



“ The Board is pleased with the improved business performance witnessed in the first half of this financial year where the Group’s service revenue recorded strong growth year on year. We remain diligent in ensuring that management continues to build on this momentum, executing the strategy as approved by the Board. We are cognizant of the longer than expected headwinds and economic challenges encountered in both Kenya and Ethiopia. We have stayed true to our vision, as set out in the 5-year strategy, of transforming Safaricom from a telco to a tech-co. The Board will support management in its efforts to deliver technology solutions that enable our customers, in both Ethiopia and Kenya, unlock the power of the internet and benefit commercially.

Adil Khawaja (MBS)
Chairman

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Our performance in Kenya is supported by efficient strategy execution focused on delighting our customers and is coupled with resilient governance practices. We have achieved great milestones in Ethiopia one year after commercial launch and are seeing a strong growth trajectory as we continue rolling out our services.

We are committed to investing in our network and technology infrastructure, broadening our product range, and leveraging emerging technologies to enhance our participation in the digital ecosystem. We continue to deepen our sustainable business and social responsibility agenda focused on healthcare, education, economic empowerment, and the environment in our journey to be a net zero organisation.

Peter Ndegwa
Chief Executive Officer

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| Condensed consolidated statement of profit or loss and other comprehensive income for the six months ended: | Group (KShs Mn) | | Company (KShs Mn) | |
|---|------------------|------------------|-------------------|------------------|
| | 30-Sep-23 | 30-Sep-22 | 30-Sep-23 | 30-Sep-22 |
| Service revenue | 159,135.9 | 144,825.4 | 155,682.7 | 143,084.5 |
| Handsets and other revenue | 3,839.0 | 7,273.6 | 2,944.4 | 7,184.4 |
| Other income | 1,641.9 | 1,331.3 | 1,963.8 | 1,591.2 |
| Total revenue | 164,616.8 | 153,430.3 | 160,590.9 | 151,860.0 |
| Direct costs | (44,398.7) | (46,812.2) | (40,988.8) | (46,034.1) |
| Expected credit losses on financial assets | (2,804.1) | (1,611.8) | (2,974.2) | (1,781.3) |
| Operating expenses | (37,741.1) | (30,964.1) | (27,185.2) | (24,716.0) |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 79,672.9 | 74,042.2 | 89,442.6 | 79,328.6 |
| Depreciation and amortisation | (38,226.1) | (22,796.3) | (23,320.3) | (21,665.5) |
| Operating profit | 41,446.8 | 51,245.9 | 66,122.3 | 57,663.1 |
| Net finance costs | (7,121.3) | (2,932.3) | (5,747.2) | (4,619.4) |
| Share of loss of associates and joint venture | (412.5) | (62.6) | (412.5) | (62.6) |
| Hyperinflationary monetary gain | 13,027.4 | - | - | - |
| Profit before income tax | 46,940.4 | 48,251.0 | 59,962.6 | 52,981.2 |
| Income tax expense | (19,753.1) | (18,021.8) | (19,353.5) | (17,249.1) |
| Profit after tax | 27,187.3 | 30,229.2 | 40,609.1 | 35,732.1 |
| Attributable to: | | | | |
| Equity holders of the parent | 34,164.6 | 33,472.2 | 40,609.1 | 35,732.1 |
| Non-controlling interests | (6,977.3) | (3,243.0) | - | - |
| Profit for the period | 27,187.3 | 30,229.2 | 40,609.1 | 35,732.1 |
| Basic and diluted earnings per share (EPS) | 0.9 | 0.8 | 1.0 | 0.9 |
| Other comprehensive income: | | | | |
| Exchange differences on translation of foreign operations | 19,670.1 | 1,679.7 | - | - |
| Other comprehensive income for the period | 19,670.1 | 1,679.7 | - | - |
| Total comprehensive income for the period | 46,857.4 | 31,908.9 | 40,609.1 | 35,732.1 |
| Attributable to: | | | | |
| Equity holders of the parent | 44,328.5 | 34,408.0 | 40,609.1 | 35,732.1 |
| Non-controlling interests | 2,528.9 | (2,499.1) | - | - |
| Total comprehensive income for the period | 46,857.4 | 31,908.9 | 40,609.1 | 35,732.1 |

| Condensed consolidated statement of financial position as at: | Group (KShs Mn) | | Company (KShs Mn) | |
|---|------------------|------------------|-------------------|------------------|
| | 30-Sep-23 | 31-Mar-23 | 30-Sep-23 | 31-Mar-23 |
| Non-current assets | 547,686.7 | 436,771.5 | 309,247.7 | 279,662.0 |
| Current assets | | | | |
| Cash and bank balances | 20,458.8 | 22,098.1 | 12,802.5 | 18,061.9 |
| Trade and other receivables | 44,651.9 | 40,791.5 | 32,140.9 | 23,862.0 |
| Inventories | 3,587.0 | 3,655.6 | 2,443.2 | 2,231.5 |
| Current income tax | 1,580.2 | 851.6 | 1,424.6 | - |
| Restricted cash - letter of credit | 671.1 | 615.1 | - | - |
| Other financial assets | - | 28.6 | - | - |
| Mobile financial deposit | 273.9 | - | - | - |
| Contract costs | 5,219.3 | 4,395.0 | 4,835.9 | 4,236.3 |
| Total assets | 624,128.9 | 509,207.0 | 362,894.8 | 328,053.7 |
| Equity | | | | |
| Share capital and share premium | 4,203.3 | 4,203.3 | 4,203.3 | 4,203.3 |
| Retained earnings | 153,856.9 | 121,823.6 | 177,674.3 | 137,065.2 |
| Other reserves | 63,827.5 | 36,688.4 | - | - |
| Proposed dividend | - | 24,840.6 | - | 24,840.6 |
| Equity attributable to equity holders of the parent | 221,887.7 | 187,555.9 | 181,877.6 | 166,109.1 |
| Non-controlling interests | 123,663.1 | 75,810.0 | - | - |
| Total equity | 345,550.8 | 263,365.9 | 181,877.6 | 166,109.1 |
| Non current liabilities | 130,966.7 | 105,463.9 | 70,440.2 | 61,582.6 |
| Current liabilities | | | | |
| Payables and accrued expenses | 77,386.6 | 72,688.2 | 45,356.4 | 44,298.6 |
| Current income tax | - | 2,408.8 | - | 192.2 |
| Borrowings | 46,242.4 | 43,492.3 | 43,651.0 | 35,500.0 |
| Dividend payable | 1,563.1 | 1,783.0 | 1,563.1 | 1,783.0 |
| Lease liabilities | 6,737.4 | 5,354.9 | 5,298.2 | 4,376.6 |
| Provisions for liabilities | 4,524.1 | 4,524.1 | 4,524.1 | 4,524.1 |
| Mobile financial deposit | 273.9 | - | - | - |
| Contract liabilities | 10,883.9 | 10,125.9 | 10,184.2 | 9,687.5 |
| Total liabilities | 147,611.4 | 140,377.2 | 110,577.0 | 100,362.0 |
| Total liabilities | 278,578.1 | 245,841.1 | 181,017.2 | 161,944.6 |
| Total equity and liabilities | 624,128.9 | 509,207.0 | 362,894.8 | 328,053.7 |

| Condensed consolidated statement of cash flows for the six months ended: | Group (KShs Mn) | | Company (KShs Mn) | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 30-Sep-23 | 30-Sep-22 | 30-Sep-23 | 30-Sep-22 |
| Cash flows from operating activities | | | | |
| Cash generated from operations | 54,404.1 | 67,027.7 | 77,986.1 | 71,917.5 |
| Interest received | 965.6 | 654.0 | 890.1 | 619.0 |
| Income tax paid | (23,366.8) | (27,202.5) | (21,447.1) | (26,805.2) |
| Net cash generated from operating activities | 32,002.9 | 40,479.2 | 57,429.1 | 45,731.3 |
| Net cash used in investing activities | (51,033.4) | (29,238.3) | (25,339.5) | (21,547.9) |
| Cash flows from financing activities | | | | |
| Dividends paid | (25,060.5) | (40,688.0) | (25,060.5) | (40,688.0) |
| Interest paid on borrowings | (5,748.5) | (3,083.6) | (5,088.7) | (2,986.9) |
| Other financing activities | 43,225.4 | 17,675.4 | (7,201.2) | 1,727.4 |
| Net cash generated from/(used in) financing activities | 12,416.4 | (26,096.2) | (37,350.3) | (41,947.5) |
| Net decrease in cash and cash equivalents | (6,614.1) | (14,855.3) | (5,260.7) | (17,764.2) |
| Movement in cash and cash equivalents | | | | |
| At start of the period | 22,098.7 | 30,794.2 | 18,063.2 | 25,571.7 |
| Net foreign exchange difference | 3,701.2 | 43.5 | - | - |
| Net monetary gain on cash and cash equivalents | 1,273.0 | - | - | - |
| Decrease in cash and cash equivalents | (6,614.1) | (14,855.3) | (5,260.7) | (17,764.2) |
| Cash and cash equivalents at end of period | 20,458.8 | 15,982.4 | 12,802.5 | 7,807.6 |

COMMENTARY ON RESULTS

The Board of Directors is pleased to release the unaudited results for the six months ended 30 September 2023. The same accounting policies and methods of computation have been used in the last financial statements.

Business review - Group

We are pleased with our performance in Half Year 24 (HY24) despite the tough operating environment characterised by high inflation levels adversely affecting customers’ disposable income. Service revenue grew 9.9% Year on Year (YoY) to KShs 159.1Bn mainly supported by M-PESA and Mobile Data revenues. Overall, the Group’s customers grew 11.3% YoY to 48.24Mn while one month active customers grew by 9.9% YoY to 35.86Mn. Kenya’s overall market share stood at 66.1% as at June 2023. Group capital expenditure for the six months to 30 September 2023 stood at KShs 41.89Bn with KShs 17.45Bn being investment in rolling out operations in Ethiopia.

Group Net Income excluding minority interest grew 2.1% YoY to KShs 34.4Bn (3.7% YoY based on constant currency). When further adjusted for Mobile Termination Rate (MTR) impact, net income grew 4.9% YoY.

Business Review - Kenya

Voice and Messaging

Voice revenue declined by 3.0% YoY to KShs 38.69Bn in line with global trends. We continue to leverage on our Customer Value Management (CVM) initiatives to provide better segmented and personalized offers and customers propositions. In addition, we have consistently been optimising our pricing over the years to ensure that we continue driving affordability and usage. During the period, rate per min declined 14.6% YoY to KShs 1.28 while minutes of use per subscriber rose 21.6% YoY to 184.31. Messaging grew 6.0% YoY to KShs 5.75Bn supported by 10.7% YoY growth in Average Revenue Per User (ARPU) to KShs 45.85. Voice and messaging revenue are now 28.3% of service revenue.

M-PESA

M-PESA revenue recorded a strong growth of 16.5% YoY to KShs 66.23Bn driven by 12.0% YoY growth in ARPU to KShs 344.05. There was an uptick in usage with chargeable transactions per one-month active customers increasing 28.9% YoY to 28.94. Total transaction value grew marginally by 1.1% YoY to KShs 18.28Trn due to slowdown in Customer to Bank (C2B) transactions while volume rose 34.7% YoY to KShs 12.93Bn. Following Central Bank’s approval, we increased M-PESA daily transaction limits to KShs 500,000 effective 15 August 2023 and the limit per transaction to KShs 250,000 from 21 September 2023.

During the period, one-month active M-PESA customers grew by 3.1% YoY to 32.13Mn. Lipa Na M-PESA active merchants grew 22.3% YoY to 658.35k while pochi tills stood at 405.21k. M-PESA now accounts for 42.1% of service revenue, further complementing connectivity revenues.

Mobile Data

Mobile data revenue grew double-digit by 12.5% YoY to KShs 29.59Bn with ARPU increasing marginally by 0.8% YoY to KShs 231.94. We continue to leverage on personalised offers through our Customer Value Management (CVM) initiatives which support usage and growth. Chargeable data per subscriber increased by 11.7% YoY to 3.75GB. We have also enhanced affordability of our data offerings with average rate per MB declining further by 9.8% YoY to 6.18cents during the period.

We continue to support customers in purchasing 4G-enabled devices through our affordable Lipa Mdogo Mdogo (LMM) offering, which has enabled over 1 million customers to enjoy more features at their convenience. The number of smart phones on our network grew by 11.4% YoY to 21.37Mn. 4G devices grew by 18.8% YoY to 14.39Mn with 51.2% using more than 1GB while 5G devices more than doubled growing by 123.5% YoY to 509.74k. Mobile data now accounts for 18.8% of Service Revenue.

Fixed service and Wholesale transit

Fixed service and wholesale transit revenue rose by 9.1% YoY to KShs 7.37Bn supported by growth in consumer revenue which rose 28.8% YoY to KShs 3.01Bn which offset the 1.4% YoY decline in Enterprise revenue to KShs 4.36Bn. According to Communications Authority of Kenya, as at the end of June 2023, our fixed data market share stood at 36.2%. Fibre to the Home (FTTH) and fixed enterprise now accounts for 4.7% of service revenue.

During the period there was increased connections as FTTH active customers grew 28.8% YoY to 223.19k. FTTH penetration rose to 61.4% with homes connected growing 41.5% YoY to 320.27k while homes passed increased by 26.1% YoY to 521.27k. Fixed Enterprise customers rose by 0.4% YoY to 54.74k.

Net Income- Net income grew 10.9% supported by M-PESA, Mobile Data and effective cost management initiatives in the period.

Business Review- Ethiopia

Safaricom Telecommunications Ethiopia (STE) has made great strides in this second full half since launch. We have seen encouraging uptake with our acquisitions now at 7.0Mn gross adds supported by the site roll-out plan that stands at 2,057 sites covering 30% of the population. Our data proposition, which boasts of reliability and a quality network, recorded usage levels of 3.1 GB per user also benefiting from soft launch. We launched M-PESA services in mid August 2023 and 1.2Mn customers had registered in the one and a half month period since launch. STE will leverage the Group’s mobile financial services scale and expertise to transform the lives of Ethiopians, Africa’s second most populous country.

Taxation

The Group continues to be a major contributor to the revenues of the Government of Kenya and remitted KShs 69.14Bn in duties, taxes and license fees in the six months ended 30 September 2023. This increased the total duties, taxes and fees paid since inception to KShs 1.24Trn.

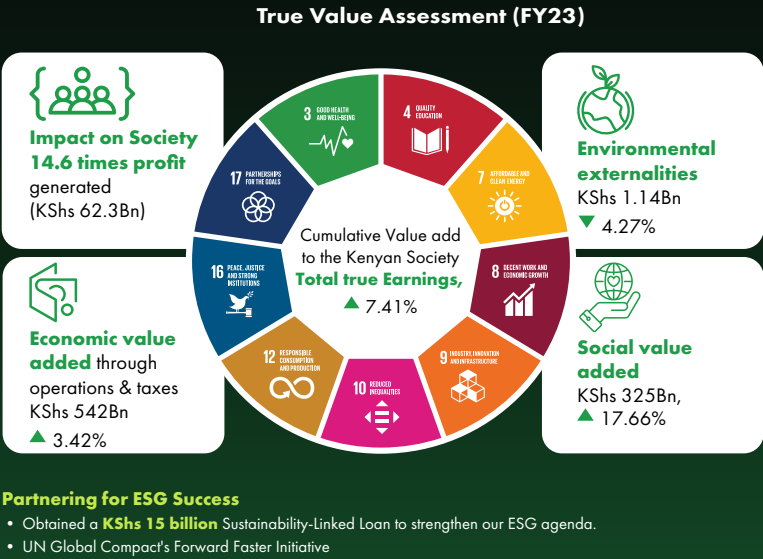
By Order of the Board

Adil Khawaja
Chairman
8 November 2023

PURPOSE & SUSTAINABILITY | Investing to Transform Lives of our Communities Through our Foundations



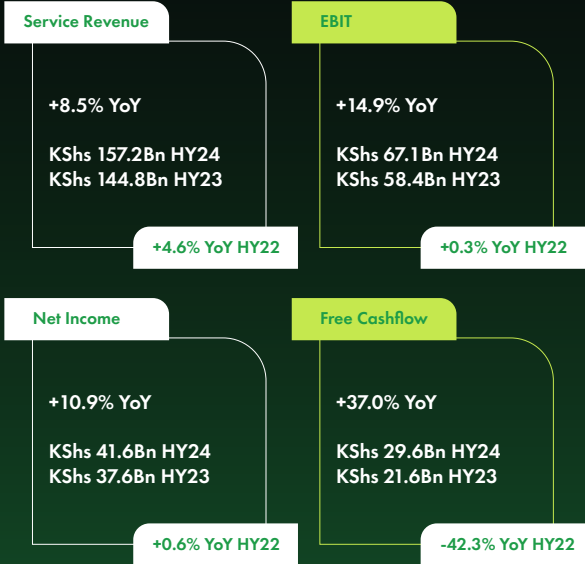
PURPOSE | Partnering for Sustainability



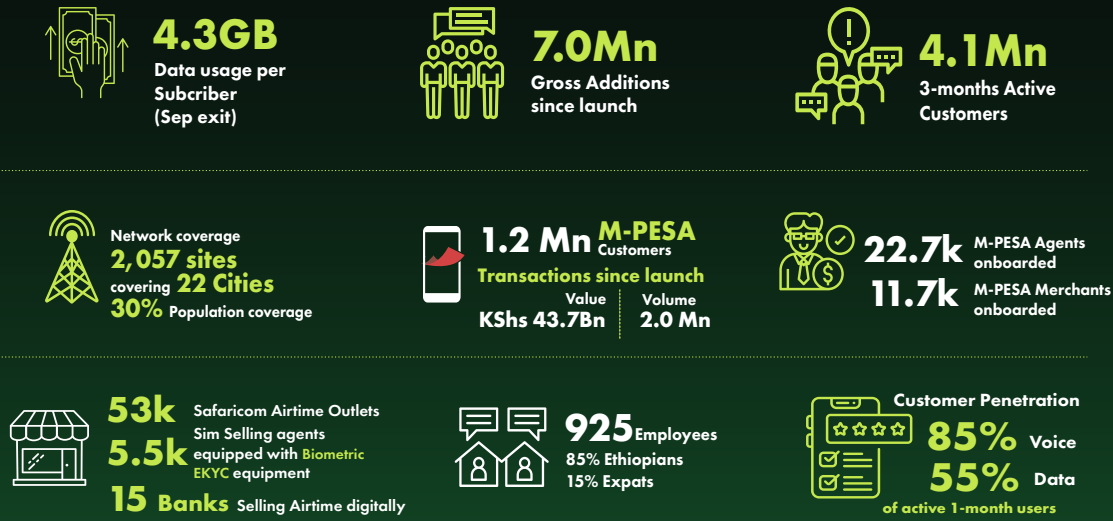
STRATEGY EXECUTION HIGHLIGHTS | Delivering on Our Ambitions



HY24 Safaricom Kenya Performance



ETHIOPIA | Performance Highlights Marking One Year Since Launch



CAPEX | Sustained Investment to Support Network Expansion in Ethiopia

