

“ Our financial results are a testament to the robustness of our business model as well as our unwavering commitment to run a sustainable enterprise. We note that these results were achieved in a tough environment that included rising inflation, Kenya Shilling depreciation against global currencies, subdued economic activity during the general elections period and regulatory interventions such as reduction in mobile termination rates (MTR).

The Board of Directors have proposed a final dividend of KShs 0.62 per ordinary share amounting to KShs 24.84Bn to be approved at the Annual General Meeting (AGM). This will be in addition to the interim dividend of KShs 0.58 per ordinary share that was already declared during the year.

I thank our customers, shareholders and partners for their support. In addition, I am grateful to the Safaricom team led by the CEO Peter Ndegwa, for their dedication and hard work that led to another successful year. The Board is fully committed to supporting management as they execute the strategic plan and deliver consistent return to our investors.

Adil Khawaja (MBS)
Chairman

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We have produced yet another solid set of results demonstrating the strong commitment to delivering value for our stakeholders including employees, customers, shareholders and the communities. Our relentless focus on innovation, digitalisation, and customer satisfaction has driven solid growth across key business segments and sustained our position as industry leaders.

We are committed to continue investing in our network infrastructure, broadening our product range, and leveraging emerging technologies to enhance our participation in the digital ecosystem. We will also continue deepening our sustainable business and social responsibility agenda focused on healthcare, education, economic empowerment, the environment and reducing our carbon footprint.

Peter Ndegwa
Chief Executive Officer

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Condensed consolidated statement of profit or loss and other comprehensive income for the year ended:	Group (KShs Millions)		
	31-Mar-23	31-Mar-22	% Change
Service revenue	295,692.3	281,107.3	5.2%
Handsets and other revenue	11,449.8	14,334.0	(20.1%)
Other income	3,762.7	2,636.6	42.7%
Total revenue	310,904.8	298,077.9	4.3%
Direct costs	(92,232.1)	(91,467.8)	0.8%
Provision for expected credit loss (ECL) on receivables	(4,725.3)	(2,361.2)	>100.0%
Operating expenses	(74,085.0)	(55,187.0)	34.2%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	139,862.4	149,061.9	(6.2%)
Depreciation and amortisation	(54,865.0)	(39,933.3)	37.4%
Operating profit	84,997.4	109,128.6	(22.1%)
Net finance cost	(7,087.1)	(6,439.2)	10.1%
Share of loss of associates & joint venture	(38.2)	(476.0)	(92.0%)
Fair value adjustment to investment properties	90.0	-	100.0%
Hyperinflationary monetary gain	10,383.1	-	100.0%
Profit before income tax	88,345.2	102,213.4	(13.6%)
Income tax expense	(35,862.4)	(34,717.3)	3.3%
Profit after tax	52,482.8	67,496.1	(22.2%)
Attributable to:			
Equity holders of the parent	62,268.9	69,648.1	(10.6%)
Non-controlling interests	(9,786.1)	(2,152.0)	>100.0%
Profit for the year	52,482.8	67,496.1	(22.2%)
Basic and diluted earnings per share (EPS)	1.55	1.74	(10.9%)
Other comprehensive income/(loss):			
Exchange differences on translation of foreign operations	10,260.0	(9,536.3)	>100.0%
Other comprehensive income/(loss) for the year	10,260.0	(9,536.3)	>100.0%
Total comprehensive income for the year	62,742.8	57,959.8	8.3%
Attributable to:			
Equity holders of the parent	34,954.0	64,335.4	(45.7%)
Non-controlling interests	27,788.8	(6,375.6)	>100.0%
Total comprehensive income for the year	62,742.8	57,959.8	8.3%

Condensed consolidated statement of financial position as at:	Group (KShs Millions)		
	31-Mar-23	31-Mar-22	% Change
Non-current assets	436,771.5	281,548.6	55.1%
Current assets			
Current income tax	851.6	7.9	>100.0%
Inventories	3,655.6	4,306.8	(15.1%)
Trade and other receivables	40,791.5	25,919.2	57.4%
Net cash and cash equivalents	22,098.1	30,779.6	(28.2%)
Restricted cash - letters of credit	615.1	-	100.0%
Other financial assets	28.6	-	100.0%
Contract costs	4,395.0	2,951.5	48.9%
Loan receivable from related company	-	1,285.0	(100.0%)
Total assets	509,207.0	346,798.6	46.8%
Equity			
Share capital and share premium	4,203.3	4,203.3	0.0%
Retained earnings	121,823.6	110,528.9	12.9%
Other reserves	36,688.4	(5,312.7)	>100.0%
Proposed dividend	24,840.6	30,049.1	(17.3%)
Equity attributable to equity holders of the parent	187,555.9	139,468.6	34.5%
Non-controlling interests	75,810.0	40,232.3	88.4%
Total equity	263,365.9	179,700.9	46.6%
Non current liabilities	105,463.9	68,947.1	53.0%
Current liabilities			
Current income tax	2,408.8	5,291.2	(54.5%)
Dividend payable	1,783.0	12,053.9	(85.2%)
Borrowings	43,492.3	20,400.0	>100.0%
Lease liabilities	5,354.9	5,508.5	(2.8%)
Payables and accrued expenses	72,688.2	41,312.6	75.9%
Provisions for liabilities	4,524.1	3,373.8	34.1%
Contract liabilities	10,125.9	10,210.6	(0.8%)
Total liabilities	140,377.2	98,150.6	43.0%
Total liabilities	245,841.1	167,097.7	47.1%
Total equity and liabilities	509,207.0	346,798.6	46.8%

Condensed consolidated statement of cash flows for the year ended:	Group (KShs Millions)		
	31-Mar-23	31-Mar-22	% Change
Cash flows from operating activities			
Cash generated from operations	159,596.8	143,574.7	11.2%
Interest received	1,571.0	1,254.5	25.2%
Income tax paid	(45,016.7)	(34,128.7)	31.9%
Net cash generated from operating activities	116,151.1	110,700.5	4.9%
Net cash used in investing activities	(71,875.6)	(136,944.8)	(47.5%)
Cash flows from financing activities			
Dividends paid	(63,557.8)	(59,132.3)	7.5%
Interest paid on borrowings	(6,924.4)	(2,477.9)	>100.0%
Other financing activities	23,618.0	91,992.4	(74.3%)
Net cash (used in)/ generated from financing activities	(46,864.3)	30,382.2	<100.0%
Net (decrease)/increase in cash and cash equivalents	(2,588.9)	4,137.9	<100.0%
Movement in cash and cash equivalents			
Cash and cash equivalents at start of year	30,779.6	26,736.1	15.1%
Net foreign exchange difference	537.6	(94.4)	>100.0%
Net monetary loss on cash and cash equivalents	(6,630.3)	-	(100.0%)
Net (decrease)/increase in cash and cash equivalents	(2,588.9)	4,137.9	(>100.0%)
Cash and cash equivalents at end of year	22,098.1	30,779.6	(28.2%)

Commentary on results

The Board of Directors is pleased to announce the audited results for the year ended 31 March 2023. The financial statements have been adjusted for the effects of hyperinflation for Safaricom Telecommunication Ethiopia PLC as required by IAS 29 “Financial Reporting in Hyperinflationary Economies”.

Business review- Group

We are pleased with our performance in FY23 despite the challenging operating environment characterised by geopolitics with the Russia-Ukraine war, 2022 general elections in Kenya, macroeconomic challenges and drought which have constrained the consumers’ wallet. Our Group service revenue grew 5.2% to KShs 295.69Bn Year on Year (YoY) in FY23, backed by M-PESA, Mobile Data and Fixed Data growth. Overall Group customers grew 8.1% YoY to 45.89Mn while one month active customers grew 5.3% YoY to 34.54Mn. According to Communications Authority, Kenya’s overall market share stood at 65.7% as at December 2022.

Group capital expenditure for the year ended 31 March 2023 stood at KShs 96.13Bn with KShs 55.77Bn being investment in rolling out operations in Ethiopia.

Review of operations- Kenya

M-PESA revenue grew by 8.8% to KShs 117.19Bn supported by increased usage and growth of chargeable transactions per one-month active customers by 16.2% YoY to 23.54 transactions. The slowdown in M-PESA growth was mainly due to macroeconomic effects on the economy which affected the business activity.

One-month active M-PESA Average Revenue per Unit (ARPU) rose 1.9% YoY to KShs 311.28. Total transaction value and volumes grew 21.4% to KShs 35.86Trn and 33.5% to KShs 21.03Bn respectively supporting the growth in FY23. M-PESA is now a two sided digital platform serving both businesses and individual consumers. M-PESA one month active customers grew 5.2% to 32.11Mn with 76.4% of total registered M-PESA customers making up the one-month active M-PESA customers. M-PESA remains the biggest revenue earner accounting for 39.7% of service revenue.

Mobile data revenue grew 10.6% YoY to KShs 53.60Bn supported by our Customer Value Management (CVM) initiatives which have continued to unlock latent potential in usage and growth. As we continue to enhance affordability, usage has grown with chargeable data per subscriber rising 53.8% YoY to 3.57GB. Average rate per MB declined further by 24.5% YoY to 6.70 cents, while Mobile Data ARPU increased 16.2% to KShs 239.04.

We continue to drive penetration of 4G enabled mobile devices through our device financing program in addition to providing the right content to encourage usage. The number of smart phones on our network grew by 10.0% to 20.30Mn of which 13.22Mn (+20.6% YoY) are 4G devices with 52.2% using more than 1GB. Mobile data now accounts for 18.2% of Service Revenue.

Fixed service and wholesale transit revenue recorded a strong growth of 20.1% YoY to KShs 13.50Bn supported by increased usage and connections. This was attributable to growth in enterprise revenue by 21.4% to KShs 8.55Bn as well as growth in consumer revenue by 17.9% to KShs 4.94Bn. Fibre to the Home (FTTH) customers grew 17.9% YoY to 195.74k. FTTH penetration currently stands at 59.2% with homes connected at 275.66k (+42.8%) while homes passed were 465.56k (+27.6%). Fixed Enterprise customers grew marginally by 0.1% YoY to 48.37k, of which 55.5% representing 26.86k, account for Long Term Evolution (LTE) customers. FTTH and fixed enterprise now account for 1.7% and 2.9% of service revenue, respectively.

Review of operations- Ethiopia

During the year, we launched commercial operations for Safaricom Telecommunications Ethiopia PLC (STE) as a subsidiary of Safaricom PLC on 6th October 2022, post the phased city by city customer network pilots that commenced on 29th August 2022. We are optimistic about the transformative opportunities it presents for us. Our focus has been to accelerate the pace of roll out and we have now covered 22 large and medium sized cities representing a population coverage of 24% with 1,272 sites. We have added 3.0Mn gross adds since launch with 2.14Mn customers being three-month active base.

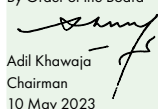
Dividends

During the year, an interim dividend of KShs 0.58 per Ordinary share (2022: KShs 0.64) amounting to KShs 23.24Bn (2022: KShs 25.64Bn) was declared. The directors have proposed a final dividend in respect of the year ended 31 March 2023 of KShs 0.62 per ordinary share amounting to a total of KShs 24.84Bn to be approved at the Annual general Meeting (AGM) to be held on 28 July 2023. This brings the total dividend for the year to KShs 48.08Bn (2022: KShs 55.69Bn) which represents KShs 1.20 per share in respect of the year ended 31 March 2023 (2022: KShs 1.39 per share). Dividend per share is calculated based on profit after tax attributable to equity holders of the company and excluding hyperinflationary impact from Ethiopia numbers.

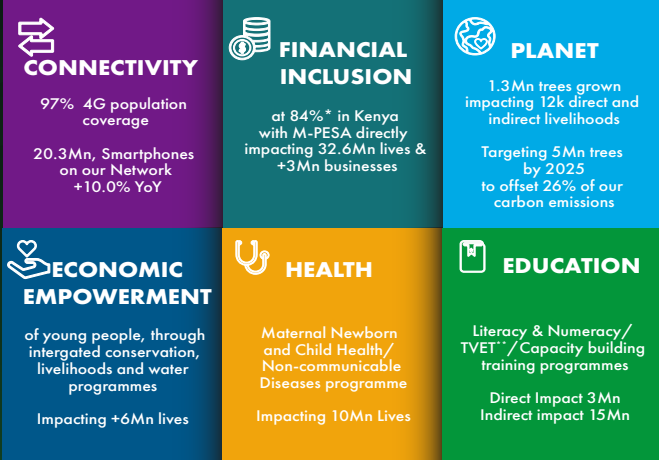
Taxation

The Group continues to be a major contributor to the revenues of the Government of Kenya and remitted KShs 132.6Bn in duties, taxes and license fees in the year ended 31 March 2023. This increased the total duties, taxes and fees paid since inception of Safaricom PLC to KShs 1.17Trn.

By Order of the Board


Adil Khawaja
Chairman
10 May 2023

OUR IMPACT | A purpose driven Company

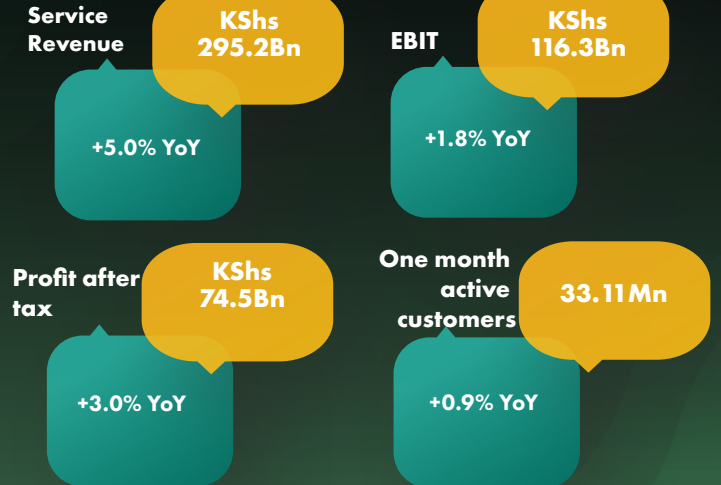


Our SDG Guiding Framework



*Source: FinAccess Survey
 **Technical Vocational & Educational Training (TVET)

FY23 Safaricom Kenya Performance



KENYA BUSINESS | Strong Execution in a Challenging Macro Environment

New Growth Areas



+102.8% YoY
 IoT & Cloud revenue adding KShs 1.8Bn in revenue

+48.8% YoY
 Content revenue, KShs 0.7Bn

Successful Ethiopia launch
 2.1Mn 3-Month Active Customers

+7.4Mn Super App Downloads
 KShs 6.7 Bn generated via the App

Market Share*



65.6%
 Overall Subscriber share

65.9%
 Voice Traffic

89.2%
 SMS Share

46.1%
 Fixed Data (#1 out of 10 providers)

65.0%
 Data share

Customer**



#1 Brand love

78% Network satisfaction score

60% Data Net satisfaction score

40% CVM penetration

89% Fraud prevention

Network



Coverage;
2G/3G/4G; 97%

5G Sites (205 sites in 23 of 47 counties)

Over **14,000 Km** of Metro fiber rolled out in all 47 counties, 75% of sites on fiber

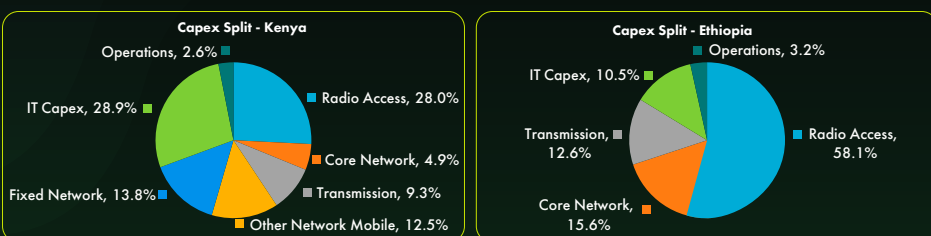
M-PESA: **2,600** Transactions Per Second capacity

2.3Mn 4G devices added to our network in FY23

Upgraded **23%** of all our sites to solar

*Source: CA Quarterly Statistics Report Oct-Dec 2022
 **Based on internal market surveys

CAPEX Spend in FY23



*Excludes hyperinflationary impact



Ethiopia | Transforming Lives for a Digital Future

