263.1)	(666.8)	(12.2)	(2.7)	(4,503.2)
Terminations and revisions - depreciation	243.1	360.4	-	101.4	(2.9)	-	702.0
Closing net carrying amount	5,799.0	11,584.0	776.7	775.0	33.4	-	18,968.1
At 31 March 2024							
Cost	10,905.9	18,802.7	2,059.7	3,598.5	117.3	17.5	35,501.6
Accumulated depreciation	(5,106.9)	(7,218.7)	(1,283.0)	(2,823.5)	(83.9)	(17.5)	(16,533.5)
Closing net carrying amount	5,799.0	11,584.0	776.7	775.0	33.4	-	18,968.1
	Site KShs'm	Co-location KShs'm	Shops KShs'm	Facilities KShs'm	Secondees houses KShs'm	Equipment KShs'm	Total KShs'm
Year ended 31 March 2023							
Opening cost	6,630.7	8,270.5	771.6	1,479.4	17.7	7.5	17,177.4
Additions	508.7	3,407.3	199.5	262.3	-	-	4,377.8
Terminations and revisions cost	71.9	719.5	4.6	(1,397.3)	0.7	0.1	(600.5)
Depreciation charge	(1,086.1)	(2,005.0)	(262.9)	(1,050.2)	(8.2)	(6.6)	(4,419.0)
Depreciation on terminations and revisions	22.9	(4.6)	-	1,137.3	-	-	1,155.6
Closing net carrying amount	6,148.1	10,387.7	712.8	431.5	10.2	1.0	17,691.3
At 31 March 2023							
Cost	10,203.1	15,676.1	1,732.9	2,688.7	106.6	15.9	30,423.3
Accumulated depreciation	(4,055.0)	(5,288.4)	(1,020.1)	(2,257.2)	(96.4)	(14.9)	(12,732.0)
Closing net carrying amount	6,148.1	10,387.7	712.8	431.5	10.2	1.0	17,691.3

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

22 Leases (continued)

(b) Lease liabilities

The lease liabilities balance at the end of the year was as follows:

	GROUP		
	Current KShs'm	Non- current KShs'm	Total KShs'm
Year ended 31 March 2024			
At start of year	5,354.9	29,984.0	35,338.9
Additions	3,439.3	20,273.6	23,712.9
Interest charge	5,820.0	–	5,820.0
Payments	(7,240.3)	–	(7,240.3)
Terminations and revisions	(682.2)	–	(682.2)
Foreign exchange revaluation	–	1,270.8	1,270.8
Translation differences	(280.7)	(3,054.1)	(3,334.8)
At end of year	6,411.0	48,474.3	54,885.3
Year ended 31 March 2023			
At start of year	5,508.4	14,584.9	20,093.3
Additions	10,520.7	13,927.2	24,447.9
Interest charge	2,875.9	–	2,875.9
Payments	(17,794.1)	–	(17,794.1)
Terminations and revisions	4,274.7	–	4,274.7
Foreign exchange revaluation	–	731.1	731.1
Translation differences	(30.7)	740.8	710.1
At end of year	5,354.9	29,984.0	35,338.9

Included in the direct costs and reported in the statement of profit or loss in the year is an amount of KShs 2,707.2 million (2023: KShs 1,549.7 million) for Group and KShs 1,803.3 million (2023: KShs 1,383.8 million) for Company relating to short term leases of less than one year which were not accounted for under IFRS 16.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

22 Leases (continued)

(b) Lease liabilities (continued)

	COMPANY		
	Current KShs'm	Non- current KShs'm	Total KShs'm
Year ended 31 March 2024			
At start of year	4,376.6	17,070.1	21,446.7
Additions	4,395.6	1,357.4	5,753.0
Interest charge	3,058.8	–	3,058.8
Payments	(5,986.3)	–	(5,986.3)
Terminations and revisions	(681.6)	–	(681.6)
Foreign exchange revaluation	–	(18.4)	(18.4)
At end of year	5,163.1	18,409.1	23,572.2
Year ended 31 March 2023			
At start of year	5,437.4	14,079.2	19,516.6
Additions	1,973.1	2,404.7	4,377.8
Interest charge	2,238.5	–	2,238.5
Payments	(5,736.6)	–	(5,736.6)
Terminations and revisions	464.2	–	464.2
Foreign exchange revaluation	–	586.2	586.2
At end of year	4,376.6	17,070.1	21,446.7

Payments split

The lease payment split is as follows:

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Repayment of lease liabilities – principal	7,727.1	8,349.1	3,898.1	4,001.3
Repayment of lease liabilities – interest	1,913.7	1,768.5	1,811.0	1,735.3
Total payments	9,640.8	10,117.6	5,709.1	5,736.6

(c) Maturity analysis of undiscounted lease liabilities

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Less than 1 year	10,769.8	5,800.9	5,292.4	4,498.3
Greater than 1 year	63,570.1	43,516.4	25,164.4	23,521.5
Total	74,339.9	49,317.3	30,456.8	28,019.8

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

23 Investments

From time to time the Group invests in various entities in the form of subsidiaries, associates and joint arrangements and ventures for strategic reasons in order to achieve its overall objective of transforming lives.

(a) Investment in subsidiaries

All subsidiaries are unlisted and have the same year end as the Company except for Safaricom Money Transfer Services Limited which has a 31 December year-end because of Central Bank of Kenya's reporting guidelines. The investments relate to cost of shares held in the subsidiaries.

	COMPANY	
	2024 KShs'm	2023 KShs'm
At start of year	78,012.5	59,057.8
Additional investment:		
- Instaconnect Limited	80.6	–
- Vodafamily Ethiopia Holding Limited - cash ¹	20,583.3	18,116.1
- Vodafamily Ethiopia Holding Limited – non-cash	103.2	838.6
- M-PESA Holding Co. Limited ²	–	–
At end of year	98,779.6	78,012.5

¹ In April 2021, Safaricom Plc in partnership with Vodacom Group Limited, Sumitomo Corporation, and British International Investment Plc (BII) formerly (CDC Group Plc) partnered to invest in Ethiopia. Safaricom Plc and Vodacom Group through the Vodafamily Ethiopia Holding Company Limited (a private limited company incorporated under the laws of England and Wales, United Kingdom), Sumitomo and British International Investment (BII) formerly (CDC) incorporated the Global Partnership for Ethiopia (GPE) B.V. (a private limited company incorporated in the Netherlands), as the investment vehicle to Ethiopia with the respective shareholding into the company being Vodafamily Ethiopia Holding 61.9% (Safaricom Plc 55.71%, Vodacom Group 6.19%), Sumitomo Corporation 27.2% and British International Investment (BII) formerly (CDC) Group Plc 10.9%. The intention was to bid for one of the telecommunications licenses in Ethiopia.

On 26 April 2021, the Global Partnership for Ethiopia B.V. (the "GPE") submitted a response to the Request for Proposals (the "RFP") by the Government of Ethiopia (the "GoE") that was issued by the Ethiopian Communications Authority (the "ECA"). On 24 May 2021, the ECA formally notified the GPE of its decision to award it one of the two telecommunication licenses that were available in the bid process. License fee paid was USD 850 million to Government of Ethiopia. In addition, a transaction fees of USD 4 Million was paid to International Finance corporation (IFC). The total cost was distributed proportionate to each consortium partner shareholding in GPE.

GPE thereafter incorporated a fully owned subsidiary in Ethiopia- Safaricom Telecommunication Ethiopia Plc (STE) and the certificate of operation was issued on 6th July 2021 as per the requirements of Ethiopia regulation. The indirect shareholding of Safaricom Plc in STE is 55.71%. STE's primary purpose is to hold and operate a full-service telecommunications license granted to GPE by the Federal Republic of Ethiopia.

The subsidiary was established within the FY2021 financial reporting period and has been consolidated in the Group's 31 March 2024 financial statements.

In August 2023, International Financial Corporation (IFC), invested 7.25% in Ethiopia through the Global Partnership for Ethiopia (GPE) B.V. This changed the respective shareholdings in Ethiopia to; Vodafamily Ethiopia Holding 57.41% (Safaricom Plc 51.67%, Vodacom Group 5.74%), the Global Partnership for Ethiopia (GPE) B.V. Holding 42.59% (Sumitomo Corporation 25.23%, British International Investment, BII 10.11% and International Financial Corporation (IFC), 7.25%).

During the financial year, the Company invested 156.2 million US dollar equivalent to KShs 20,583.3 million (2023: 108.6 million US dollar equivalent to KShs 18,116.0 million), in Vodafamily Ethiopia Holding Limited and KShs 80.6 million (2023: Nil) in Instaconnect Limited.

² Acquisition of M-PESA Holding Co. Limited

Following the regulatory approvals and ratification by shareholders at the Annual General Meeting held on 28 July 2023, Safaricom Plc acquired the entire issued share capital of M-PESA Holding Co. Limited (MPHCL) from Vodafone International Holdings BV for \$1. The acquisition of MPHCL marks the Safaricom's increased control of the major aspects of the mobile money services which was deemed to be necessary given that it is the licensed payment provider. Going forward, Safaricom will oversee the operations of the Trust, with the overall responsibility of the Trust being held by the appointed directors. The results of MPHCL have not been consolidated in these financial statements.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

23 Investments (continued)

(a) Investment in subsidiaries (continued)

Below is the contribution for Non-Controlling Interest (NCI) arising from their ownership in GPE and STEP;

Name	Non-controlling Interest (NCI) percentage	At start of year KShs'm	Contribution by NCI shareholders KShs'm	Loss allocated to NCI KShs'm	Other reserves KShs'm	Redistribution of loss after change in shareholding KShs'm	Totals non-controlling interest (NCI) KShs'm
At 31 March 2024							
Vodacom Group Limited	5.74%	10,595.3	2,288.3	(2,417.1)	2,530.0	–	12,996.5
Sumitomo Corporation	25.23%	46,557.5	10,055.5	(10,613.2)	11,106.4	–	57,106.2
British International Investment (formerly CDC Group Plc)	10.11%	18,657.2	4,029.6	(4,253.1)	4,450.8	–	22,884.5
International Financial Corporation (IFC)*	7.25%	–	13,620.4	(3,049.9)	4,436.7	1,404.4	16,411.6
Total	48.33%	75,810.0	29,993.8	(20,333.3)	22,523.9	1,404.4	109,398.8

Name	Non-controlling Interest (NCI) percentage	At start of year (Audited) KShs'm	Contribution by NCI shareholders KShs'm	Loss allocated to NCI KShs'm	Other reserves KShs'm	Totals NCI KShs'm
At 31 March 2023						
Vodacom Group Limited	6.19%	5,622.9	1,995.0	(1,367.7)	4,345.1	10,595.3
Sumitomo Corporation	27.20%	24,708.0	8,766.5	(6,010.0)	19,092.8	46,557.5
British International Investment (formerly CDC Group Plc)	10.90%	9,901.4	3,513.1	(2,408.4)	7,651.3	18,657.4
Total	44.29%	40,232.3	14,274.6	(9,786.1)	31,089.2	75,810.0

*The investment from International Financial Corporation (IFC) was made in the current financial year.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

23 Investments (continued)

(a) Investment in subsidiaries (continued)

The Company's interest in its subsidiaries was as follows:

	Year end	% Interest held	2024 KShs'm	2023 KShs'm
One Communications Limited and its subsidiaries ¹	31 March	100	–	–
Digifarm Kenya Limited ²	31 March	100	0.1	0.1
Instaconnect Limited ³	31 March	100	491.7	411.2
Vodafamily Ethiopia Holding Limited	31 March	90	98,267.8	77,581.2
Safaricom Money Transfer Services Limited	31 December	100	20.0	20.0
East Africa Tower Company Limited ⁴	31 March	100	–	–
M-PESA Holding Co. Limited	31 March	100	–	–
			98,779.6	78,012.5

¹The subsidiaries are Comtec Training Management Services Limited, Comtec Integrations System Limited and Flexible Bandwidth Service Limited. The investment in One Communications Limited and its subsidiaries were written down in the year ended 31 Mar 2017.

² In October 2019, Digifarm Kenya Limited was incorporated as a 100% owned subsidiary by Safaricom Plc. The nominal share capital of the Company is KShs 100,000 divided into 1,000 ordinary shares of KShs 100 each. The entity is primarily designed to offer agribusiness technology support services to Kenyan farmers linking the entire production chain by connecting producers to buyers and cushioning farmers from middlemen. Other expected value additions to the Digifarm model will be filling the gaps below:

- Access to financial services – credit and insurance
- Access to quality inputs
- Knowledge on best farming practices through extension services
- Access to market and post-harvest loss management.

³Safaricom Plc repurposed its existing subsidiary, Instaconnect Limited to invest in East Africa Device Assembly Kenya Limited (EADAK), a company set up to spearhead mobile phone assembly in Kenya. Together with other shareholders. As at 31 March 2024, Instaconnect Limited shareholding in EADAK is 25%.

⁴The investment in East Africa Tower Company Limited was written down in the year ended 31 Mar 2017.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

23 Investments (continued)

(a) Investment in subsidiaries (continued)

The summarised financial information of Vodafamily Ethiopia Holding Limited consolidated is provided below. The subsidiary is incorporated in United Kingdom and the principal place of business is London, United Kingdom. This information is based on amounts before inter-company eliminations.

Vodafamily Ethiopia Holding Limited consolidated summarised statement of profit or loss and other comprehensive income for year ended 31 March 2024

	2024 KShs'm	2023 KShs'm
Total revenue	7,379.8	1,834.5
Total expenses	(31,079.5)	(22,324.0)
Loss before interest, tax, depreciation and amortisation	(23,699.7)	(20,489.5)
Depreciation and amortisation	(35,895.9)	(10,767.4)
Financing costs	(5,268.4)	(1,478.0)
Finance income	409.1	212.7
Hyperinflationary monetary gain (Note 36)	22,363.2	10,383.1
Loss after tax	(42,091.7)	(22,139.1)
Other comprehensive loss		
Exchange differences on translation of foreign operations	(7,278.1)	10,260.0
Total comprehensive loss	(49,369.8)	(11,879.1)
Attributable to non-controlling interests	(23,860.4)	(5,059.0)

Vodafamily Ethiopia Holding Limited consolidated summarised statement of financial position as at 31 March

	2024 KShs'm	2023 KShs'm
Equity attributable to;		
Equity holders of parent	129,968.8	106,026.4
Non-controlling interest	96,409.3	65,260.2
Non-current liabilities	77,963.3	44,841.6
Total equity and non-current liabilities	304,341.4	216,128.2
Non-current assets	340,883.4	235,461.7
Current assets		
Cash and cash equivalents	1,561.1	3,806.4
Other current assets	22,031.8	11,175.0
Total current assets	23,592.9	14,981.4
Current liabilities	60,134.9	34,314.9
	304,341.4	216,128.2

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

23 Investments (continued)

(a) Investment in subsidiaries (continued)

Vodafamily Ethiopia Holding Limited Consolidated Summarised cashflow information for year ended 31 March

	2024 KShs'm	2023 KShs'm
Cash flows from operating activities	(11,365.3)	31,104.0
Cash flows from investing activities	(59,985.3)	(68,763.6)
Cash flows from financing activities	67,676.6	38,240.8
Net increase in cash and cash equivalents	(3,674.0)	581.2
Movement in cash and cash equivalents		
At start of year	3,806.4	2,687.6
Net foreign exchange difference	1,923.5	537.6
Net monetary gain on cash and cash equivalents	(494.8)	-
Decrease in cash and cash equivalents	(3,673.9)	581.2
Closing cash and cash equivalents	1,561.1	3,806.4

(b) Investment in associates and joint ventures – Group and Company

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Investment in associates				
The East African Marines Systems Limited (TEAMS)	143.3	135.6	143.3	135.6
East Africa Device Assembly of Kenya (EADAK)	80.6	-	-	-
Total investment in associates	223.9	135.6	143.3	135.6
Investment in joint venture				
M-PESA Africa Limited	3,318.6	3,808.3	3,318.6	3,808.3
Total investment in joint venture	3,318.6	3,808.3	3,318.6	3,808.3
Total investment in associates and joint venture	3,542.5	3,943.9	3,461.9	3,943.9
The movement in investment in associates and joint venture is as follows:				
At start of year TEAMS	135.6	123.1	135.6	123.1
Share of (loss)/profit from TEAMS	(2.9)	12.5	(2.9)	12.5
Total share of (loss)/profit of associates	(2.9)	12.5	(2.9)	12.5
Investment in East Africa Device Assembly of Kenya*	80.6	-	-	-
Total movement for associates	77.7	12.5	(2.9)	12.5
At start of year M-PESA Africa Limited	3,808.4	3,859.0	3,808.4	3,859.0
Share of loss from M-PESA Africa Limited	(1,376.2)	(50.7)	(1,376.2)	(50.7)
Additional investment in the year	897.0	-	897.0	-
Total movement for joint ventures	(479.2)	(50.7)	(479.2)	(50.7)
At end of year	3,542.5	3,943.9	3,461.9	3,943.9

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

23 Investments (continued)

(b) Investment in associates and joint ventures – Group and Company (continued)

In December 2019, Safaricom completed a purchase of 18.96% of the issued shares capital of Circle Gas Limited (KShs 385 million), a company incorporated in England. Principal place of business for Circle Gas Limited is London, United Kingdom. Strategically, the investment in Circle Gas Limited solution is a digital service offering leveraging Internet of Things (IoT) and M-PESA, that will drive our ambition to be the leading digital services on Kenya whilst driving financial inclusion through technology by offering customers an affordable, clean energy source for cooking.

In 2022 Circle Gas Limited subsequently issued ordinary shares which were used in settlement of debt. This led to a dilution of the Safaricom's shareholding to 14.648%.

The investment in Circle Gas Limited has been treated as an investment in associate as per IAS 28.6 where the existence of significant influence by an investor is usually evidenced if one or more of the following exists;

- Representation on the board of directors or equivalent governing body of the investee
- Participation in the policy-making process material transactions between the investor and the investee
- Interchange of managerial personnel
- Provision of essential technical information

Circle Gas Limited has a 31 December year end and derives its revenues from the provision of affordable, clean energy source for cooking. Changes in the risk and fluctuation of the results of the associate is not expected to have a significant impact on the results of the Group. Initial Investment on Circle Gas Limited were fully written off by the reported losses.

*During the year, Safaricom Plc repurposed its existing subsidiary, Instaconnect Limited to invest in East Africa Device Assembly Kenya Limited (EADAK), a company set up to spearhead mobile phone assembly in Kenya.

Circle Gas Limited summarised statement of profit or loss and other comprehensive income

	12 months ended 31 December 2022 KShs'm	12 months ended 31 December 2021 KShs'm
Revenue	1,092.2	418.9
Expenses	(5,536.7)	(2,508.2)
Loss before tax	(4,444.5)	(2,089.3)
Income tax expense	18.4	–
Loss after tax	(4,426.1)	(2,089.3)
Share of loss after tax	–	–
Share of loss of associate- reported	–	(284.8)
Share of loss of associate- unrecognised	(648.4)	(21.2)

Circle Gas Limited summarised Statement of Financial Position

	As at 31 December 2022 KShs'm	As at 31 December 2021 KShs'm
Total equity	(6,179.3)	(514.1)
Current liabilities	2,564.6	103.9
Noncurrent liabilities	13,090.3	7,435.9
Total liabilities & equity	9,475.6	7,025.7
Non-current assets	6,536.4	4,333.9
Current assets	2,939.2	2,691.8
Total assets	9,475.6	7,025.7

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

23 Investments (continued)

(b) Investment in associates and joint ventures – Group and Company (continued)

At the time of the report the financial statements for Circle Gas Limited as at 31 March had not been received. The investment is fully impaired.

Included in the investment in associate is the investment of 32.5% (2023: 32.5%) of the ordinary shares of The East African Marines Systems Limited (TEAMS). TEAMS is a private company and there is no quoted market price available for its shares. TEAMS' place of business and country of incorporation is Kenya. There are no contingent liabilities relating to the Group's interest in the associate.

TEAMS has a 30 June year end and derives its revenues from the provision of submarine fibre optic cable system. Changes in the risk and fluctuation of the results of the associate is not expected to have a significant impact on the results of the Group. As such, the unaudited nine months results for the associate have been incorporated in the Group's financial statements. Set out below is the summarised financial information for TEAMS as at 31 March 2024, which is accounted for using the equity method.

TEAMS summarised statement of financial position as at 31 March

	2024 KShs'm	2023 KShs'm
Total equity	412.5	415.7
Current liabilities	386.6	386.7
Non-current liabilities	–	–
Total liabilities and equity	799.1	802.4
Non-current assets	20.5	24.1
Current assets	778.6	778.3
Total assets	799.1	802.4

TEAMS summarised statement of profit or loss and other comprehensive income for the 9 months period ended 31 March

	2024 KShs'm	2023 KShs'm
Revenue	243.8	49.3
Other income	16.2	16.1
Total Income	260.0	65.4
Establishment expenses	(186.6)	(3.7)
Administrative expenses	(39.7)	(7.6)
Total expenses	(226.3)	(11.3)
Profit before tax	33.7	54.1
Income tax expense	(10.1)	(16.2)
Profit after tax	23.6	37.9
Share of profit of associate (32.5%)	7.6	12.3
Total share of profit of associate reported in the year	2.9	12.5
Share of profit overbooked in previous year	(2.0)	–

The information above reflects the amounts presented in the management accounts of the associate and not Safaricom Plc's share of those amounts, adjusted for differences in accounting policies between the Company and associate. The results of TEAMS do not have a material impact on the Group's results.

In March 2020, Safaricom Plc and Vodacom Group Limited completed the acquisition of the M-PESA brand, product development and support services from Vodafone Group Plc through the Joint Venture (JV), M-PESA Africa Limited. The new objective of the JV is to strategically help accelerate M-PESA growth in Africa and giving both Safaricom Plc and Vodacom Group Limited full control of the M-PESA brand in Africa. Safaricom Plc owns 50% of the issued share capital of the JV with Vodacom Group Limited owning the remaining 50%.

The JV is registered in Kenya and has a 100% owned subsidiary, K2019102008 (South Africa) (Proprietary) Limited registered in South Africa.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

23 Investments (continued)

(b) Investment in associates and joint ventures – Group and Company (continued)

The joint venture is accounted for using equity method in these consolidated and separate financial statements. Summarised financial information in respect of Safaricom Plc investment in joint venture as at year end is set out below:

There are no significant restrictions on the ability of the JV to transfer funds to Safaricom Plc in the form of a cash dividend or repayment of loans. Decisions by the JV to declare and/or pay any dividend or make any capital distribution to shareholders must have prior written consent of the existing shareholders.

M-PESA Africa Limited summarised statement of financial position as at 31 March

	2024 KShs'm	2023 KShs'm
Total equity	7,636.8	8,597.0
Non-current liabilities		
Deferred income tax	2,312.1	2,741.9
Other non-current financial liabilities	9,761.6	8,473.2
Total non-current liabilities	12,073.7	11,215.1
Total equity and non-current liabilities	19,710.5	19,812.1
Non-current assets	20,981.8	23,110.0
Current assets		
Cash and cash equivalents	792.9	2,029.8
Other current assets	1,639.2	1,287.1
Total current assets	2,432.1	3,316.9
Current liabilities		
Payables and accrued expenses	3,099.7	6,596.6
Other current financial liabilities	603.7	18.2
Total current liabilities	3,703.4	6,614.8
Net current assets	(1,271.3)	(3,297.9)
	19,710.5	19,812.1

M-PESA Africa Limited summarised statement of profit or loss and other comprehensive income for year ended 31 March

	2024 KShs'm	2023 KShs'm
Revenue	6,369.0	5,576.1
Total expenses	(4,139.0)	(3,575.0)
Profit before interest, tax, depreciation and amortisation	2,230.0	2,001.1
Depreciation and amortisation	(3,844.8)	(1,756.2)
Financing cost	(1,194.6)	(235.7)
Income tax credit / (expense)	57.1	(110.6)
Loss after tax	(2,752.3)	(101.4)
Share of loss from joint venture (50%)	(1,376.2)	(50.7)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

24 Inventories

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Handsets and accessories	3,795.5	2,362.1	2,371.5	1,288.1
Scratch cards	74.9	53.7	41.4	19.4
Starter packs	1,088.5	1,648.7	513.8	1,215.9
Stationery and other stocks	1.7	124.4	1.6	4.4
Less:				
- Provision for obsolescence	(442.4)	(540.5)	(289.3)	(296.3)
	4,518.2	3,648.4	2,639.0	2,231.5
Farm stocks	7.8	7.2	-	-
	4,526.0	3,655.6	2,639.0	2,231.5

The cost of inventories recognised as an expense during the year was KShs 10,446.1 million (2023: KShs 11,261.1 million) reported under direct costs Note 6. The cost of inventories written down during the year is KShs 344.9 million (2023: KShs 60.4 million). This cost is included under direct costs Note 6.

25 Trade and other receivables

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Current:				
Trade receivables	42,890.5	24,883.3	31,130.4	22,669.6
Less: Allowance for expected credit losses	(13,699.0)	(10,411.2)	(13,482.5)	(9,971.6)
	29,191.5	14,472.1	17,647.9	12,698.0
Receivable from related parties (Note 32 (viii))	307.9	1,599.2	3,573.5	4,580.4
Less: Allowance for expected credit losses	(34.4)	(12.0)	(1,593.1)	(1,413.6)
	273.5	1,587.2	1,980.4	3,166.8
Other receivables*	7,505.1	13,296.1	4,330.4	5,072.2
Less: Allowance for expected credit losses	(68.3)	(71.7)	(68.3)	(71.7)
	7,436.8	13,224.4	4,262.1	5,000.5
Prepayments	11,217.2	11,507.8	4,189.5	2,922.8
	48,119.0	40,791.5	28,079.9	23,788.1

* Other receivables include deposit, interest receivable and EPSAP share receivable.

The carrying amounts of the above receivables approximate their fair values.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

25 Trade and other receivables (continued)

Movements on the allowance for expected credit losses on trade receivables, other receivables and related parties' receivables are as follows:

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
At start of year	10,494.9	7,041.1	11,456.9	7,943.7
Allowance for expected credit losses for the year				
– Trade and other receivables	7,340.7	5,150.3	7,295.9	5,209.3
– Related parties	–	5.3	162.3	317.3
Release of prior year allowance	(1,534.2)	(423.1)	(1,551.9)	(734.8)
Provision for expected credit losses	5,806.5	4,732.5	5,906.3	4,791.8
Receivables written off during the year as uncollectible	(2,499.6)	(1,278.9)	(2,219.2)	(1,204.7)
Recovered from third parties	–	0.2	–	–
Allowance for expected credit losses at year end	3,306.9	3,453.8	3,687.1	3,587.1
Provision for trade receivables	13,699.0	10,411.2	13,482.5	9,971.6
Provision for related parties	34.4	12.0	1,593.1	1,413.6
Provision for other receivables	68.3	71.7	68.3	71.7
Allowance for expected credit losses at year end	13,801.7	10,494.9	15,143.9	11,456.9

26 Cash and cash equivalents and restricted cash

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
(a) Cash and cash equivalents				
Cash at bank	22,877.4	22,108.5	19,075.2	18,063.2
Allowance for expected credit losses	(9.2)	(10.4)	(3.1)	(1.3)
	22,868.2	22,098.1	19,072.1	18,061.9
(b) Restricted cash				
Restricted cash	1,677.9	2,014.8	1,677.9	2,014.8
Discounting adjustment at inception	(658.0)	(533.4)	(658.0)	(533.4)
	1,019.9	1,481.4	1,019.9	1,481.4
(c) Deferred restricted cash asset				
Discounting adjustment at inception (Note 26(b))	658.0	533.4	658.0	533.4
Accumulated amortisation	(226.1)	(255.2)	(226.1)	(255.2)
Net deferred restricted cash asset	431.9	278.2	431.9	278.2
(d) Restricted cash asset movement				
At start of year	1,759.6	2,167.8	1,759.6	2,167.8
Staff mortgage issued	–	32.8	–	32.8
Repayments	(337.0)	(433.3)	(337.0)	(433.3)
Amortisation of deferred restricted cash asset	29.2	(7.7)	29.2	(7.7)
Net deferred restricted cash asset at end of year	1,451.8	1,759.6	1,451.8	1,759.6

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

26 Cash and cash equivalents and restricted cash (continued)

Restricted cash relates to deposits held with Housing Finance Group Limited, NCBA Bank Kenya Plc and KCB Bank Kenya Limited. The cash is used as a backup to the staff mortgage loans and its withdrawal is restricted.

The restricted cash has a significant timing difference due to the contractual period of the mortgage loans, therefore the fair value of the restricted cash upon initial recognition includes the effect of discounting taking the impact of time value of money into consideration. The fair value of the restricted cash on initial recognition was determined using the discounted cash flow method. The difference between the actual cash held as deposits and the fair value (i.e., the deferred restricted cash asset) is amortised over the term of the deposit. Subsequently, the restricted cash is carried at amortised cost.

The fair value adjustment at inception is amortised over the period of the staff's mortgage.

27 Restricted cash - letter of credit

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
At start of year	615.1	-	-	-
Additions in the year	948.3	615.1	-	-
At end of year	1,563.4	615.1	-	-

The restricted cash-letter-of credit balance relates to cash deposited by Group and held by the Bank as security to the letters of guarantee issued by the Bank to external suppliers as a guarantee for payment once goods have been delivered. As at 31 March 2024, a guarantee of guarantee equivalent to Kshs 1,563.4 million for the Group had been issued by the Bank to external suppliers, (2023: equivalent to Kshs 615.1 million)

28 Other financial assets

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
At start of year	28.6	-	-	-
Addition in the year	-	28.6	-	-
Proceeds in the year	(28.6)	-	-	-
At end of year	-	28.6	-	-

Safaricom Foundation invested in Government securities during the year 31 March 2023. There were no investments held in Government securities at end of 31 March 2024.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

29(a) Payables and accrued expenses

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Trade payables	10,617.6	14,299.9	7,807.8	12,567.1
Due to related companies (Note 32 (ix))	3,145.5	2,301.6	1,396.6	814.2
Accrued liabilities:				
- Network infrastructure	57,640.2	53,154.7	6,540.7	6,315.1
- Inventory	2,672.4	1,165.1	2,122.3	683.3
- Other expenses	19,485.4	15,243.5	12,095.8	11,315.0
Other payables:				
- Indirect and other taxes payable	8,010.1	7,416.3	7,488.6	6,733.0
- M-PESA agent accrual	3,324.5	3,023.7	3,230.1	3,023.7
- Other accrued payables	9,482.4	1,379.6	1,140.6	784.1
Total payables and accrued expenses	114,378.1	97,984.4	41,822.5	42,235.5
Current	94,919.5	70,625.1	41,822.5	42,235.5
Non-Current	19,458.6	27,359.3	-	-
At end of year	114,378.1	97,984.4	41,822.5	42,235.5

29(b) Provisions

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
At start of year	8,986.9	6,557.1	7,934.8	6,557.1
Charge for the year	734.9	1,532.9	622.2	1,532.9
Addition / (Release) of ARO provision	289.8	926.0	(132.6)	(126.1)
Payments and release for the year	(1,855.8)	(29.1)	(1,855.8)	(29.1)
Foreign exchange revaluation	(121.4)	-	-	-
Hyperinflation adjustment	(8.5)	-	-	-
At end of year	8,025.9	8,986.9	6,568.6	7,934.8
Current	2,938.9	4,524.1	2,938.9	4,524.1
Non-current	5,087.0	4,462.8	3,629.7	3,410.7
At end of year	8,025.9	8,986.9	6,568.6	7,934.8

Legal contingencies

The Group is currently involved in various legal disputes and has, in consultation with its legal advisors, assessed the possible outcomes in these cases and has determined that adequate provision has been made in respect of all these cases as at 31 March 2024.

Due to the nature and uncertainty of the outcomes of the various litigation cases, management exercises judgement to determine the quantum and adequacy of the provision carried. Settlement only happens when a case is closed either through court rulings or out of court agreement between parties involved. The impact of discounting on the provision is not considered to be material.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

29(b) Provisions (continued)

Tax matters

The Group is subjected to regular compliance audits by Kenya revenue authority (KRA) mainly around direct and indirect tax, capital allowances, withholding taxes and transfer pricing. Disputes may arise with tax authorities over the interpretation or application of certain tax rules to the Group's business. To address and manage this tax environment uncertainty, good governance is fundamental to the Group's business sustainability. The Group employs multiple approaches in tax self-assessment in order to arrive at the final Group's tax position. This includes internal reviews and periodic consulting with external tax experts in addition to periodic reviews by our external auditors. Tax decisions are always subject to review by management and are periodically reported to the Board. The Group has considered all tax matters, including ongoing tax audits by KRA within the knowledge of management and has accounted for them appropriately.

Asset restoration provision (ARO)

The Group accounts for the costs associated with dismantling and removing network infrastructure assets and returning a network infrastructure site operated under a lease to its original condition upon termination of the network infrastructure site lease. The associated cash outflows are substantially expected to occur at the dates of decommissioning of the assets.

A restoration provision is recorded based on the best estimate of the average restoration costs (being the future costs relating to dismantling and removing property and equipment and restoring each site) multiplied by the number of sites for which the Company has a restoration obligation. This is then discounted to the present value of the obligation using a pre-tax discount rate.

The increase in ARO provision is mainly attributed to roll out of the network by Group and Company.

30(a) Contract assets

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Costs to fulfil a contract:				
Dealer connection commissions	3,178.9	3,894.7	2,776.7	3,844.5
Link lease costs	246.3	-	246.3	-
SIM activation cost	1,301.4	1,122.4	1,049.7	917.8
	4,726.6	5,017.1	4,072.7	4,762.3
Costs to obtain a contract:				
Deferred SIM cost	1,973.1	1,230.6	1,519.9	1,052.3
Deferred financing cost	110.2	-	110.2	-
Total contract cost	2,083.3	1,230.6	1,630.1	1,052.3
Total contract cost	6,809.9	6,247.7	5,702.8	5,814.6
The movement of the contract costs is as below:				
At start of year	6,247.7	4,090.2	5,814.6	4,090.2
Additions in the year	10,047.3	7,524.6	8,355.7	6,801.8
Amortised as costs in the year	(9,485.1)	(5,367.1)	(8,467.5)	(5,077.4)
At end of year	6,809.9	6,247.7	5,702.8	5,814.6
Current	5,202.0	4,395.0	4,748.8	4,236.3
Non-current	1,607.9	1,852.7	954.0	1,578.3
At end of year	6,809.9	6,247.7	5,702.8	5,814.6

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

30(b) Contract liabilities

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Customer loyalty programs	3,272.9	2,965.1	3,272.9	2,965.1
Deferred airtime revenue	2,646.0	2,598.1	2,162.4	2,289.1
Deferred connection revenue	2,316.7	1,906.0	2,178.5	1,838.5
Deferred integrated products	1,983.3	1,811.8	1,838.4	1,749.9
Deferred neo voice and data	1,472.9	1,349.9	1,472.9	1,349.9
Deferred fixed data	836.7	717.7	791.7	717.7
Deferred fibre and site rental revenue	178.0	225.6	178.0	225.6
Deferred bulk SMS	161.1	152.1	161.1	152.1
Deferred bundled handset resources	3.1	3.1	3.1	3.1
Deferred emergency top up access fee	4.0	3.9	4.0	3.9
Deferred Premium Rate service Partner (PRSP) initial set-up fee	-	0.4	-	0.4
Total contract liabilities	12,874.7	11,733.7	12,063.0	11,295.3
The movement of the contract liabilities is as below:				
At start of year	11,733.7	12,148.1	11,295.3	12,148.1
Additions in the year	234,913.0	211,080.3	220,502.9	210,641.9
Recognised as revenue in the year	(233,772.0)	(211,494.7)	(219,735.2)	(211,494.7)
At end of year	12,874.7	11,733.7	12,063.0	11,295.3
Current	11,393.5	10,125.9	10,581.8	9,687.5
Non-current	1,481.2	1,607.8	1,481.2	1,607.8
At end of year	12,874.7	11,733.7	12,063.0	11,295.3

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

31(a) Cash generated from operations

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Profit before income tax	84,687.4	88,345.2	123,805.1	109,110.2
Adjustments for:				
Hyperinflationary monetary gain	(22,363.2)	(10,383.1)	–	–
Interest income (Note 8)	(2,467.5)	(1,563.7)	(2,257.4)	(1,304.9)
Interest expense (Note 9)	12,644.3	7,786.6	10,640.4	7,320.6
Interest on lease liabilities	5,820.0	2,875.9	3,058.8	2,238.5
Depreciation on property and equipment (Note 18)	55,162.3	39,754.5	39,324.2	36,971.8
Depreciation of right of use (ROU) asset (Note 22(a))	9,699.7	6,411.3	4,503.2	4,419.0
Amortisation of intangible assets (Note 21)	17,804.5	8,417.9	2,836.4	2,329.6
Depreciation of indefeasible rights of use (Note 19)	281.3	281.3	281.3	281.3
Share of loss / ((profit) from associate (Note 23 (b))	2.8	(12.5)	2.8	(12.5)
Share of loss of joint venture (M-PESA Africa Limited) (Note 23 (b))	1,376.2	50.7	1,376.2	50.7
Fair value adjustment to investment properties (Note 20)	–	(90.0)	–	(90.0)
Gain on disposal of property and equipment (Note 5 (b))	(268.3)	(34.6)	(250.4)	(34.6)
Fair valuation of restricted cash (Note 8)	(29.2)	(7.8)	(29.2)	(7.8)
Interest on ARO liability	523.8	382.6	411.1	382.6
Gain on lease termination	(1,047.8)	(56.1)	(986.8)	(90.0)
Revaluation of lease liabilities	1,270.8	731.1	(18.4)	586.2
Asset retirement obligations non-cash additions	(289.9)	–	132.5	–
Expected credit loss on receivables and loans	5,808.6	4,688.9	6,071.6	4,888.9
Dividends from subsidiary	–	–	–	(4,200.0)
Change in operating assets and liabilities:				
-Movement in accrual for other liabilities (Note 29(b))	(943.5)	2,429.8	(1,717.7)	995.1
-Movement in contract liabilities	1,141.0	(414.4)	767.7	(852.9)
-Movement in contract costs	(562.2)	(1,946.7)	111.8	(1,724.5)
-Movement in receivables and prepayments	(17,926.3)	(10,042.5)	(9,880.9)	(6,537.5)
-Movement in inventories	(870.4)	651.2	(407.5)	1,916.0
-Movement in payables and accrued expenses	14.8	21,341.2	1,164.9	3,627.6
Cash generated from operations	149,469.2	159,596.8	178,939.7	160,263.4

As 31 March 2024, other non-cash items included in the finance income (Note 8) were foreign exchange gains on cash and borrowings and amortisation of deferred restricted cash asset of KShs 2,992.10 million and 5,123.0 million for the Group and Company, respectively (2023:KShs 1,031.10 million and KShs 1,098.80 million for the Group and Company, respectively).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

31(b) Net cash/(debt) reconciliation

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Cash and cash equivalents (Note 26 a)	22,868.2	22,098.1	19,072.1	18,061.9
Borrowings (Note 16)	(108,146.8)	(87,605.4)	(77,666.6)	(76,096.7)
Lease liabilities (Note 22)	(54,885.3)	(35,338.9)	(23,572.2)	(21,446.7)
Net debt	(140,163.9)	(100,846.2)	(82,166.7)	(79,481.5)
Cash and cash equivalents (Note 26 a)	22,868.2	22,098.1	19,072.1	18,061.9
Gross debt	(163,032.1)	(122,944.3)	(101,238.8)	(97,543.4)
Net debt	(140,163.9)	(100,846.2)	(82,166.7)	(79,481.5)

31(c) Liabilities from financing activities and net debt

	GROUP				
	Borrowings KShs'm	Lease liabilities KShs'm	Sub total KShs'm	Cash and cash equivalents KShs'm	Net debt KShs'm
Movement in net debt					
At 1 April 2023	(87,605.4)	(35,338.9)	(122,944.3)	22,108.5	(100,835.8)
Receipts	(65,841.3)	(23,712.9)	(89,554.2)	(1,154.6)	(90,708.8)
Payments	41,103.9	7,240.3	48,344.2	–	48,344.2
Terminations and revisions	–	682.2	682.2	–	682.2
Interest charged	(12,644.3)	(5,820.0)	(18,464.3)	–	(18,464.3)
Interest paid	12,776.5	–	12,776.5	–	12,776.5
Foreign exchange revaluation	3,928.8	(1,270.8)	2,658.0	–	2,658.0
Translation differences	–	3,334.8	3,334.8	1,923.5	5,258.3
Hyperinflation adjustment	135.0	–	135.0	–	135.0
At 31 March 2024	(108,146.8)	(54,885.3)	(163,032.1)	22,877.4	(140,154.7)
Movement in net debt					
At 1 April 2022	(66,468.7)	(20,093.3)	(86,562.0)	30,794.2	(55,767.8)
Receipts	(62,238.1)	(24,447.9)	(86,686.0)	(9,213.0)	(95,899.0)
Payments	42,777.2	17,794.1	60,571.3	–	60,571.3
Terminations and revisions	–	(4,274.7)	(4,274.7)	–	(4,274.7)
Interest charged	(7,786.6)	(2,875.9)	(10,662.5)	–	(10,662.5)
Interest paid	6,924.4	–	6,924.4	–	6,924.4
Foreign exchange revaluation	(770.5)	(731.1)	(1,501.6)	–	(1,501.6)
Translation differences	–	(710.1)	(710.1)	527.3	(182.8)
Hyperinflation adjustment	(43.1)	–	(43.1)	–	(43.1)
At 31 March 2023	(87,605.4)	(35,338.9)	(122,944.3)	22,108.5	(100,835.8)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

31(c) Liabilities from financing activities and net debt (continued)

	COMPANY				
	Borrowings KShs'm	Lease liabilities KShs'm	Sub total KShs'm	Cash and cash equivalents KShs'm	Net debt KShs'm
Movement in net debt					
At 1 April 2023	(76,096.7)	(21,446.7)	(97,543.4)	18,063.2	(79,480.2)
Receipts	(36,892.5)	(5,753.0)	(42,645.5)	1,012.0	(41,633.5)
Payments	35,055.3	5,986.3	41,041.6	–	41,041.6
Terminations and revisions	–	681.6	681.6	–	681.6
Interest charged	(10,640.3)	(3,058.8)	(13,699.1)	–	(13,699.1)
Interest paid	10,907.6	–	10,907.6	–	10,907.6
Foreign exchange revaluation	–	18.4	18.4	–	18.4
At 31 March 2024	(77,666.6)	(23,572.2)	(101,238.8)	19,075.2	(82,163.6)
Movement in net debt					
At 1 April 2022	(66,468.7)	(19,516.6)	(85,985.3)	18,063.2	(67,922.1)
Receipts	(51,500.0)	(4,377.8)	(55,877.8)	–	(55,877.8)
Payments	42,777.2	5,736.6	48,513.8	–	48,513.8
Terminations and revisions	–	(464.2)	(464.2)	–	(464.2)
Interest charged	(7,320.6)	(2,238.5)	(9,559.1)	–	(9,559.1)
Interest paid	6,415.4	–	6,415.4	–	6,415.4
Foreign exchange revaluation	–	(586.2)	(586.2)	–	(586.2)
At 31 March 2023	(76,096.7)	(21,446.7)	(97,543.4)	18,063.2	(79,480.2)

32 Related party transactions

Vodafone Kenya Limited incorporated in Kenya, whose ultimate parent is Vodafone Group Plc, incorporated in the United Kingdom (UK), is the largest single shareholder of the Company. There are other companies in the Vodafone Group that are related to the Company through common shareholdings or common directorships.

The following are the significant arrangements that exist and form the basis of various transactions within the Group:

- The Group has interconnection and roaming agreements with Vodafone affiliated companies in many countries around the world, including the UK.
- The Group operates the M-PESA business which offers integrated financial services. M-PESA is an innovative mobile payment solution that enables users to complete money transfer transactions and pay for goods and services by use of mobile phone for which the Company earns a commission which is based on the amounts transacted. The Company also uses the M-PESA platform to sell airtime to M-PESA account holders as well as run the M-Shwari and KCB M-PESA products as detailed out in Note 2(f).

M-PESA Africa Limited is a joint venture between Safaricom Plc and Vodacom Group (SA). The Company has entered into a managed services agreement with the Safaricom Plc to provide technical and product-based M-PESA solutions against which a fee is charged monthly. The fee is based on 2% of the M-PESA transaction revenue effective 1 April 2020.

Safaricom Plc acquired the entire issued share capital of M-PESA Holding Co. Limited (MPHCL) from Vodafone International Holdings BV. Going forward, Safaricom will have the overall responsibility for the entire payment service system including operations of the Trust.

MPHCL undertakes and carries on the office and duties of corporate trustee for the funds held in trust for M-PESA account holders in Kenya. The funds held in MPHCL are due to customers and agents and relate to M-PESA units not yet redeemed. MPHCL holds these amounts in cash, deposits, and treasury bills in its bank accounts (Trust accounts).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

32 Related party transactions (continued)

- (c) The Group has signed an agreement with Vodacom Group for commercial services support. The agreement is effective from April 2023 to March 2026. Under the agreement, Safaricom Plc will have access to Vodacom's support for purposes of access to technology materials and thought leadership, digital marketing acceleration, logistics and warehousing strategy and transformation, big data and data science among others. The contract provides for a fixed participation fee up to a maximum of EUR 3 million payable in two equal installments.
- (d) The Group has signed an agreement with Vodafone Group for participation in the Vodafone procurement company services. The agreement is effective from April 2023 to March 2026. Under the agreement, Safaricom Plc will have access to Vodafone's support for purposes of procurement. The contract provides for a variable procurement fee at 4.5% calculated as a percentage of the actual purchase order value.
- (e) The Group has employees who are seconded from Vodafone affiliate companies. The payroll cost for the secondees is managed by Vodafone Group Services Limited and recharged (invoiced) to the Company for payment on a monthly basis.
- (f) The Group seconds its staff to other Vodafone affiliate companies. The payroll cost for these secondees is managed by Vodafone Group Enterprises (VGE) and recharged (invoiced) by the Company for payment on a monthly basis.

The following relationships exist within Safaricom Plc:

		Percentage of interest held as at	
		March 2024	March 2023
Subsidiaries	Held by		
One Communications Limited	Safaricom PLC	100%	100%
Instaconnect Limited	Safaricom PLC	100%	100%
Safaricom Money Transfer Services Limited	Safaricom PLC	100%	100%
East Africa Tower Company Limited	Safaricom PLC	100%	100%
Safaricom Foundation*	Safaricom PLC	–	–
Flexible Bandwidth Services Limited	One Communications Limited	100%	100%
Comtec Training and Management Services Limited	One Communications Limited	100%	100%
Comtec Integration Systems Limited	One Communications Limited	100%	100%
Digifarm Kenya Limited	Safaricom PLC	100%	100%
M-PESA Holding Co. Limited	Safaricom PLC	100%	–
Vodafamily Ethiopia Holding Company Limited	Safaricom PLC	90%-1 share	90%-1 share
		57.41%	61.9%
Global Partnership for Ethiopia B.V	Vodafamily Ethiopia Holding Company Limited	(Safaricom indirectly owns 51.67%)	(Safaricom indirectly owns 55.71%)
Safaricom Telecommunications Ethiopia Plc (STEP)	Global Partnership for Ethiopia B.V (GPE)	100 % (Safaricom indirectly owns 51.67%)	100 % (Safaricom indirectly owns 55.71%)
Associates			
The East African Marines Systems Limited (TEAMS)	Safaricom PLC	32.5%	32.5%
Circle Gas Limited	Safaricom PLC	14.648%	14.648%
East Africa Device Assembly Kenya Limited (EADAK)	Instaconnect Limited	25%	–
Joint venture			
M-PESA Africa Limited	Safaricom Plc	50%	50%

* Safaricom Foundation was established by Safaricom Plc as a public charitable trust by a Declaration of trust dated 14 August 2003 and is domiciled in Kenya.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

32 Related party transactions (continued)

The following transactions were carried out with related parties:

(i) Sale of goods and services

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Other related parties				
Vodafone Roaming Services S.à r.l	139.0	79.7	139.0	79.7
Vodacom Tanzania Public Limited Company	52.9	40.6	52.9	40.6
Vodacom (Pty) Limited	436.5	440.8	436.5	440.8
Vodacom Business (Kenya) Limited	9.2	16.2	9.2	16.2
Vodafone Egypt Telecom. S.A.E.	1.3	1.3	1.3	1.3
Vodafone Network PTY Limited	2.7	1.6	2.7	1.6
Vodafone Sverige AB	0.5	0.5	0.5	0.5
Vodafone Qatar Q.S.C.	35.2	2.2	35.2	2.2
Vodafone Group Services Limited	–	42.5	–	42.5
Vodafone Enterprise Global Limited	163.6	194.6	163.6	194.6
Vodafone Us Inc.	–	8.7	–	8.7
Vodacom Group Limited	69.6	118.4	69.6	118.4
Vodafone Sales & Services Limited	25.5	47.9	25.5	47.9
Mtc Vodafone Bahrain	0.1	–	0.1	–
Vodacom Business Africa Group Services Limited	9.0	–	9.0	–
M-PESA Foundation	–	–	63.0	–
East Africa Device Assembly Kenya Limited	–	–	0.2	–
M-PESA Holdings Company Limited	–	1.0	2.1	1.0
Joint venture				
M-PESA Africa limited	1,092.8	929.4	1,092.8	929.4
Subsidiaries				
Safaricom Money Transfer Services Limited	–	–	986.9	876.2
East Africa Tower Company Limited	–	–	0.3	–
Digifarm Kenya Limited	–	–	123.2	202.0
Global Partnership for Ethiopia B.V	–	–	–	60.9
Instaconnect Limited	–	–	1.8	0.1
Safaricom Telecommunication Ethiopia Plc	–	–	1,898.9	1,435.1
Safaricom Foundation	–	–	120.9	81.0
Comtec Integration Systems Limited	–	–	0.6	–
One Communications Limited	–	–	3.0	3.2
	2,037.9	1,925.4	5,238.8	4,583.9

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

32 Related party transactions (continued)

(ii) Purchase of goods and services

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Other related parties				
Vodafone Sales and Services Limited	109.6	1,657.4	109.6	1,657.4
Vodafone Global Enterprise Limited	218.8	214.5	218.8	214.5
Vodafone Roaming Services S.à r.l	211.8	220.2	187.0	205.2
Vodafone UK	75.4	195.6	75.4	135.0
Vodacom Tanzania Public Limited Company	133.2	209.7	100.6	176.2
Vodacom Service Provider Company (Pty) Limited	106.7	37.3	106.7	37.3
Vodafone Egypt Telecom. S.A.E.	0.8	0.9	0.8	0.9
Vodafone Network PTY Limited	2.0	2.1	2.0	2.1
Vodafone Qatar Q.S.C.	44.9	53.0	44.9	53.0
Vodacom Group Limited	584.5	103.2	514.9	–
Vodacom International	86.5	146.9	–	–
Vodafone Innovus S.A.	76.5	14.1	76.5	14.1
Vodacom Business (Kenya) Limited	25.5	65.7	21.1	34.1
lot Nxt (Pty) Limited	–	2.1	–	2.1
Mtc Vodafone Bahrain	1.3	1.9	1.3	1.9
The East African Marine System Limited	118.8	113.3	118.8	113.3
Sumitomo Corporation Group	396.8	368.5	–	–
Vodafone Mobile Services Limited	0.4	0.2	0.4	0.2
Vodafone Procurement Company S.A.R.L	3,245.5	1,765.7	822.9	–
Vodafone Group Services Limited	341.6	747.6	119.6	–
Vodacom Lesotho Proprietary Limited	11.6	21.0	–	–
Vodacom Mozambique S.A.	36.8	46.2	–	–
Vodacom Congo (RDC) S.A.	14.7	30.4	–	–
Vodacom Proprietary Limited	317.0	126.7	–	–
Vodafone Ghana Limited	10.8	22.8	–	–
Vodacom Pty Limited	102.4	–	102.4	–
Mtc-Vodafone Kuwait	0.1	–	0.1	–
Safaricom Foundation	–	–	–	90.0
Vodafone Dagitim Servis Ve Icerik Hizm. A.S.	7.9	–	7.9	–
East Africa Device Assembly Kenya Limited	2,092.4	–	2,092.4	–
Mezzanine Ware	147.4	–	147.4	–
Joint venture				
M-PESA Africa Limited	2,594.3	2,126.9	2,594.3	2,126.9
Subsidiary				
Safaricom Money Transfer Services Limited	–	–	–	761.3
Digifarm Kenya Limited	–	–	29.0	5.9
Safaricom Telecommunication Ethiopia Plc	–	–	30.8	8.0
	11,116.0	8,293.9	7,525.6	5,639.4

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

32 Related party transactions (continued)

(iii) Directors' remuneration

	GROUP AND COMPANY	
	2024 KShs'm	2023 KShs'm
Fees for services as Director	93.5	90.3
Salaries	153.2	153.1
Bonuses	169.2	236.0
Value for non-cash benefits	48.0	54.7
	463.9	534.1

(iv) Key management compensation

	GROUP AND COMPANY	
	2024 KShs'm	2023 KShs'm
Salaries and other short-term employment benefits	975.2	661.4
Employee Performance Share Award Plan	27.9	38.2
Pension, housing levy & NSSF contribution	38.1	26.8
Termination benefits	25.2	47.8
	1,066.4	774.2

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of the entity.

(v) Loans from shareholders

There are no loans from shareholders outstanding as at 31 March 2024 (2023: Nil).

(vi) Loans to Directors of the Company

There are no loans to Directors of the Company as at 31 March 2024 (2023: Nil).

(vii) Donations to Safaricom Foundation

Donations made by the Group during the year amounted to KShs 548.7 million (2023: KShs 588 million). The donations mainly include annual committed funding of KShs 510m, pass on grant to Ministry of Health in Kenya and funding from Vodafone Foundation for digital initiatives.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

32 Related party transactions (continued)

(viii) Outstanding receivable balances arising from sale of goods/services

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Other related parties				
Vodafone Roaming Services S.à r.l	9.9	11.4	9.9	11.4
M-PESA Holding Co. Limited	–	–	2.4	–
Vodacom Tanzania Public Limited Company	3.9	–	3.9	–
Vodafone Us Inc.	–	0.9	–	0.9
Vodacom Business (Kenya) Limited	3.8	22.8	3.8	5.1
Vodafone Egypt Telecom. S.A.E.	17.1	16.4	17.1	16.4
Vodafone Group Services Limited	–	61.7	–	61.7
Vodafone Ghana	–	0.4	–	0.4
Vodafone Qatar Q.S.C.	1.9	0.1	1.9	0.1
Vodafone Sverige Ab	0.2	–	0.2	–
Vodacom Group Limited	43.0	111.4	43.0	111.4
Vodafone DRC Congo	–	0.3	–	0.3
Vodacom (Pty) Limited	16.0	37.2	16.0	37.2
Vodafone Network PTY Limited	1.2	0.2	1.2	0.2
Vodafone Sverige AB	–	0.2	–	0.2
Vodafone Sales & Services Limited	85.1	55.6	85.1	55.6
Vodafone Enterprise Global Limited	27.2	–	27.2	–
M-pesa Foundation	–	–	19.7	–
Vodacom Business Africa Group Services Limited	6.2	–	6.2	–
Joint venture				
M-PESA Africa Limited	92.4	156.4	92.4	156.4
Subsidiaries				
East African Towers Company Limited	–	–	16.3	16.0
One Communications Limited	–	–	5.2	3.2
Instaconnect Limited	–	–	92.0	90.1
Safaricom Money Transfer Services Limited	–	–	–	38.1
Safaricom Telecommunication Ethiopia Plc	–	–	1,577.7	1,486.9
Digifarm Kenya Limited	–	–	1,516.1	1,363.1
Safaricom Foundation	–	–	1.7	1.5
Comtec Integrated Services Limited	–	–	34.5	–
	307.9	475.0	3,573.5	3,456.2

The receivables arise mainly from trading, are unsecured and bear no interest. An allowance of KShs 34.4 million and KShs 1,593.1 million for the Group and Company respectively (2023: KShs 12.0 million and KShs 1,413.6 million for the Group and Company respectively) is held against receivables from related parties as indicated in Note 25.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

32 Related party transactions (continued)

(ix) Outstanding payable balances arising from purchases of goods/services

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Other related parties				
Vodafone Sales and Services Limited	15.3	163.1	15.3	163.1
Vodafone Roaming Services S.à r.l	13.5	–	13.5	–
Vodacom Tanzania Public Limited Company	46.0	63.0	4.6	13.4
Vodafone Group Services Limited	169.3	385.1	3.7	–
Vodafone UK	11.5	44.7	11.5	44.7
Vodafone Qatar Q.S.C.	3.0	3.4	3.0	3.4
Vodafone Egypt Telecom. S.A.E.	0.1	–	0.1	–
Vodacom Business (Kenya) Limited	–	16.7	–	–
MTC Vodafone Bahrain	–	0.1	–	0.1
M-PESA Holding Co. Limited	–	3.3	–	–
Vodacom Mozambique S.A.	41.4	68.1	–	–
Vodafone Network PTY limited	–	0.2	–	0.2
Vodafone Services LLC Oman	0.2	–	0.2	–
Vodafone Innovus S.A.	12.2	–	12.2	–
Vodacom Group Limited	394.6	219.1	348.8	–
Sumitomo Corporation Group	314.8	506.2	–	–
Vodacom Proprietary Limited	321.8	188.8	–	–
Vodafone Ghana Limited	–	29.4	–	–
Vodacom Lesotho Proprietary Limited	80.0	18.6	–	–
Vodacom International Limited	41.4	259.9	–	–
Vodacom Service Provider Company (Pty) Limited	8.7	4.9	8.7	4.9
Vodacom Congo (RDC) S.A.	43.6	44.5	–	–
Vodacom Pty Limited	31.5	37.2	31.5	37.2
Vodafone Global Enterprise Ltd	23.8	–	23.8	–
Vodafone Procurement Company S.A.Rl.	1,245.8	–	185.6	–
Mezzanine Ware	45.0	–	45.0	–
Joint ventures				
M-PESA Africa Limited	282.0	245.3	282.0	245.3
Subsidiaries				
One Communications Limited	–	–	316.5	299.0
Safaricom Money Transfer Services Limited	–	–	68.0	–
Digifarm Kenya Limited	–	–	4.3	1.1
Safaricom Telecommunication Ethiopia Plc	–	–	18.3	1.8
	3,145.5	2,301.6	1,396.6	814.2

The payables arise mainly from trading, are unsecured and bear no interest.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

32 Related party transactions (continued)

(x) Loan to related companies

The Group has a 50% shareholding in M-PESA Africa Limited and owns 100% of Digifarm Kenya Limited. During the year under review, the Group issued intragroup loans to the two entities to support their operations as per shareholders agreement and Board approvals.

The Digifarm Kenya Limited loan will be channeled towards financing both operating and capital expenditure activities. The facility has a principal and interest repayment moratorium until the business moves to positive returns.

The M-PESA Africa Limited loan facility is used to support the company's working capital requirements. The loan is repayable with interest at the 91 days treasury bill plus a margin of 1.75%.

x (a) Loans receivable from joint venture

	GROUP AND COMPANY	
	2024 KShs'm	2023 KShs'm
M-PESA Africa Limited		
At start of year	1,588.4	1,285.0
Additions in the year	1,075.0	300.0
Less: Allowance for expected credit losses in the year	(2.1)	3.4
At end of year	2,661.3	1,588.4

x (b) Loan receivable from subsidiary

	GROUP AND COMPANY	
	2024 KShs'm	2023 KShs'm
Digifarm Kenya Limited		
At start of year	639.4	666.1
Additions in the year	9.2	120.0
Less: Allowance for expected credit losses in the year	(163.2)	(146.7)
At end of year	485.4	639.4

(xi) Financial guarantees

The Group has issued parental guarantees to Safaricom Telecommunication Ethiopia Plc vendors (Huawei and Nokia) for the supply of network rollout equipment in Ethiopia on credit terms of up to 24 months from the date of equipment receipt. This enables the parent to spread the funding requirement to the subsidiary over a longer period of time. There are no restrictions on title, property and equipment of the Group.

The fair value of a financial guarantees contract is calculated as the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee. The present value is calculated using a risk-free rate calculated from the average of the last 3 two-year Kenyan treasury bonds yield.

As at 31 March 2024, the Company had recognised KShs 1,062.7 million in relation to parental guarantee (2023: KShs 960.4 million).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

33 Mobile financial deposits and payables

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Mobile financial deposit	263.3	-	-	-
Mobile financial payable	(263.3)	-	-	-
At end of year	-	-	-	-

34 Contingent liabilities

The Group has contingent liabilities arising from normal course of business. This includes outstanding matters with Kenya Revenue Authority and various ongoing legal cases from trade and contractual disputes.

As at 31 March 2024, a guarantee of USD 600,000 equivalent to KShs 79.1 million (2023: KShs 25 million) had been given to Citibank NA against credit cards for use by senior staff during travel and other ordinary business function. The Group has also issued a guarantee of KShs 557.6 million (2023: KShs 291.3 million) to various suppliers of goods and services regularly provided by the Company.

The Directors have assessed the status of the contingent liabilities and as a result do not anticipate any additional material liabilities that may have a significant impact on these financial statements.

35 Capital commitments

Capital expenditure contracted for at the statement of financial position date but not recognised in the financial statements is as follows:

	GROUP		COMPANY	
	2024 KShs'm	2023 KShs'm	2024 KShs'm	2023 KShs'm
Property and equipment	33,407.3	42,147.0	13,509.4	11,785.8

36 Gain on monetary position

The consumer price index (CPI) used in the restatement of the balances are indicated on the table below:

Month	Consumer price index
Opening CPI - April 2023	364.7
Closing CPI - March 2024	452.8
Movement	(88.1)

The financial statements have been adjusted for the effects of inflation for Safaricom Telecommunication Ethiopia Plc as the Ethiopian economy has been declared hyperinflationary on or after 31 December 2022.

The gain in monetary position as a result of translating the financial statements as at 31 March 2024 was KShs 22,363.2 million, (2023: KShs 10,383.1 million).

Management has restated all balance sheet amounts that are not expressed in terms of the measuring unit current at the balance sheet date. Monetary items were not restated, because they represent money held, to be received or to be paid. Monetary items are therefore already expressed in current purchasing power at the reporting date.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

36 Gain on monetary position (continued)

31 March 2024	Monetary *Etb'm	Non- monetary *Etb'm	Total *Etb'm
Assets	20,875.6	148,424.6	169,300.2
Liabilities	(59,046.4)	(350.4)	(59,396.8)
	(38,170.8)	148,074.2	109,903.4
Equity			139,563.2
Retained earnings			(38,956.7)
			100,606.5
Net monetary gain (Etb)			9,296.9
Exchange rate (USD/KShs)			136.8
Exchange rate (Usd/Etb)			56.9
Exchange rate (Etb/KShs)			2.4054
Hyperinflationary monetary gain as at 31 March 2024 (KShs million)			22,363.2

*Ethiopian Birr (Etb) is the national currency of the Federal Democratic Republic of Ethiopia.

31 March 2023	Monetary *Etb'm	Non- monetary *Etb'm	Total *Etb'm
Assets	6,449.7	97,254.3	103,704.0
Liabilities	(32,098.0)	(179.2)	(32,277.2)
	(25,648.3)	97,075.1	71,426.8
Equity			82,454.5
Retained earnings			(15,272.8)
			67,181.7
Net monetary gain (Etb)			4,245.1
Exchange rate (USD/KShs)			132.5
Exchange rate (Usd/Etb)			54.2
Exchange rate (Etb/KShs)			2.4459
Hyperinflationary monetary gain at 31 March 2023 (KShs million)			10,383.1

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

37 Segment Information

The following tables present revenue and profit information for the Group's operating segments for the year ended 31 March 2024.

	Kenya KShs'm	Ethiopia KShs'm	Total segments KShs'm	Intersegment KShs'm	Consolidated KShs'm
Revenue from contracts with customers	338,571.8	7,352.3	345,924.1	(30.7)	345,893.4
Revenue from other sources	3,526.2	27.6	3,553.8	–	3,553.8
Total revenue	342,098.0	7,379.9	349,477.9	(30.7)	349,447.2
Direct costs	(89,824.9)	(7,252.7)	(97,077.6)	30.7	(97,046.9)
Expected credit losses on financial assets	(5,775.7)	(42.3)	(5,818.0)	10.6	(5,807.4)
Other expenses	(59,515.8)	(23,784.5)	(83,300.3)	–	(83,300.3)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	186,981.6	(23,699.6)	163,282.0	10.6	163,292.6
Depreciation - property and equipment	(39,430.9)	(15,731.4)	(55,162.3)	–	(55,162.3)
Amortisation - Indefeasible rights of use (IRUs)	(281.3)	–	(281.3)	–	(281.3)
Amortisation - Intangible assets	(2,836.4)	(14,968.1)	(17,804.5)	–	(17,804.5)
Depreciation - Right-of-use (RoU) assets	(4,503.2)	(5,196.5)	(9,699.7)	–	(9,699.7)
Operating profit	139,929.8	(59,595.6)	80,334.2	10.6	80,344.8
Finance income	5,050.5	409.1	5,459.6	–	5,459.6
Finance costs	(16,832.7)	(5,268.4)	(22,101.1)	–	(22,101.1)
Share of profit of associates	(2.9)	–	(2.9)	–	(2.9)
Share of loss of joint venture	(1,376.2)	–	(1,376.2)	–	(1,376.2)
Hyperinflationary monetary gain	–	22,363.2	22,363.2	–	22,363.2
Profit before income tax	126,768.5	(42,091.7)	84,676.8	10.6	84,687.4
Income tax expense	(42,029.0)	–	(42,029.0)	–	(42,029.0)
Profit for the year	84,739.5	(42,091.7)	42,647.8	10.6	42,658.4

There is no single customer with revenue above 10% (2023: None).

Total revenues include M-PESA, voice, mobile data, fixed data, messaging, interconnect, mobile incoming, other service revenue, handset and connection revenue. Refer to Note (5a) for the detailed breakdown on total revenue.

The intersegment is a result of eliminating transactions between the operating segments.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

37 Segment Information (continued)

The following tables present revenue and profit information for the Group's operating segments for the year ended 31 March 2023

	Kenya KShs'm	Ethiopia KShs'm	Total segments KShs'm	Intersegment KShs'm	Consolidated KShs'm
Revenue from contracts with customers	305,954.4	1,195.6	307,150.0	(7.9)	307,142.1
Revenue from other sources	3,167.2	595.5	3,762.7	–	3,762.7
Total revenue	309,121.6	1,791.1	310,912.7	(7.9)	310,904.8
Direct costs	(90,441.6)	(1,798.4)	(92,240.0)	7.9	(92,232.1)
Expected credit losses on financial assets	(4,720.2)	(5.1)	(4,725.3)	–	(4,725.3)
Other expenses	(53,608.0)	(20,477.0)	(74,085.0)	–	(74,085.0)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	160,351.8	(20,489.4)	139,862.4	–	139,862.4
Depreciation - property and equipment	(37,067.7)	(2,686.8)	(39,754.5)	–	(39,754.5)
Amortisation - indefeasible rights of use (IRUs)	(281.3)	–	(281.3)	–	(281.3)
Amortisation - intangible assets	(2,329.6)	(6,088.3)	(8,417.9)	–	(8,417.9)
Amortisation - right-of-use assets (ROU)	(4,419.0)	(1,992.3)	(6,411.3)	–	(6,411.3)
Operating profit/(loss)	116,254.2	(31,256.8)	84,997.4	–	84,997.4
Finance income	3,862.5	212.7	4,075.2	–	4,075.2
Finance costs	(9,805.2)	(1,478.0)	(11,283.2)	120.9	(11,162.3)
Fair value adjustment to investment properties	90.0	–	90.0	–	90.0
Share of profit of associates and joint ventures	12.5	–	12.5	–	12.5
Share of loss of joint venture	(50.7)	–	(50.7)	–	(50.7)
Hyperinflationary monetary gain	–	10,383.1	10,383.1	–	10,383.1
Profit/(loss) before income tax	110,363.3	(22,139.0)	88,224.3	120.9	88,345.2
Income tax expense	(35,862.4)	–	(35,862.4)	–	(35,862.4)
Profit/(loss) for the year	74,500.9	(22,139.0)	52,361.9	120.9	52,482.8

There is no single customer with revenue above 10% (2023: None).

Total revenues include M-PESA, voice, mobile data, fixed data, messaging, interconnect, mobile incoming, other service revenue, handset and connection revenue. Refer to Note (5a) for the detailed breakdown on total revenue.

The intersegment is a result of eliminating transactions between the operating segments.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

37 Segment Information (continued)

The following tables present asset and liabilities information for the Group's operating segments as at 31 March 2024 and 31 March 2023.

	Kenya KShs'm	Ethiopia KShs'm	Total segments KShs'm	Eliminations KShs'm	Consolidated KShs'm
Assets					
31 March 2024	277,619.2	364,476.3	642,095.5	(931.2)	641,164.3
31 March 2023	261,188.9	250,443.2	511,632.1	(2,425.1)	509,207.0
Liabilities					
31 March 2024	(168,380.9)	(138,098.2)	(306,479.1)	1,062.7	(305,416.4)
31 March 2023	(169,230.5)	(79,156.6)	(248,387.1)	2,546.0	(245,841.1)
Equity					
31 March 2024	(109,238.3)	(226,378.1)	(335,616.4)	(131.5)	(335,747.9)
31 March 2023	(91,958.4)	(171,286.6)	(263,245.0)	(120.9)	(263,365.9)

38 Events after the reporting period

The Directors are not aware of any other events (as defined by IAS - 10 Events after the Reporting Period) after the reporting date of 31 March 2024 and the date of authorisation of these consolidated and separate annual report and financial statements.

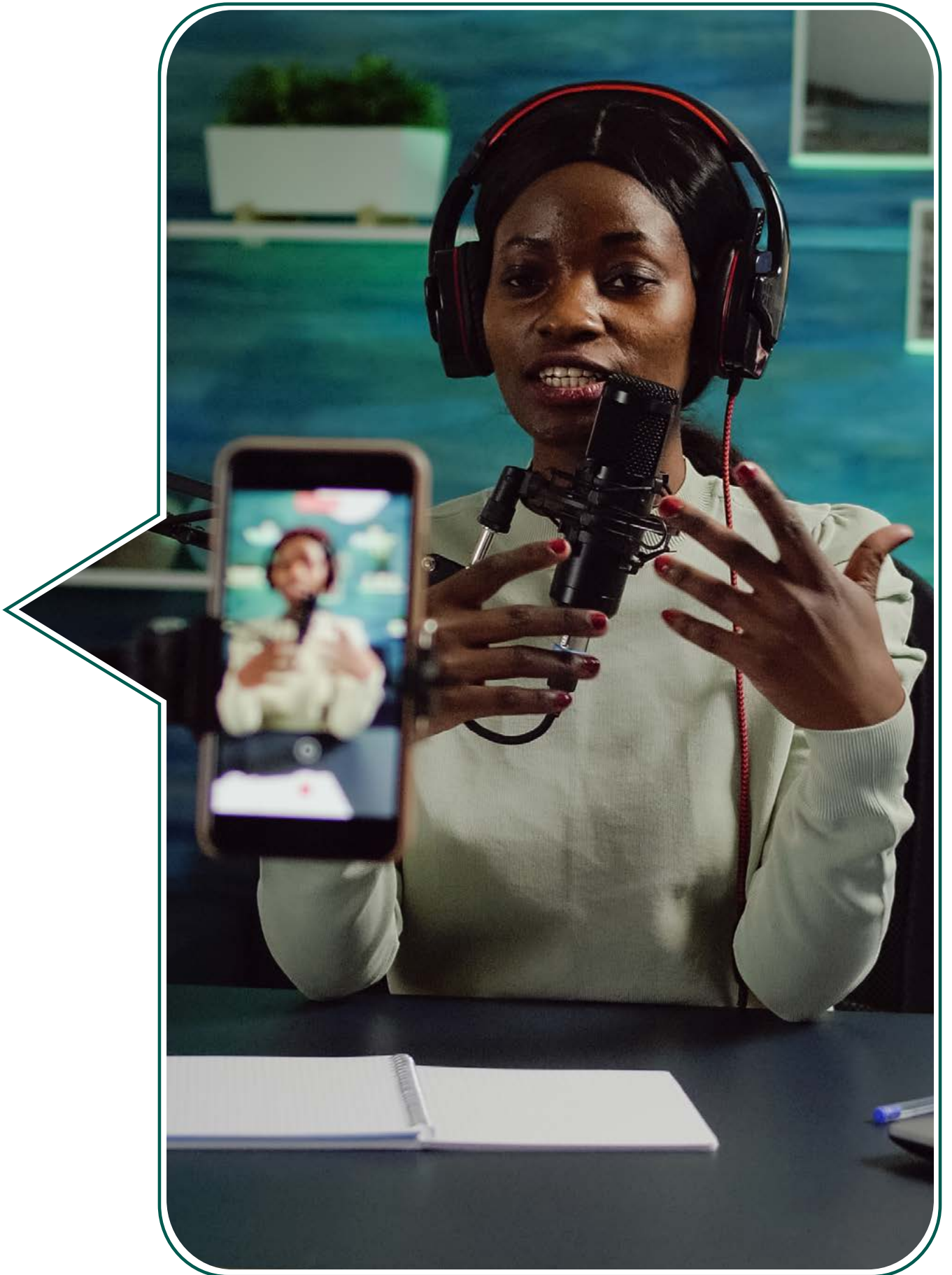
Appendix 1 – Principal shareholders

The 10 largest shareholders in the Company (ordinary shares only) and the respective number of shares held as at 31 March 2024 were as follows:

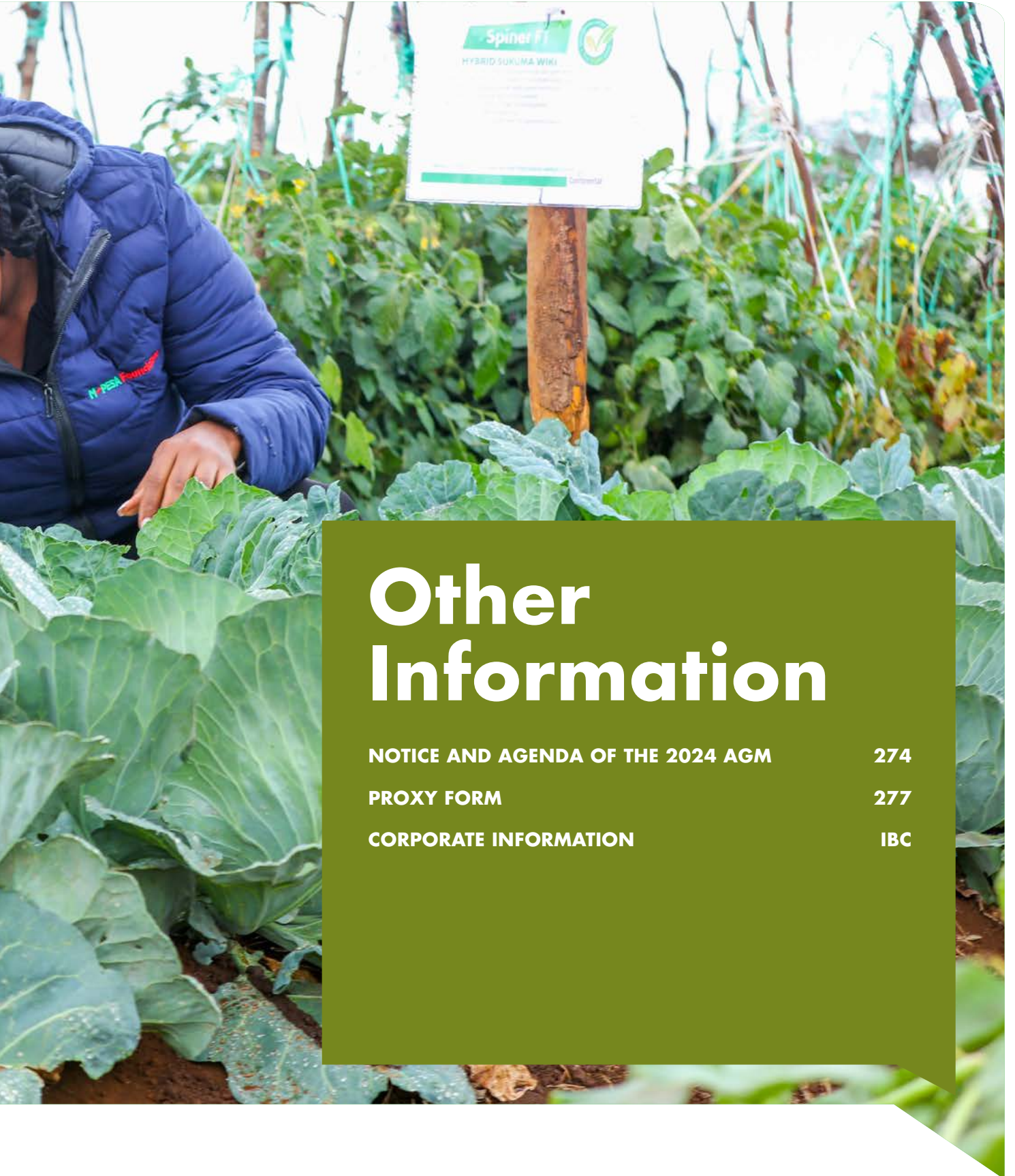
Name of shareholder	Number of shares
1 VODAFONE KENYA LIMITED	16,000,000,000
2 CABINET SECRETARY TO THE NATIONAL TREASURY	14,022,572,580
3 KENYA COMMERCIAL BANK NOMINEES LIMITED A/C 9158 KENYA	345,582,886
4 KENYA COMMERCIAL BANK NOMINEES LIMITED A/C 1019D	330,463,100
5 STANDARD CHARTERED KENYA NOMINEES LTD A/C KE004667	303,523,306
6 STANBIC NOMINEES LIMITED A/C NR1031458	191,930,759
7 STANDARD CHARTERED NOMINEES RESD A/C KE11401	189,350,800
8 STANBIC NOMINEES LIMITED A/C NR1030824	188,160,853
9 STANBIC NOMINEES LIMITED A/C R6631578	140,208,207
10 CO-OP BANK CUSTODY A/C 23000	139,201,200
11 OTHERS	8,214,434,309
Total	40,065,428,000

Distribution of shareholders

Range (number of shares)	Number of shareholders	Number of shares	% Shareholding
1 to 1,000	351,490	207,066,228	0.52%
1,001 – 10,000	161,879	463,728,479	1.16%
10,001 – 100,000	19,747	511,995,040	1.28%
100,001 – 1,000,000	2,032	542,559,974	1.35%
1,000,001 – 10,000,000	460	1,473,911,205	3.68%
10,000,001 – 100,000,000	185	4,696,952,775	11.72%
100,000,001 – 1,000,000,000	11	2,146,641,719	5.36%
1,000,000,001 – 100,000,000,000	2	30,022,572,580	74.93%
Total	535,806	40,065,428,000	100.00%







Other Information

NOTICE AND AGENDA OF THE 2024 AGM	274
PROXY FORM	277
CORPORATE INFORMATION	IBC

Notice and Agenda of the 2024 Annual General Meeting (AGM)


To all shareholders

NOTICE is hereby given that the Annual General Meeting of Safaricom PLC for the year 2024 will be held via electronic communication on Thursday, 25 July 2024 at 11:00 a.m. to conduct the following business:-

Ordinary business

- 1) To receive, consider and adopt the audited Financial Statements for the year ended 31 March 2024 together with the Chairman's, Directors' and Auditors' reports thereon.
- 2) Dividend
 - a) To note the payment of an interim dividend of KShs 0.55 per ordinary share – amounting to KShs 22.04 billion which was paid to shareholders on or about 31 March 2024.
 - b) To approve a final dividend of KShs 0.65 per ordinary share – amounting to KShs 26.04 billion for the Financial Year ended 31 March 2024 as recommended by the Directors.
The dividend will be payable on or about 31 August 2024 to the Shareholders on the Register of Members as at the close of business on 31 July 2024.
- 3) Directors
 - a) To re-appoint Ms. Ory Okolloh 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.
- 4) 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, and
 - Dr Karen Kandie.
- 5) Directors' Remuneration
 - a) To approve the Directors' Remuneration Policy contained in the Directors' Remuneration Report for the year ended 31 March 2024.
 - b) 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 31 March 2024.
- 6) 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 authorise 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.
- 7) Any other business of which due notice has been given.

By order of the board



Ms. LINDA MESA WAMBANI
Ag. COMPANY SECRETARY
Date: 4 July 2024

Notes on the Annual General Meeting (AGM)

- 1) Safaricom PLC has convened and is conducting this virtual annual general meeting in line with the provisions of the Company's Articles of Association.
- 2) Shareholders wishing to participate in the meeting should register for the AGM by doing the following: -
 - a) Dialing *717# for Safaricom telephone networks and *483*812# for all Kenyan telephone networks, *284*34# for Ugandan telephone networks, or *149*46*9# for Tanzania networks, *801*30# for Rwanda networks, *120*6210*10# for South Africa networks and *384*3# for Zambia networks and following the various registration prompts; or
 - b) Send an email request to be registered to safaricomshares@image.co.ke
 - c) 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.

- 3) Registration for the AGM opens on Thursday, 4 July, 2024 at 9:00 am and will close on Tuesday 23 July, 2024 at 11:00 am.
- 4) 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
 - (i) a copy of this Notice and the proxy form;
 - (ii) the Company's audited financial statements for the year ended 31 March 2024.

The reports may also be accessed upon request by dialing the USSD code above and selecting the Reports option. The reports and agenda can also be accessed on the livestream link.

- 5) Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:
 - a) Sending their written questions by email to agmquestions@image.co.ke; or
 - b) Shareholders who will have registered to participate in the meeting shall be able to ask questions via SMS by dialing the USSD code above and selecting the option (ask Question) on the prompts; or
 - c) 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
 - d) 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.

The Company's Directors will provide responses to questions received via the channel used by shareholders to send their questions i.e SMS (for USSD option), Email, Letters or Telephone call. Questions and/or clarifications must reach the Company on or before 23 July 2024 at 11 am. Some questions will also be responded to at the Annual General Meeting.

A list of all questions received, and the answers thereto will be published on the Company's website not later than 24 hours following the conclusion of the meeting.

- 6) 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 appointer 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., Tuesday 23 July 2024 at 11:00 a.m. Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than Tuesday 23 July 2024 at 11:00 a.m. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than Wednesday 24 July, 2024 to allow time to address any issues.

Notice and Agenda of the 2024 Annual General Meeting (AGM) (continued)

- 7) 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/USDD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USDD 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.
- 8) 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 USDD prompts.
- 9) A poll shall be conducted for all the resolutions put forward in the notice.
- 10) 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.
- 11) The preferred method of paying dividends which are below KShs 250,000/- 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 USDD or contact Image Registrars Tel: +254 709 170000/ +254 709 170041, Email: safaricomshares@image.co.ke or Safaricom PLC's Investor Relations Team (Email: investorrelations@safaricom.co.ke).
- 12) Shareholders are encouraged to update their contact information, and dividend payment details to switch to receiving payments via either M-PESA or through bank transfers. To do this, shareholders can update their information online via <https://contactsir.azurewebsites.net/>
- 13) Shareholders are encouraged to continuously monitor the Company's website www.safaricom.co.ke for updates relating to the AGM.

Proxy

I/WE _____

Share A/c No _____

Of (Address) _____

Being a member(s) of Safaricom PLC, hereby appoint: _____ of mobile no./email

Or failing him/her, the duly appointed Chairman of the Meeting, to be my/our proxy, to vote for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Thursday, 25th July 2024 and at any adjournment thereof.

As witness I/We lay my/our hand(s) this _____ day of _____ 2024

Signature _____

Signature _____

Please clearly mark the box below to instruct your proxy how to vote

Resolution	For	Against	Abstain
1) To receive, consider and adopt the audited Financial Statements for the year ended 31 March 2024 together with the Chairman's, Directors' and Auditors' reports thereon.			
2) To note the payment of an interim dividend of KShs 0.55 per ordinary share – amounting to KShs 22.04 billion which was paid to shareholders on or about 31 March 2024 and approve a final dividend of KShs 0.65 per ordinary share – amounting to KShs 26.04 billion for the Financial Year ended 31 March 2024 as recommended by the Directors. The dividend will be payable on or about 31 August 2024 to the Shareholders on the Register of Members as at the close of business on 31 July 2024.			
3) To re-appoint Ms. Ory Okolloh 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.			
4) To elect the following Directors, being members of the Board Audit Committee to continue to serve as members of the said Committee: - Ms Rose Ogega; Ms Winnie Ouko; Ms Raisibe Morathi, Ms Ory Okolloh and Dr Karen Kandie			
5) To approve the Directors' Remuneration Policy contained in the Directors' Remuneration Report for the year ended 31 March 2024.			
6) 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 31 March 2024.			
7) 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.			

Proxy (continued)

Electronic communications consent form

Please complete in BLOCK CAPITALS

Full name of Proxy(s): _____

Address: _____

Mobile Number _____

Date: _____

Signature: _____

Please tick ONE of the boxes below and return to Image Registrars at P.O. Box 9287- 00100 Nairobi, 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street:

Approval of registration

I/WE approve to register to participate in the virtual Annual General Meeting to be held on Friday 25th July 2024.

Consent for use of the Mobile Number provided

I/WE would give my/our consent for the use of the mobile number provided for purposes of voting at the AGM.

Notes:

1. If a member is unable to attend personally, this Proxy Form should be completed, signed and delivered (together with a power of attorney or other authority (if any) under which it is assigned or a notarized certified copy of such power or authority) to reach the Company's share registrar, Image Registrars Limited, 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287, GPO 00100, Nairobi, or via email to safaricomshares@image.co.ke to arrive not later than 11:00 a.m. on Tuesday 23rd July, 2024 i.e. 48 hours before the meeting or any adjournment thereof or, in the case of a poll taken subsequent to the date of the meeting, or any adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll which is taken more than 48 hours after the day of the meeting or adjourned meeting.
2. In case of a member being a corporate body, the Proxy Form must be under its common seal or under the hand of an officer or duly authorized attorney of such body corporate.
3. As a shareholder you are entitled to appoint one or more proxies to exercise all or any of your shareholder rights to attend and to speak and vote on your behalf at the meeting. The appointment of the Chairman of the meeting as proxy has been included for convenience. To appoint as a proxy any other person, delete the words "the Chairman of the Meeting or" and insert the full name of your proxy in the space provided. A proxy need not to be a shareholder of the Company.
4. Completion and submission of the form of proxy will not prevent you from attending the meeting and voting at the meeting in person, in which case any votes cast by your proxy will be excluded.
5. In the case of a company being a shareholder then this proxy form must be executed under its common seal or signed on its behalf by an officer of that company or an authorized attorney for that company.
6. A vote "abstain" option has been included on the form of proxy. The legal effect of choosing this option on any resolution is that you will be treated as not having voted on the relevant resolution. The number of votes in respect of which votes are withheld will, however, be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.

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Corporate Information

FOR THE YEAR ENDED 31 MARCH 2024

Registered office and principal place of business

L.R. No. 209 / 15029
Safaricom House, Waiyaki Way
P.O Box 66827-00800
Nairobi, Kenya

Principal bankers

Citibank NA
Citibank House
Upper Hill Road
P.O Box 30711 - 00100
GPO Nairobi, Kenya

Standard Chartered Bank Kenya Limited
Standard Chartered Building
Westlands road, Chiromo Lane
Westlands
P.O Box 30003 - 00100
Nairobi, Kenya

Acting company secretary

Linda Mesa Wambani
L.R. No. 209 / 15029
Safaricom House, Waiyaki Way
P.O Box 66827 – 00800
Nairobi, Kenya

Independent auditor

Ernst & Young LLP
Kenya Re Towers, Upper Hill
P.O. Box 44286-00100
Nairobi, Kenya

Registrars

Image Registrars Limited
5th Floor, Absa Towers, Loita Street
P.O. Box 9287-00100, Nairobi
Telephone: +254 709 170 000
Email: info@image.co.ke
Website: www.image.co.ke

Shareholder related issues

Telephone: +254 709 170 041/00
Email: safaricomshares@image.co.ke

Who We Are

Safaricom PLC is a leading Kenyan communications technology company and a digital innovator providing a wide range of tech and communication services, including mobile voice, messaging, data, financial and converged services with a purpose to Transforming Lives.

Our purpose

Transforming Lives.

Our vision

To be Africa's leading technology company.

Our brand promise

A tech-enabled force for good. Safaricom is your technology partner for the digital future, with you at every step. Across your connections, entertainment, education, life, work, business, and community, together, we're creating an exciting digital future for you, Kenya, and beyond.

Our Beliefs

Customer Obsession

We believe in ruthlessly aligning with peoples' lives and business priorities to realise our dream of a brighter, digital future for all. No compromise, no distractions. This is fundamental to our success.

Kenyan Ingenuity

We believe Kenyans are global leaders in leveraging digital technology that benefits society and propels the nation and the world forward.

Inspiring Humanity

We believe technology's greatest power is its ability to inspire and enhance our humanity. We tirelessly advocate for the well-being, dignity and progress of all our people.

