
SAFARICOM PLC

RESULTS BOOKLET

**AUDITED RESULTS FOR THE YEAR ENDED
31ST MARCH, 2023**



SAFARICOM PLC ANNOUNCES AUDITED RESULTS FOR THE YEAR ENDED 31ST MARCH, 2023

Key Highlights

Solid Performance in FY23

Safaricom Group Performance



▲ **Service revenue** grew 5.2% YoY, +5.9% YoY ex-MTR impact to KShs 295,692.3Mn

▲ **M-PESA revenue** grew 8.8% YoY to KShs 117,192.2Mn



▼ **Voice revenue** declined 2.6% YoY to KShs 81,053.9Mn

▲ **Mobile data revenue** grew 11.4% YoY to KShs 53,952.4Mn



▲ **Messaging revenue** grew 4.6% YoY to KShs 11,375.6Mn

▲ **Fixed Line and Wholesale Revenue** grew 19.7% YoY to KShs 13,457.9Mn



Safaricom Kenya Performance



▲ **Service revenue** grew 5.0% YoY, +5.7% ex-MTR impact to KShs 295,181.4Mn

▲ **M-PESA revenue** grew 8.8% YoY to KShs 117,192.2Mn



▼ **Voice revenue** declined 2.8% YoY to KShs 80,918.2Mn

▲ **Mobile data revenue** grew 10.6% YoY to KShs 53,596.0Mn



▲ **Messaging revenue** grew 4.6% YoY to KShs 11,371.7Mn

▲ **Fixed Line and Wholesale Revenue** grew 20.1% YoY to KShs 13,496.6Mn



▲ **Active Customers** grew 0.9% YoY to 33.11Mn

▲ **Active M-PESA Customers** grew 5.2% YoY to 32.11Mn



Safaricom Telecommunications Ethiopia (STE) Performance



Service revenue
KShs 562.4Mn



Voice revenue
KShs 135.8Mn



Mobile data revenue
KShs 356.5Mn



Messaging revenue
KShs 3.9Mn



Mobile incoming revenue
KShs 66.2Mn

Total Gross adds
3.0Mn



Three-month active customers
2.14Mn



Peter Ndegwa, Safaricom PLC CEO commented:



Economic Outlook

The year under review was a challenging one for us all: one that was marked by slowed economic growth, currency depreciation, rising global inflation, a slowdown in business activity due to the General Elections and the impact of the ongoing Russia-Ukraine war.

Perhaps the most devastating is yet another failed rain season that led to severe drought, which affected communities, their livestock and farms making worse the economic situation.

The review of the Mobile Termination Rates and introduction of additional taxes on SIM cards and mobile phones has also led to a slow down momentum in the industry. We continue engaging with regulators to find mutually beneficial solutions for all stakeholders.

Purpose

We are optimistic of Kenya's economic prospects. As a business, we were resilient and operated in a stable business environment despite the headwinds mentioned. We remained focused on delivering value to our customers and shareholders while driving sustainable and inclusive growth. This year's mission was to accelerate new growth areas, delivering superior customer experience to be a purpose-led Technology Company by the end of 2025. Our solid trajectory over the past year reflects our unwavering commitment to transforming lives, driving sustainable

growth, and creating value for all our stakeholders.

People

The business is reaping the benefits of a more agile organization with 38% of our employee base being fully agile. We have noted quicker response times and adaptability to changes in the market. We are more responsive to customer needs and demands. This way of working ushers the business into our vision of becoming a purpose-led technology company by 2025.

In today's digital world, talent is the key to success, especially as part of our 2025 vision. Guided by our purpose and commitment to diversity and inclusion, we have focused on attracting and retaining the best digital talent in the industry.

This talented team in Kenya and Ethiopia is driving innovation and helping us develop new and exciting products and services that are transforming lives, creating opportunities, and leaving no one behind.

But we know that talent isn't just about hiring the best people. It's about nurturing that talent and providing opportunities for growth and development. That's why we have a range of training programs and mentorship initiatives that help our employees reach their full potential. By doing so, we can retain but also build the capacities of our talent to deliver value and serve our customers and communities better.

Over the past few years, Safaricom has implemented several initiatives to attract more women into leadership roles. With 40% of women in senior leadership and 45% women at the board level, we believe by attracting and empowering more women in leadership, we will create a more diverse and inclusive organization that is better equipped to tackle the challenges of the future.

Environment, Social and Governance (ESG)

In the year under review, we enhanced our commitment to our Environment, Social, and Governance (ESG) focus, allowing us to impact society and the community we operate in positively.

As part of our target to be a sustainable net zero business by 2050, we achieved some key milestones: Planted 1.3Mn trees towards our journey of 5 million by 2025. We continue to convert our Base Stations to be solar-powered, with the target being 5,000 sites by year 2025. We are at 100% elimination of single-use plastics in all our offices and we are 98% paperless in our operations. Through the Safaricom Foundation, we invested KShs 510 million for various community-focused projects in health, economic empowerment and education during this period. You can see more in our latest Sustainable Business Report on our website.

Data & Analytics and Partnerships

We have been intentional in using technology for data analytics to make more informed decisions, develop tailored products, improve customer experience, reduce costs for the business and the customer, and stay ahead in the market.

Notably, we are supporting the Kenyan Government to roll out several solutions that will enhance service delivery to Kenyans. As at end of the Financial Year under review, the Hustler Fund had disbursed loans worth over KShs 22 billion most of which has passed via our network. Another product is E- vouching for fertiliser subsidy to farmers. We are also supporting the infrastructure framework for the E-citizen platform and, finally, partnership with county governments– as various counties drive the digitalisation of their services, for instance, Elgeyo Marakwet – tracking bandits, Uasin Gishu – inbound calls service via customer care, Nairobi County – managing city parking and recognition of the revenue.

Operating Review

Resilient performance despite tough operating environment

Review of operations - 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 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 marginally by 5.3% YoY to 34.54Mn. According to Communications Authority, Kenya's overall market share stood at 65.7% as at December 2022.

Review of operations - Kenya

Voice and Messaging

Voice revenue declined by 2.8% YoY to KShs 80.92Bn due to continued competition from new technological influences. Our customer Value Management (CVM) initiatives and propositions have enabled us to offer differentiated value propositions and personalized offers. We continue to drive affordability with rate per minute declining 2.4% to KShs 1.38 as at H2 FY23.

Messaging grew 4.6% YoY to KShs 11.37Bn supported by 5.1% growth in ARPU to KShs 43.82. Usage increased with messages per Sub growing 25.9% to 191.6 while rate per message declined 16.6% to KShs 0.23. Voice and messaging revenue are now 31.3% of service revenue.

M-PESA

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 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 21.03Bn respectively supporting the growth in FY23. We resumed charging of M-PESA to Bank and Bank to M-PESA transactions with revised tariffs effective 1st January 2023. In the new changes, Bank to M-PESA charges were reduced by an average of 61% while M-PESA to Bank charges were reduced by an average of 47%.

M-PESA is now a two sided digital platform serving both businesses and consumers. M-PESA one month active customers grew by 5.2% to 32.11 million with 76.4% of total registered M-PESA customers making up the one-month active M-PESA customers. M-PESA agents grew 0.1% to 262.31k while Lipa Na M-PESA active merchants grew 23.1% to 606.66k. M-PESA remains the biggest revenue earner accounting for 39.7% of service revenue.

Mobile Data

Mobile data revenue grew 10.6% YoY to KShs 53.60Bn supported by our 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

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. 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 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) 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 rollout and we have now covered 22 large and medium sized cities representing a population coverage of 22%. Plans are underway to roll out to the remaining cities i.e. Assosa, Nekemte and Mekele.

As at 31 March 2023, we had added 3.0Mn customers on the network who generated KShs 562.4 Million in revenues of which 63% was Mobile Data Revenue and 24% was Voice revenue. The rest is constituted of Messaging and Mobile incoming revenues. We are encouraged by the level of usage we have seen with an average of 1.5GB data usage and 55.4 minutes of use on voice. Smartphone penetration in Ethiopia is still low but we are pushing affordable devices and we have sold 106.9k handsets since launch in October 2022 generating revenues of KShs 676.6Mn.

Outlook and FY24 Guidance

We are pleased with the results delivered for FY23 despite the tough operating environment brought about by macroeconomic challenges. We continued to execute our five-year strategy and remain committed in protecting shareholder wealth and putting our customers first. During the period, we launched "Tuiuvane", campaign aimed at encouraging Kenyans to uplift one another. In line with this, we reduced Fuliza charges by up to 50% and Paybill charges by more than 50%.

Our focus in FY24 is to scale technology solutions by accelerating new growth areas including IoT, ICT, Cloud, Content, Fixed Business and Next financial services, becoming the number one partner of choice for government by delivering top government projects and scaling Ethiopia operations. In line with our expectations, the Safaricom Ethiopia requires significant investment in the initial years of operations before turning profitable.

In view of these factors, we expect FY24 Safaricom Group EBIT to be in the range of KShs 75 - 81Bn and KShs 82 - 90Bn for Capex. Excluding Ethiopia, EBIT guidance for Safaricom Kenya is expected to be in the range of KShs 117 - 120Bn and KShs 42-45Bn for Capex. EBIT guidance for Safaricom Ethiopia is expected to be in the range of KShs (42 - 39)Bn while Capex is expected to be within the range of KShs 40-45Bn.

1. Key Performance Indicators

a) Kenya Business

	FY23	FY22	% Change
Total customers (Mn)	43.75	42.44	3.1%
90-day active total customer ARPU	572.31	562.00	1.8%
One month active customers (Mn)	33.11	32.81	0.9%
One month active customer ARPU*	750.17	725.04	3.5%
Churn (%)	26.7%	31.9%	(5.2ppt)
Voice			
One month active voice customers (Mn)	26.19	28.38	(7.7%)
One month active voice customer ARPU*	248.59	248.91	(0.1%)
M-PESA			
Number of M-PESA agents	262,309	262,004	0.1%
Lipa na M-PESA active merchants	606,662	492,772	23.1%
One month active M-PESA customers (Mn)	32.11	30.53	5.2%
One month active M-PESA ARPU*	311.28	305.37	1.9%
Chargeable Transaction per One Month active Customers	23.54	20.25	16.2%
Mobile Data			
One month active mobile data customers (Mn)	26.07	25.22	3.4%
Distinct Bundle Users (Mn)	17.31	17.60	(1.7%)
One month active chargeable mobile data customers (Mn)	19.59	19.60	(0.0%)
Data customers using >1 GB (Mn)	8.85	7.72	14.7%
MBs per chargeable Mobile Data subscriber	3,565.2	2,317.7	53.8%
One month active chargeable data ARPU*	239.04	205.73	16.2%
Messaging			
One month active Messaging customers (Mn)	21.17	22.27	(4.9%)
One month active Messaging customer ARPU*	43.82	41.71	5.1%
Fixed Service			
FTTH Home Customers	195,741	165,981	17.9%
FTTH ARPU*	2,336	2,300	1.6%
Activity rate (active customers/homes connected)	71.0%	86.0%	(15.0ppt)
Fixed Enterprise customers	48,373	48,306	0.1%
of which LTE	26,860	28,467	(5.6%)
Fixed Enterprise ARPU*	12,312	11,059	9.9%
of which LTE	3,985	3,882	15.4%
Base Stations			
2G base stations	6,325	6,046	4.6%
3G base stations	6,316	6,025	4.8%
4G base stations	6,232	5,920	5.3%

*Average Revenue Per User (ARPU) is in KShs.

b) Safaricom Telecommunications Ethiopia (STE)

	FY23	FY22	% Change
90-day active customers	2.14	-	100%
90-day active total customer ARPU*	62.56	-	100%
One month active customers (Mn)	1.44	-	100%
One month active customer ARPU*	78.02	-	100%
Voice			
90-day active total customers (Mn)	1.96	-	100%
One month active voice customers (Mn)	1.24	-	100%
One month active voice customer ARPU*	21.33	-	100%
Mobile Data			
90-day active total customers (Mn)	1.43	-	100%
One month active mobile data customers (Mn)	0.92	-	100%
One month active chargeable data ARPU*	76.19	-	100%
Messaging			
90-day active total customers (Mn)	0.68	-	100%
One month active Messaging customers (Mn)	0.37	-	100%
One month active Messaging customer ARPU*	1.84	-	100%
Base Stations			
2G/3G/4G base stations	1,272	-	100%

*Average Revenue Per User (ARPU) is in KShs excluding hyperinflationary impact.
Conversion of ETB to KShs at an average exchange rate of KShs 2.335 to ETB.

2. Consolidated statement of comprehensive income

KShs Mns	Notes	FY23	FY22	% Change
Voice Revenue		81,053.9	83,211.8	(2.6%)
Messaging Revenue		11,375.6	10,876.7	4.6%
Mobile Data Revenue		53,952.4	48,441.0	11.4%
M-PESA Revenue		117,192.2	107,691.8	8.8%
Mobile Incoming Revenue		8,109.5	9,848.2	(17.7%)
Other Mobile Service Revenue		10,550.8	9,795.3	7.7%
Mobile Service Revenue		282,234.4	269,864.8	4.6%
Fixed Line and Wholesale Transit Revenue		13,457.9	11,242.5	19.7%
Service Revenue		295,692.3	281,107.3	5.2%
Handset revenue 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	(5.a)	(92,232.1)	(91,467.8)	0.8%
Provision for expected credit loss (ECL) on receivables		(4,725.3)	(2,361.2)	>100.0%
Contribution margin		213,947.3	204,248.9	4.7%
Contribution margin %		68.8%	68.5%	0.3ppt
Total Operating costs	(5.b)	(74,085.0)	(55,187.0)	34.2%
Operating costs- % of total revenue		23.8%	18.5%	5.3ppt
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)		139,862.4	149,061.9	(6.2%)
EBITDA margin %		45.0%	50.0%	(5.0ppt)
Depreciation, impairment & amortisation		(54,865.0)	(39,933.3)	37.4%
Operating profit		84,997.4	109,128.6	(22.1)%
Operating profit margin %**		27.3%	36.6%	(9.3ppt)
Net finance cost		(7,087.1)	(6,439.2)	10.1%
Share of associate & Joint Venture profit/(loss)		(38.2)	(476.0)	(92.0%)
Fair value adjustment to investment properties		90.0	0.0	100.0%
Hyperinflationary monetary gain		10,383.1	0.0	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%)
Profit for the year		52,482.8	67,496.1	(22.2%)
Other comprehensive income/(loss):				
Exchange differences on translating 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%
Total comprehensive income for the year				
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 year		62,742.8	57,959.8	8.3%

* 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

3. Consolidated statement of financial position (KShs Mns)

As at	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%)
	72,435.5	65,250.0	11.0%
Total assets	509,207.0	346,798.6	46.8%
Equity			
Share capital	2,003.3	2,003.3	0.0%
Share premium	2,200.0	2,200.0	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			
Borrowings	42,050.0	44,910.8	(6.4%)
Lease liabilities	29,984.0	14,584.9	>100.0%
Payables and accrued expenses	27,359.3	4,330.6	>100.0%
Provisions for liabilities	4,462.8	3,183.3	40.2%
Contract liabilities	1,607.8	1,937.5	(17.0%)
	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	>100.3%
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%)
	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%

4. Group condensed statement of cash flows

KShs Mns	FY23	FY22	% 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%
Cash flows from investing activities			
Purchase of property and equipment	(66,331.2)	(41,058.0)	61.6%
Proceeds from disposal of property and equipment	43.8	49.2	(11.0%)
Acquisition of intangible assets	(5,143.0)	(96,288.3)	(94.7%)
Investment in other financial assets	(28.6)	-	100.0%
Movement in restricted cash	(116.6)	352.3	(>100.0%)
Loans to joint ventures	(300.0)	-	100.0%
Net cash used in investing activities	(71,875.6)	(136,944.8)	(47.5%)
Cash flows from financing activities			
Dividend paid	(63,557.8)	(59,132.3)	7.5%
Repayment of lease liabilities- principal	(8,349.1)	(3,806.4)	>100.0%
Repayment of lease liabilities- interest	(1,768.5)	(1,347.9)	31.2%
Interest paid on borrowings	(6,924.4)	(2,477.9)	>100.0%
Proceeds from borrowings	62,238.1	120,564.8	(48.4%)
Repayment of borrowings	(42,777.2)	(70,026.0)	(38.9%)
Capital contribution from NCI shareholders	14,274.6	46,607.9	(69.4%)
Net cash (used in)/ generated from financing activities	(46,864.3)	30,382.2	(>100.0%)
(Decrease)/ Increase in cash and cash equivalents	(2,588.9)	4,137.9	(>100.0%)
Movement in cash and cash equivalents			
At start of year	30,779.6	26,736.1	15.1%
Net foreign exchange differences	537.6	(94.4)	>100.0%
Net monetary gain on cash and cash equivalents	(6,630.3)	-	100.0%
(Decrease)/ Increase in cash and cash equivalents	(2,588.9)	4,137.9	(>100.0%)
At end of year	22,098.1	30,779.6	(28.2%)

5.a Direct costs

KShs Mns	FY23	FY22	% Change
M-PESA commissions	(35,599.2)	(32,546.8)	9.4%
Airtime commissions	(8,281.7)	(9,420.7)	(12.1%)
License fees	(10,986.3)	(10,463.5)	5.0%
Interconnect and roaming costs	(7,581.7)	(8,681.3)	(12.7%)
Handset costs	(10,929.3)	(12,392.5)	(11.8%)
Customer acquisition and retention	(11,203.2)	(10,590.2)	5.8%
Promotions and Value Added Services costs (Voice & SMS)	(5,387.8)	(5,210.0)	3.4%
Other direct costs	(2,262.9)	(2,162.8)	4.6%
Totals	(92,232.1)	(91,467.8)	0.8%

5.b Operating costs

KShs Mns	FY23	FY22	% Change
Non-lease operating costs – buildings**	(67.2)	(107.4)	(37.4%)
Non-lease operating costs – sites**	(1,247.8)	(760.1)	64.2%
Auditor's remuneration	(125.3)	(62.2)	101.4%
Computer maintenance	(2,968.2)	(2,670.6)	11.1%
Consultancy and legal fees	(966.7)	(3,036.9)	(68.2%)
Employee benefits expense	(28,334.9)	(22,554.1)	25.6%
Net foreign exchange losses, other than on borrowings and cash and cash equivalents	(2,162.9)	(434.4)	>100.0%
Office administration	(669.4)	(482.0)	38.9%
Other operating expenses*	(10,339.9)	(5,209.6)	98.5%
Repairs and maintenance expenditure on property and equipment	(302.1)	(272.3)	10.9%
Sales and advertising	(5,593.7)	(4,380.5)	27.7%
Network operating costs	(19,699.7)	(14,087.7)	39.8%
Travel and accommodation	(1,287.9)	(803.5)	60.3%
Inventory storage costs	(319.3)	(325.7)	(2.0%)
Totals	(74,085.0)	(55,187.0)	34.2%

* Other operating expenses includes Vodafone procurement fees, 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.

6. Safaricom PLC Group & Safaricom Telecommunications Ethiopia (STE) financial performance

i) Statement of Comprehensive Income for Group, Kenya and Ethiopia *

KShs Mns	Safaricom Kenya	Safaricom Ethiopia	Safaricom Plc Group	Safaricom Kenya % YoY	Safaricom Plc Group % YoY
Voice Revenue	80,918.2	135.8	81,053.9	(2.8%)	(2.6%)
Messaging Revenue	11,371.7	3.9	11,375.6	4.6%	4.6%
Mobile Data Revenue	53,596.0	356.5	53,952.4	10.6%	11.4%
M-PESA Revenue	117,192.2	0.0	117,192.2	8.8%	8.8%
Mobile Incoming Revenue	8,055.9	66.2	8,109.5	(18.2%)	(17.7%)
Other Mobile Service Revenue	10,550.8	0.0	10,550.8	7.7%	7.7%
Mobile Service Revenue	281,684.8	562.4	282,234.4	4.4%	4.6%
Fixed Line and Wholesale Transit Revenue	13,496.6	0.0	13,457.9	20.1%	19.7%
Service Revenue	295,181.4	562.4	295,692.3	5.0%	5.2%
Handset revenue and other revenue	10,773.0	676.6	11,449.8	(24.8%)	(20.1%)
Other Income	3,167.4	595.5	3,762.7	20.1%	42.7%
Total Revenue	309,121.8	1,834.5	310,904.8	3.7%	4.3%
Direct Costs	(90,441.6)	(1,803.1)	(92,232.1)	(1.1%)	0.8%
Provision for expected credit loss (ECL) on receivables	(4,720.2)	(5.1)	(4,725.3)	99.9%	>100.0%
Contribution margin	213,960.0	26.3	213,947.4	4.8%	4.7%
Contribution margin %	69.9%	2.1%	68.8%	0.8ppt	0.3ppt
Operating costs	(53,608.0)	(19,980.5)	(74,085.0)	7.0%	34.2%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	160,352.0	(19,954.0)	139,862.4	4.0%	(6.2%)
EBITDA margin %	51.9%	(1,610.0%)	45.0%	0.2ppt	(5.0ppt)
Depreciation, impairment & amortisation	(44,097.6)	(10,767.4)	(54,865.0)	10.5%	37.4%
Operating profit	116,254.4	(30,721.4)	84,997.4	1.8%	(22.1%)
Operating profit margin %	37.6%	(2,479.0%)	27.3%	(0.7ppt)	(9.3ppt)
Net finance (cost)	(5,942.6)	(1,270.2)	(7,087.1)	(12.7%)	10.1%
Share of associate & Joint Venture profit/(loss)	(38.2)	0.0	(38.2)	(92.0%)	(92.0%)
Fair value adjustment to investment properties	90.0	0.0	90.0	0.0%	100.0%
Monetary gain for the period	0.0	10,383.1	10,383.1	0.0%	100.0%
Profit/(loss) before income tax	110,363.6	(21,608.5)	88,345.2	3.1%	(13.6%)
Income tax expense	(35,862.4)	0.0	(35,862.4)	3.3%	3.3%
Profit / (loss) after Tax	74,501.2	(21,608.5)	52,482.8	3.0%	(22.2%)

*The Safaricom Kenya refers to the Kenya region with all subsidiaries in Kenya consolidated therein, while Safaricom Ethiopia numbers relate to the Safaricom Telecommunications Ethiopia (STE) operating company numbers only. Safaricom Group column consolidates Safaricom Kenya, Safaricom Ethiopia, Vodafamily and GPE. Intercompany eliminations relating to all subsidiaries under the group are reflected at group level.

Safaricom Telecommunications Ethiopia (STE) Plc Costs

i. Direct Costs

KShs Mns	FY23	FY22	% Change
M-PESA commissions	0.0	0.0	100.0%
Airtime commissions	(176.9)	0.0	100.0%
License fees	(29.9)	0.0	100.0%
Interconnect and roaming costs	(243.7)	0.0	100.0%
Handset costs	(831.5)	0.0	100.0%
Customer acquisition and retention	(503.3)	0.0	100.0%
Promotions and Value Added Services costs (Voice & SMS)	0.0	0.0	100.0%
Other direct costs	(17.8)	0.0	100.0%
Totals	(1,803.1)	0.0	100.0%

ii. Operating Costs

KShs Mns	FY23	FY22	% Change
Operating lease cost - buildings*	(27.0)	(42.8)	(37.0%)
Operating lease cost - sites*	(48.6)	(8.0)	>100.0%
Auditors remuneration	(8.3)	(4.4)	89.0%
Computer maintenance	(557.7)	(198.9)	>100.0%
Consultancy	(430.8)	(1,342.2)	(67.9%)
Employee benefits expense	(6,821.2)	(2,147.5)	>100.0%
Net foreign exchange gains, other than on borrowings and cash and cash equivalent	(1,196.6)	(81.2)	>100.0%
Office administration	(213.4)	(30.9)	>100.0%
Other operating expenses	(2,507.1)	(553.0)	>100.0%
Repairs and maintenance expenditure on property, plant and equipment	(26.1)	(11.2)	>100.0%
Sales and advertising	(1,807.3)	(362.2)	>100.0%
Network operating costs	(5,506.8)	(32.1)	>100.0%
Travel and accommodation	(801.3)	(290.6)	>100.0%
Inventory storage costs	(28.2)	(4.1)	>100.0%
Totals	(19,980.5)	(5,109.1)	>100.0%

* Relates to non-lease components of the lease e.g. service charges, VAT disallowed on payments of leases. The cost is excluded from the measurement of the lease liability as provided for in IFRS 16.

iii) Safaricom Ethiopia Financing costs

KShs Mn	FY23	FY22	% Change
Financing costs	0.8	(710.9)	<100.0%
Interest costs	(4,957.4)	(1,393.3)	>100.0%
Forex & Hedge costs	(1,756.6)	(2,431.1)	(27.7%)
Fair value financial guarantees	-	(120.9)	(100.0%)
Total	(6,713.2)	(4,656.3)	44.2%

7. Group Net Debt

KShs Mns As at	31-Mar-23	31-Mar-22	% Change
Cash and cash equivalents	22,098.1	30,779.6	(28.2%)
Borrowings			
Short term borrowings	(43,492.3)	(20,400.0)	>100.0%
Long term borrowings	(42,050.0)	(44,910.8)	(6.4%)
Total net debt	(63,444.2)	(34,531.2)	83.7%

8. Free cash flow- Safaricom Kenya

KShs Mns	FY23	FY22	% Change
EBITDA	160,352.0	154,171.1	4.0%
Net Working Capital Changes	927.7	485.1	91.2%
Other Cashflow movements			
Movement in;			
RoU assets and lease liabilities	(5,150.8)	(4,381.2)	17.6%
Gain on lease terminations	(89.6)	(7.2)	>100.0%
Gain (Loss) on PPE disposal	(34.6)	(47.1)	(26.5%)
Operating cash flow	156,004.6	150,220.7	3.9%
Capital Additions	(40,366.2)	(39,336.2)	2.6%
Proceeds from disposal of Property, Plant & Equipment	43.6	49.2	(11.4%)
Operating free cash flow	115,682.0	110,933.7	4.3%
Net Interest paid/received	(4,844.7.0)	(1,924.4)	>100.0%
Net taxation payable	(45,017.6)	(34,128.7)	31.9%
Free cash flow	65,819.7	74,880.6	(12.1%)

9. Supplementary Information

The foregoing information was extracted from the Group's financial statements for the year ended 31 March 2023.

a) Basis of preparation

These condensed consolidated financial statements for the year ended 31 March 2023 do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2023. The financial statements have been prepared on a going concern 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 'Mn), 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 management 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 the notes to the financial statements.

b) 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 has been 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.

c) Translation of foreign operations

The results, cash flows 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
- Specific transactions in equity are translated at rates of exchange ruling at the transaction dates
- Income and expenditure and cash flow items 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 Other Comprehensive Income (OCI) and accumulated in the foreign currency translation reserve (FCTR), except to the extent the difference is allocated to non-controlling interests.

The results, cash flows 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.

d) 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, are restated by applying a consumer price index from the dates the components were contributed or otherwise arose. 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.

d) Gain on monetary position

The consumer price indices (CPI) used in the restatement of the balances are indicated on the table below and were published by the trading economics.

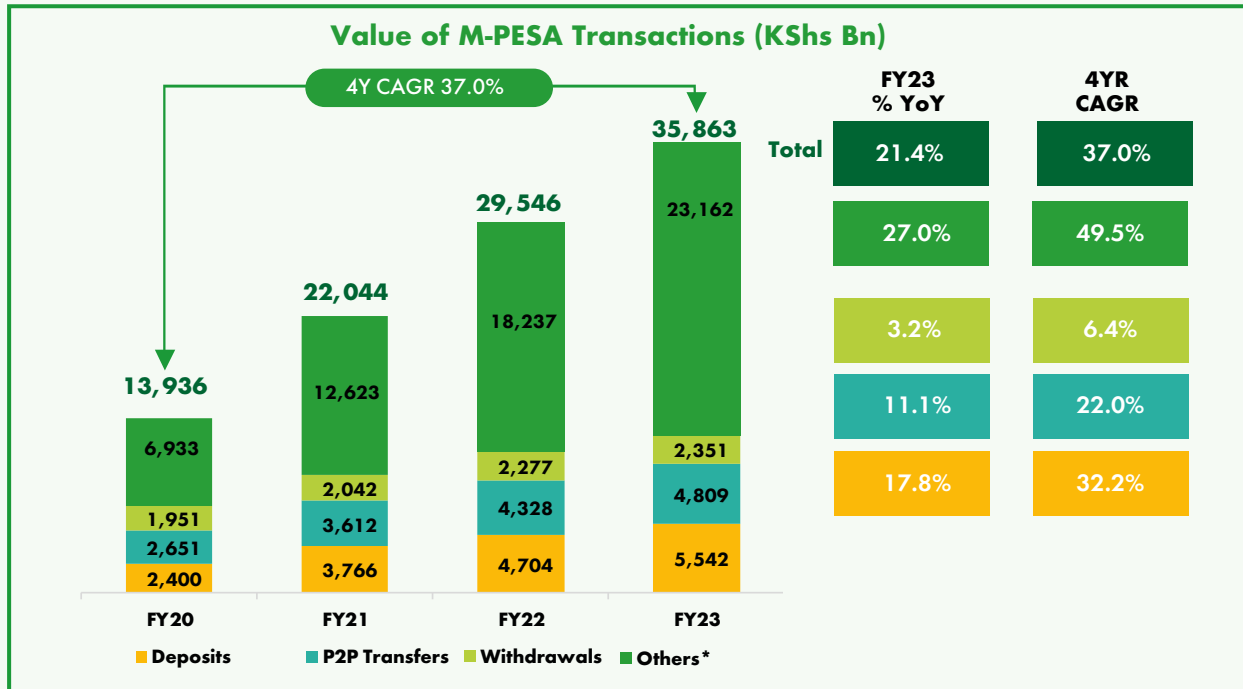
Month	Consumer price index
Opening CPI – April 2022	273.1
Closing CPI – March 2023	358.6
Movement	(85.5)

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 2023 was KShs 10,383.1 million.

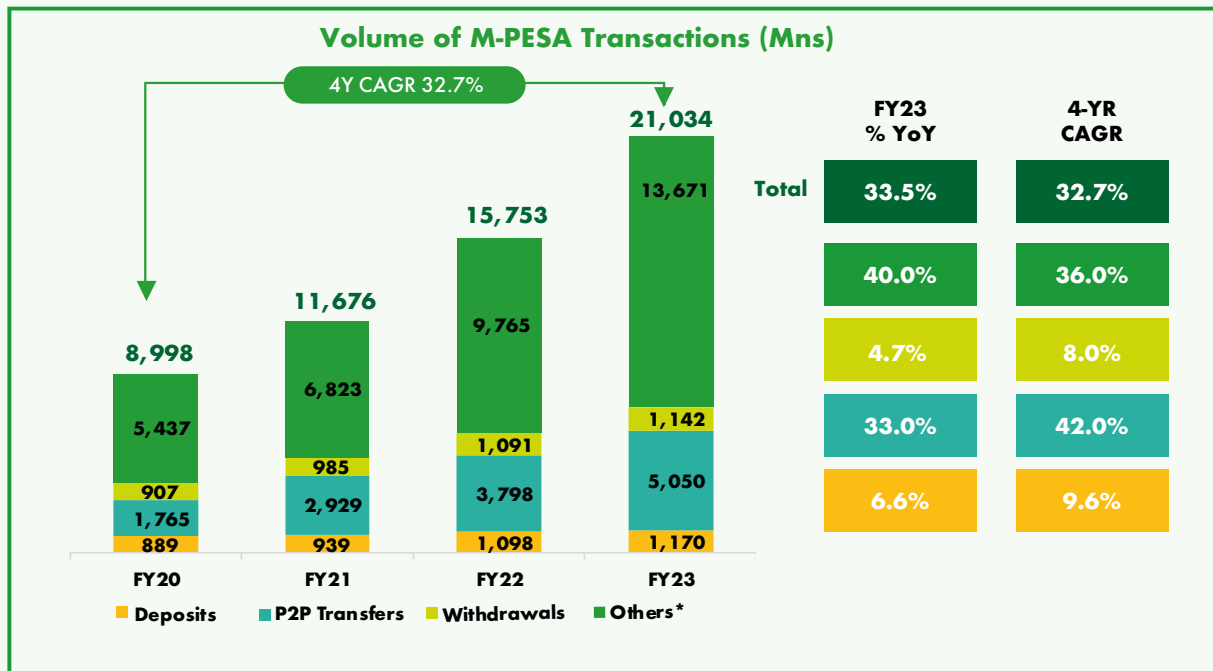
Management has restated all balance sheet amounts that are not expressed in terms of the measuring unit current at the balance sheet date. Monetary items were not restated, because they represent money held, to be received or to be paid. Monetary items are therefore already expressed in current purchasing power at the reporting date.

	Monetary *ETB' Mn	Non-monetary *ETB' Mn	Total *ETB' Mn
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 (ETB/KShs)			2.4459
Net monetary gain (KShs)			10,383.1

* ETB is the national currency of the Federal Democratic Republic of Ethiopia also known as the Ethiopian Birr.

e) **M-PESA****Additional M-PESA KPIs****i. M-PESA Value of Transactions (KShs Bn)**

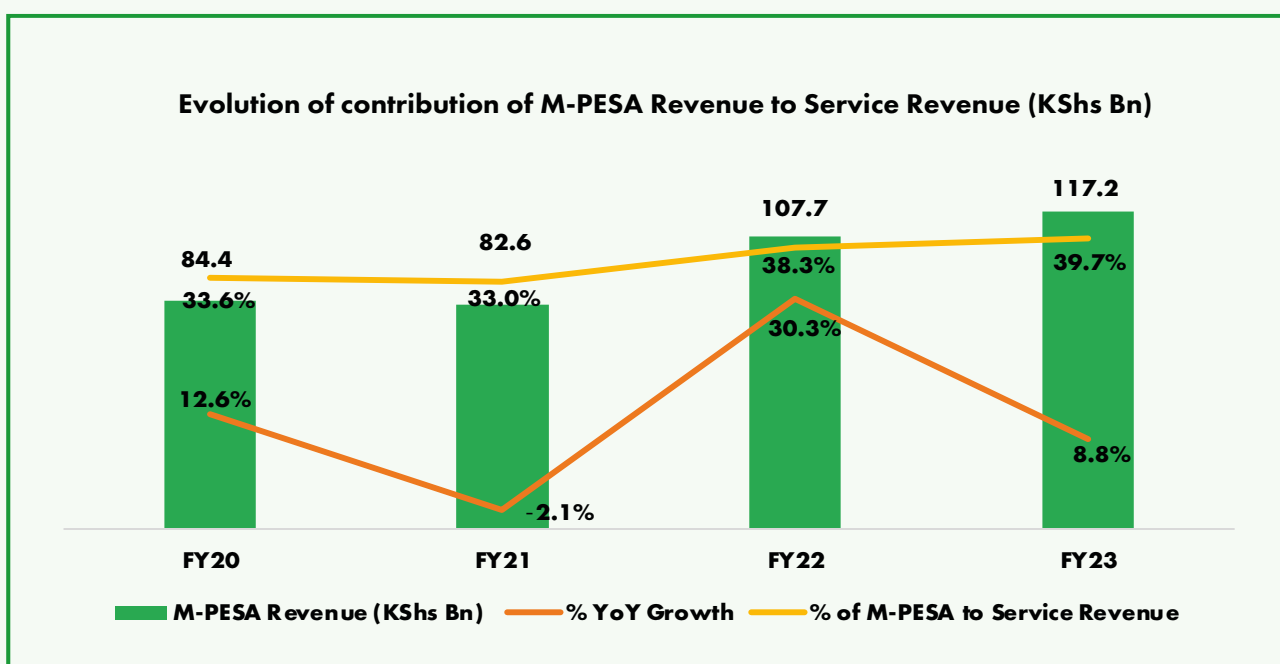
* B2C, C2B, B2B, Fuliza, Lipa Na M-PESA, M-Kesho, M-Shwari, KCB M-PESA, IMT, Airtime

ii. M-PESA Volume of transactions (Mn)

* B2C, C2B, B2B, Fuliza, Lipa Na M-PESA, M-Kesho, M-Shwari, KCB M-PESA, IMT, Airtime

iii. M-PESA Revenue contribution, profile mix and customer evolution

KShs Bn	FY20	FY21	FY22	FY23	% Change FY23	% Contribution to Growth FY23
Personal Payments (Transfers & Withdrawals)	58.70	55.60	72.44	78.23	8.0%	5.4%
Business Payments (C2B, B2C, B2B, LNM, other savings)	18.21	16.96	24.25	27.47	13.3%	3.0%
Global Payments (Remittances, Alipay)	1.31	2.01	2.48	2.90	17.0%	0.4%
Financial Services (Lending)	6.22	8.07	8.53	8.60	0.7%	0.1%
Total	84.44	82.65	107.69	117.19	8.8%	8.8%



M-PESA usage continues to grow as we accelerate new growth areas

Velocity in the M-PESA ecosystem continues to grow driven by our FinTech solutions including payments, lending and savings and international remittances. FY23, the total value of M-PESA transactions grew 21.4% YoY to KShs 35.9Trn while total volume of M-PESA transactions grew 33.5% YoY to 21.0Bn.

We continue to leverage on our digital platforms and solutions such as M-PESA Super App for end-to-end excellent customer experience. We now have 7.4 million Consumer App downloads, 1.2Mn Active Consumers and over 500k downloads on the businesses App.

iv. Lending value and revenue trends

	FY23	FY22	% Change
Fuliza			
Value of disbursements (KShs Bn)	701.5	502.6	39.6%
Value or Repayment (KShs Bn)	671.6	510.3	31.6%
Repayment vs Disbursal rate	95.7%	101.5%	(5.8ppt)
Average Ticket Size (KShs)	298.0	345.2	(13.7%)
Revenue (KShs Bn)	5.4	5.9	(8.3%)
Distinct Customers (Mn)	8.1	6.9	18.0%
KCB M-PESA			
Value of disbursements (KShs Bn)	42.2	46.3	(8.9%)
Value or Repayment (KShs Bn)	40.3	44.9	(10.3%)
Repayment vs Disbursal rate	95.5%	97.0%	(1.5ppt)
Average Loan (KShs)	4,993	6,874	(27.4%)
Revenue (KShs Bn)	0.6	0.7	(8.3%)
One month active KCB M-PESA customers (Mn)	3.7	3.8	(4.1%)
M-Shwari			
Value of disbursements (KShs Bn)	91.5	86.1	6.3%
Value or Repayment (KShs Bn)	56.5	54.4	3.8%
Repayment vs Disbursal rate	61.7%	63.2%	(1.5ppt)
Average Loan (KShs)	7,793	6,172	26.3%
Revenue (KShs Bn)	2.1	1.9	11.6%
One month active M-Shwari customers (Mn)	5.3	4.7	13.0%

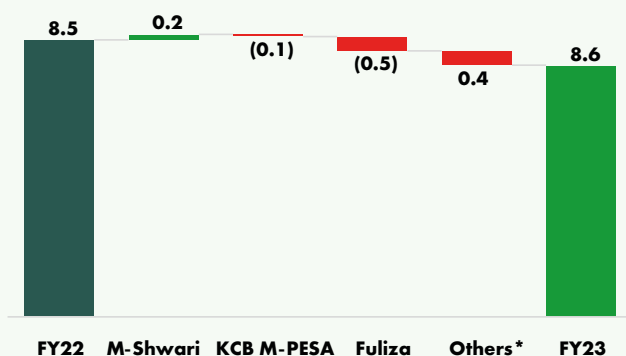
Fuliza

In partnership with two commercial banks in Kenya, NCBA and KCB Bank, the Group operates Overdraft (OD) facility dubbed "Fuliza", a product that 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 the two banks, NCBA and KCB Bank.

M-Shwari and KCB M-PESA

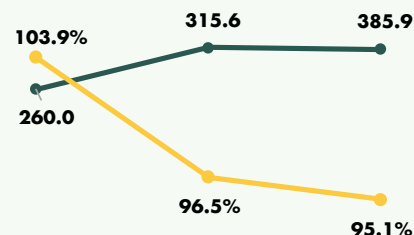
Safaricom partnered with NCBA and KCB Bank to offer micro lending facilities dubbed- M-Shwari and KCB-M-PESA respectively. These services enable customers to save as little as KShs 1 (USD 0.01) and get loans from KShs 50 to KShs 1 million.

Contribution to Savings and Lending Revenue (KShs Bn)



*Others; M-Kesho, M-Kopa, H-Fund

Fuliza

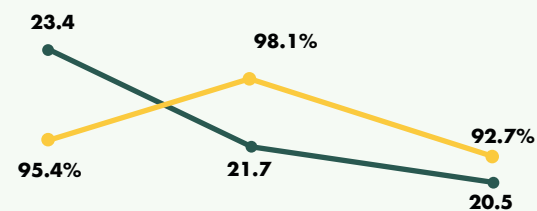


H2 FY22 H1 FY23 H2 FY23

Value of disbursements (KShs Bn)

Repayment vs Disbursal rate

KCB M-PESA

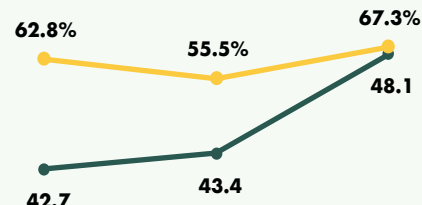


H2 FY22 H1 FY23 H2 FY23

Value of disbursements (KShs Bn)

Repayment vs Disbursal rate

M-Shwari



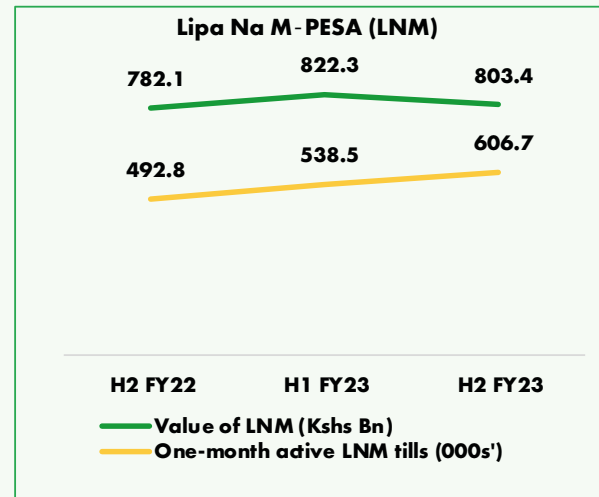
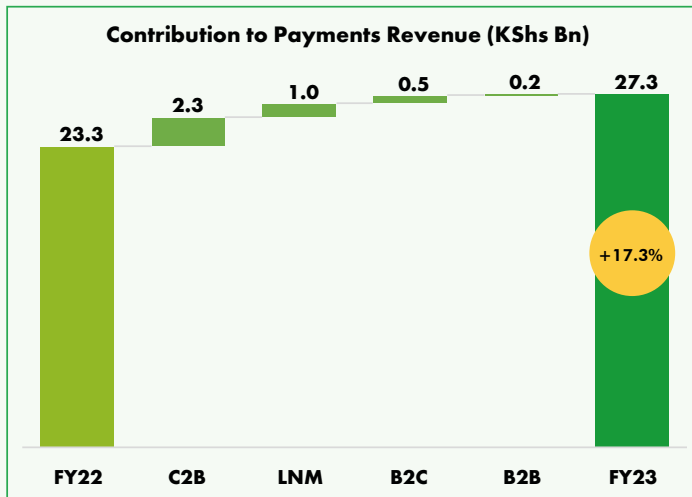
H2 FY22 H1 FY23 H2 FY23

Value of disbursements (KShs Bn)

Repayment vs Disbursal rate

v. Payments performance

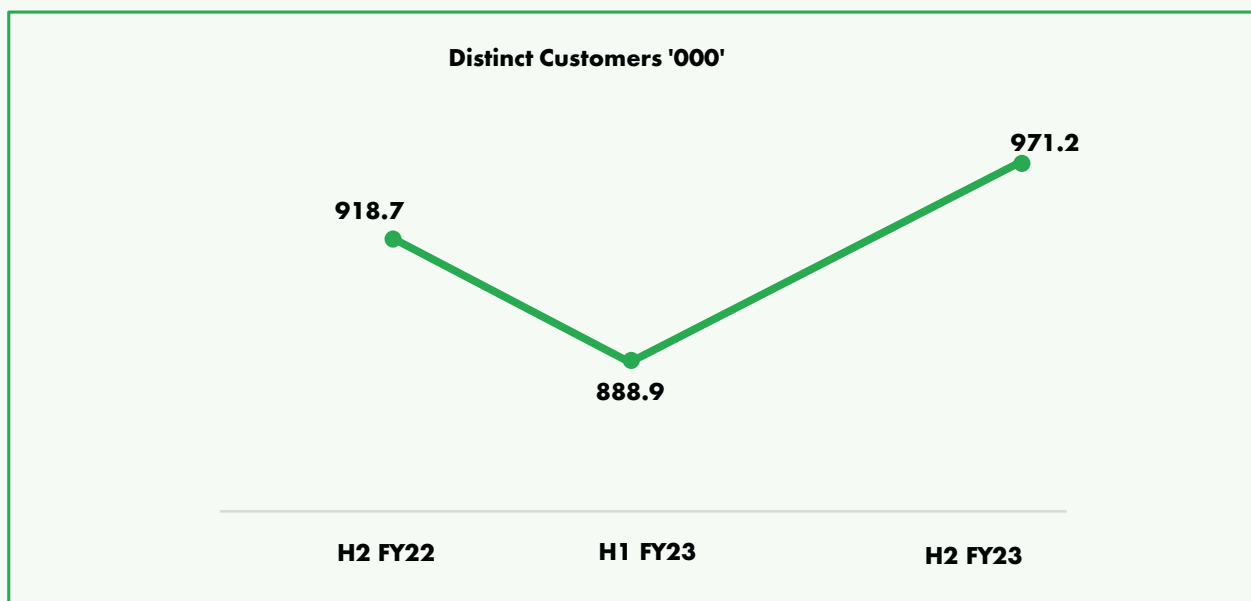
Payments	Value (KShs Bn)			Volume (Mn)			Revenue (KShs Bn)			% Contribution to growth
	FY23	FY22	% YoY	FY23	FY22	% YoY	FY23	FY22	% YoY	
B2C	4,355.95	3,358.86	29.7%	687.23	500.32	37.4%	2.60	2.07	25.7%	2.3%
C2B	6,464.58	4,872.36	32.7%	3,797.40	2,590.16	46.6%	19.13	16.79	13.9%	10.0%
B2B	169.52	122.43	38.5%	9.85	6.40	54.1%	0.29	0.11	171.5%	0.8%
LNМ	1,625.64	1,435.26	13.3%	1,958.21	1,338.58	46.3%	5.29	4.31	22.8%	4.2%
Totals	12,615.68	9,788.91	28.9%	6,452.70	4,435.46	45.5%	27.30	23.28	17.3%	17.3%



vi. M-PESA Global

Launched in FY19, M-PESA Global service enables M-PESA registered customers to send and receive money from countries across the world. M-PESA Global service remittance partnerships include: Western Union, MoneyGram, Ria, WorldRemit, Wave, Remitly among others.

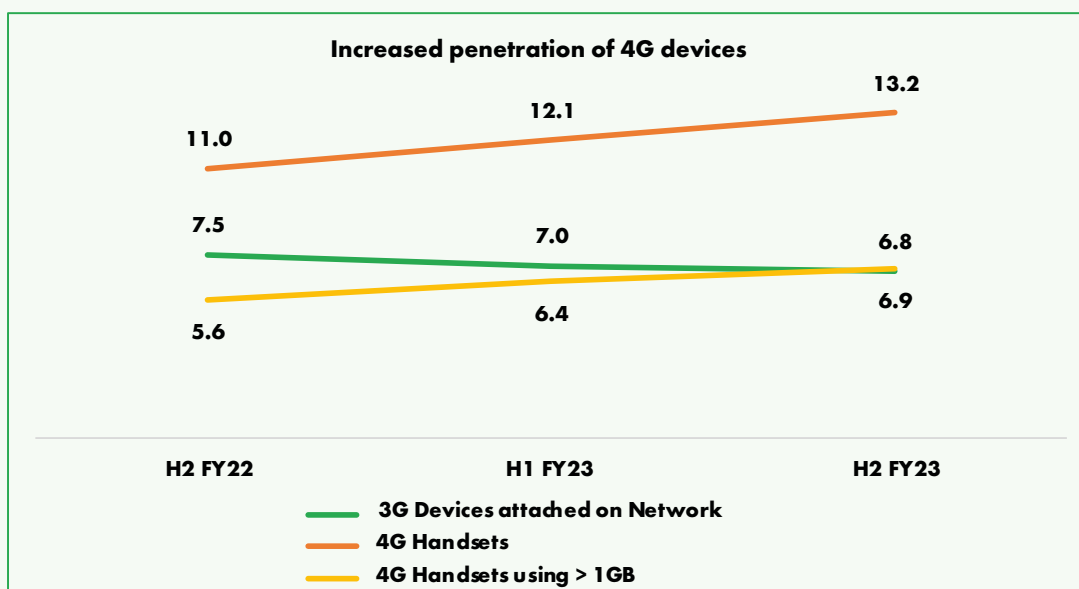
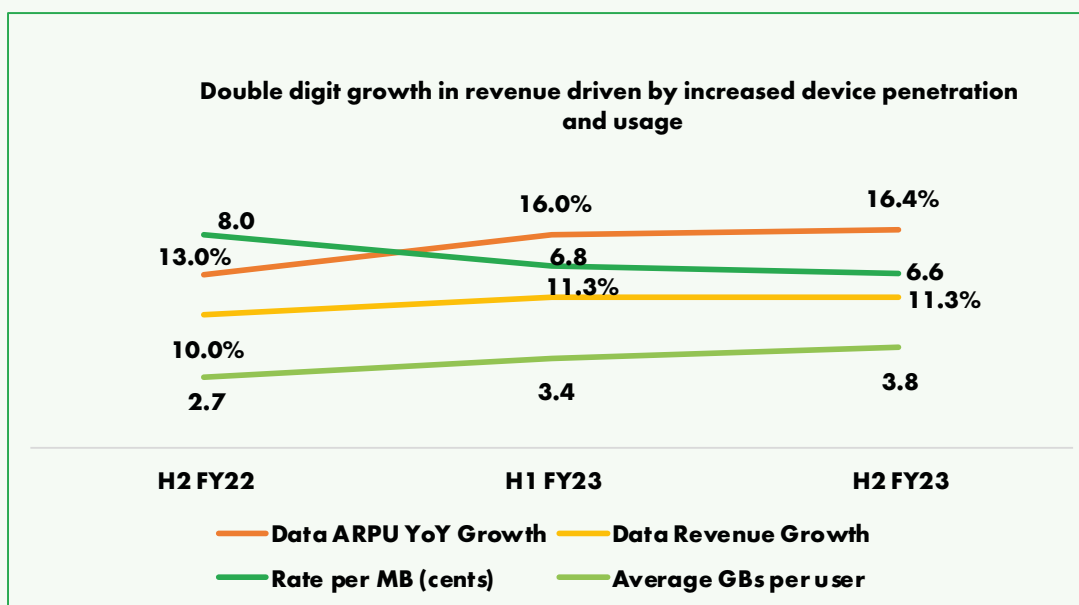
	Value (KShs Bn)			Volume (Mn)			Revenue (KShs Bn)		
	FY23	FY22	% YoY	FY23	FY22	% YoY	FY23	FY22	% YoY
M-PESA Global	418.00	395.73	5.6%	31.72	31.04	2.2%	2.84	2.47	14.6%



f) Mobile Data

Additional Mobile Data KPIs

	Smart Phone Devices (Mn)			Mobile Data ARPU (KShs)			Mobile Data Revenue (KShs Bn)		
	FY23	FY22	% YoY	FY23	FY22	% YoY	FY23	FY22	% YoY
Mobile Data	20.30	18.46	10.0%	239.04	205.73	16.2%	53.60	48.44	10.6%



Glossary

i. Description of M-PESA Profile

Item	Description
Transfers/ P2P/W2W	This represents customer deposits in the M-PESA e-wallet that can be funded by direct cash deposits at agent level or through person to person (P2P) transfers.
M-PESA Agents	M-PESA Agents include Safaricom authorized dealers, operating one or more outlets around Kenya, retailers with a substantial distribution network like petrol stations, distributors, supermarkets, registered SMEs and selected Banks and Micro-Finance Institutions. Their key tasks include; registering M-PESA customers, depositing cash into registered customers' M-PESA wallets, processing cash withdrawals for registered and non-registered M-PESA customers and compliance with Safaricom AML & KYC Policy and business practices.
Withdrawals/ Cash out	Withdrawal is the removal of e-money from M-PESA e-wallet to cash through M-PESA agents.
Deposits/ Cash in	Customers fund their M-PESA e-wallet through M-PESA agents or directly from their bank accounts through a short code.
Payments	
C2B/W2B, B2C/B2W and B2B.	Customer to Business (C2B) or Business to Customer (B2C) are mainly bank transfers while Business to Business (B2B) is for business transactions. These together with LNM and revenue from betting transactions form the payments channels in the M-PESA ecosystem.
Lipa Na M-PESA (LNM)	LNM is a platform that enables merchants to transact using a till number to collect payments from customers. LNM has two major use cases; <ul style="list-style-type: none"> • Buy Goods - mainly used for one-off payments to merchants, this is done 'on the go', mainly face to face but can also be done remotely. • Billers - This is the paybill option/C2B of LNM which mostly happens remotely/online and is mainly used for repetitive transactions done on utility payments to government agencies, SACCOs, electricity & water providers and hospitals.
Savings and Lending	
M-Shwari	<p>M-Shwari is a micro-lending/savings product in partnership with NCBA (a tier 1 Kenyan Bank).</p> <p>The M-Shwari Loan Account is a micro-credit product which allows customers to borrow money or to complement their savings towards an investment or enterprise.</p> <p>The M-Shwari Deposit Account is a micro-savings product which allows customers to securely store their money for a specific purpose or for unexpected events.</p>

KCB-M-PESA	<p>KCB M-PESA is a savings and loan service in partnership with KCB Bank (a tier 1 Kenyan bank) that enables M-PESA customers to save as little as KShs 1, and access credit from KShs 1,000.</p> <p>The KCB M-PESA loan account is a micro-credit product which gives customers access to loans for an emergency or to fund a project or an enterprise.</p>
Fuliza	<p>In partnership with Kenyan lenders, NCBA and KCB Bank, the Group operates an Overdraft (OD) facility dubbed 'Fuliza', a product that 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 available to all M-PESA customers, however the awarding of limits will depend on the customer's credit scoring and how long they have been using M-PESA.</p> <p>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.</p>
M-Kesho	<p>In partnership with Equity Bank, M-Kesho Bank Account was launched to enable Safaricom's mobile money clients to directly access their Equity bank accounts. Registration is free and the account has no charges, ledger fees nor minimum account balance requirement.</p>
M-Kopa	<p>M-KOPA provides solar home systems that innovatively integrate machine-to-machine technology (M2M) with a micro-payment solution. The system includes embedded GSM technology for monitoring and metering usage, while its pay-as-you-go service carries the advantage of no large initial cash outlay.</p> <p>After an initial deposit, customers pay daily instalments via a mobile money service (M-PESA) until paying off the balance. Once this repayment is complete, customers own the unit outright. Importantly, this solution is cheaper and healthier than the alternative, kerosene lamps for rural households with no electricity.</p> <p>M-KOPA solar is currently available in 750 outlets nationwide in Kenya through the Safaricom distribution network.</p>
IMT	
International Money Transfer (IMT)	<p>M-PESA Global Safaricom Plc through its fully owned subsidiary, Safaricom Money Transfer Services Limited (SMTSL), operates 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. Revenue is earned from transaction fees charged to customers for international money transfers (inbound and outbound).</p> <p>M-PESA global enables M-PESA registered customers to send and receive money:</p> <ol style="list-style-type: none"> 1. To East Africa: Rwanda, Tanzania & Uganda. 2. Globally: To millions of Bank accounts and over 500,000 Western Union locations globally. 3. Through PayPal: Access funds quickly and shop around the world with PayPal mobile money service with M-PESA.
AliPay Partnership	<p>Safaricom partnered with AliPay to integrate M-PESA as a payment method on AliExpress e-commerce.</p>
E-Commerce	
Paypal Partnership	<p>Safaricom, PayPal and TransferTo announced a collaboration on 9 April 2018 for a new service that allows movement of funds between M-PESA and PayPal accounts.</p> <p>Qualifying M-PESA customers in Kenya can link their PayPal accounts to their M-PESA wallets, enabling them to easily and securely buy goods and services from merchants around the globe.</p>

Smart Lifestyle Channels	
M-PESA Consumer App	<p>The M-PESA App for consumers delivers the suite of M-PESA solutions to our consumers in a customer centric approach. This has redesigned the M-PESA customer experience journey to reduce demand in Call Centre and simplify multiple payments.</p> <p>It serves as a one stop shop for all SMEs needs including instant Lipa Na M-PESA sign up through the Merchant App, increased access to market to achieve scale through SME Marketplace and integration of third party services through Mini Apps.</p>
M-PESA Business/ Merchants Transacting Till (Buy Goods)	<p>The M-PESA Business till is an enhancement of the existing Lipa Na M-PESA Buy Goods till that enables business owners to collect payments on the till and use the money collected to make other transactions directly from their till.</p> <p>The M-PESA for Business till is ideal for businesses in retail, such as supermarkets, restaurants, hardware, pharmacies, boutiques, salons etc. that collect money from customers regularly as part of their business. The product can be accessed via USSD *234*2# or via app M-PESA for Business App.</p>
M-PESA Business App	<p>M-PESA for Business App allows merchants and businesses to better visualize their payment collections and spend, see full statements and transact directly from their M-PESA Business till using the App. The App provides users a faster and simpler payment experience. Its an alternative to the USSD service *234# Option 2.</p>
M-PESA Bill Manager	<p>This is a service that allows customers to save and pay bills in one transaction, memorizing all paybills and account numbers and better still, a way for them to be reminded of the bill payment due dates. The service is available to all M-PESA registered customers and can be accessed by dialling *234# then selecting M-PESA Products followed by Bill Manager.</p>
Pochi la Biashara	<p>Pochi La Biashara, translated to 'Business Wallet' in English, is a product that allows M-PESA registered customers who own informal businesses such as; food vendors, kiosk owners, boda-boda operators, second hand clothes dealers, etc. to receive and separate business funds from personal funds on their M-PESA line.</p>

Abbreviation

ARPU	Average revenue per user
Churn	Total gross customer disconnections in the period divided by the average total customers in the period
CVM	Customer Value Management
2G	Second-generation Technology
3G	Third-generation Technology
4G	Fourth-generation Technology
FTTH	Fibre to the Home
Bn	Billion
LNm	Lipa na M-PESA
LTE	Long-Term Evolution
Mn	Million
MSMEs	Micro Small and Medium Enterprises
IFRS	International Financial Reporting Standards
IoT	Internet of Things
MB	Megabyte
Ppt	Percentage points
SMS	Short Message Service
ROU	Rights of Use
Trn	Trillion
AML	Anti-money Laundering
KYC	Know Your Customer

Corporate Information

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