



**SAFARICOM PLC**

# **RESULTS BOOKLET**

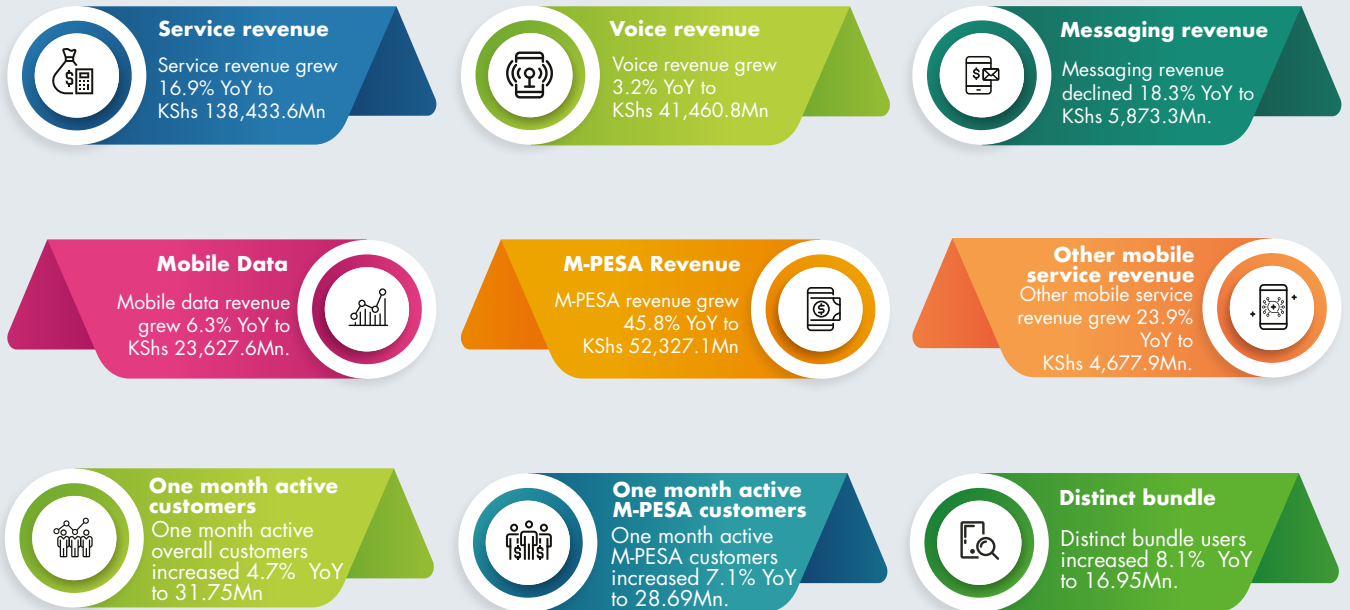
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**FOR THE SIX MONTHS PERIOD ENDED 30<sup>TH</sup>  
SEPTEMBER 2021**

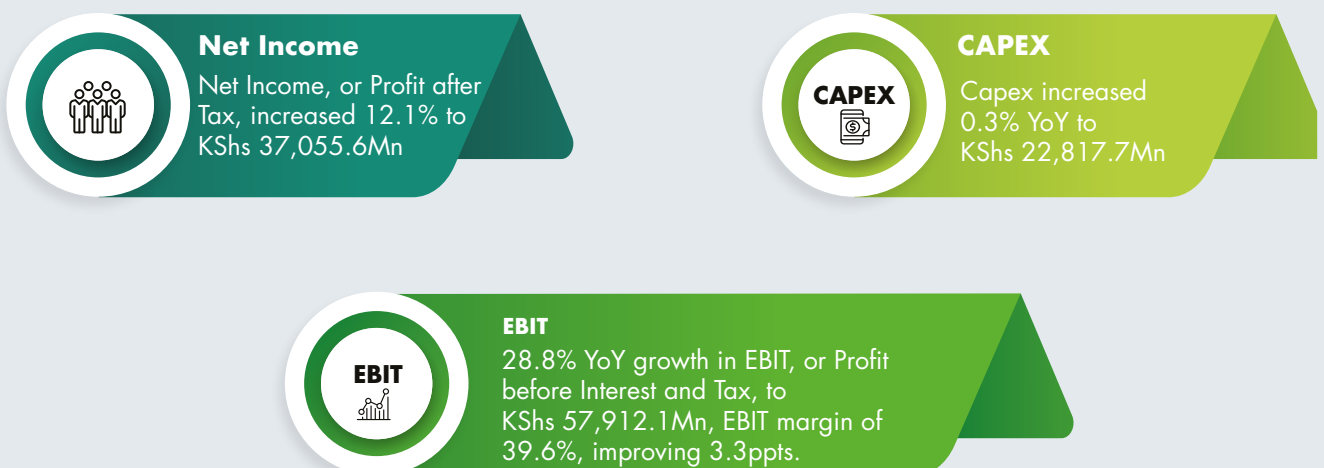
## SAFARICOM PLC ANNOUNCES UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

# Key Highlights

### Solid Performance in H1 FY22



### Strong bottom line performance supported by M-PESA recovery



# Standing Together, Going Beyond

## Peter Ndegwa, Safaricom PLC CEO commented:



This reporting period was preceded by an extremely challenging Financial Year. The COVID-19 pandemic altered the environment for all businesses and ours was no exception. In responding to the pandemic, we remained true to our purpose of Transforming Lives. A guiding light in our efforts in supporting and helping the country, through our transformational products and services to weather the storm. These efforts are paying off in building resilient individuals, communities, and businesses, especially now as we gradually begin to experience a near normalcy period.

Last year, we rolled out our new five-year strategy which spells out our vision of becoming a purpose-led technology company by 2025. In order to bring our vision to life, our mission is to establish a customer obsessed, digital first organisation by the end of financial year 2022. Customer obsession is our main effort driving customer excellence and enabling us to become notoriously customer obsessed. This will drive us to value and delight our customers with superior experiences, more so now, as we venture into Ethiopia.

One year later, I am pleased that the strategy has not only informed the business priorities but also afforded us useful lessons to unlock our next phase of growth as we transition from a telco to a purpose-led technology company by 2025. In the interim, it is a useful guide as we continue to support our stakeholders, especially our customers and communities, while delivering a consistent return to our investors.

We are well positioned to pivot into the next phase of growth, becoming a digital-first and insights-led organisation. To achieve this, we are evolving our organisation model towards becoming an agile organisation capable of responding to the rapidly evolving needs of our customers. The Agile way of working, which we continue to integrate across the business, fosters collaboration across the organisation, speeds up decision making and brings us closer to our customers. Our people are the driving force behind the delivery of the strategy. To build a future fit workforce, we will continue to invest in building capabilities for our people especially on key digital skills such as machine learning, IoT, Artificial Intelligence and Fintech.

Our purpose of Transforming Lives has driven our business over the last 20 years. Looking back over our past successes, we recognise that we need to be future ready and continue to grow and evolve, while meeting digital trends and opportunities. Through innovation we continue to expand our impact in areas such as agriculture, education, wealth creation and health. We will leverage our long track record of technological innovation to promote financial inclusion and drive enhanced access to opportunities for our customers. In recognition of our contribution towards digital transformation in the mobile industry and pioneer in digital innovation we were presented with the 'Outstanding Contribution to the Mobile Industry Award' by the GSMA, an award we are proud of.

We were also honored to be announced as the Global Compact LEAD participant for our ongoing commitment to the United Nations Global Compact and its Ten Principles for responsible business. We remain committed to our sustainability agenda covering key issues such as addressing our impact on the climate and building an inclusive business that not only meets the needs of our customers, but also reflects the diverse nature of our society.

## Regional expansion to Ethiopia

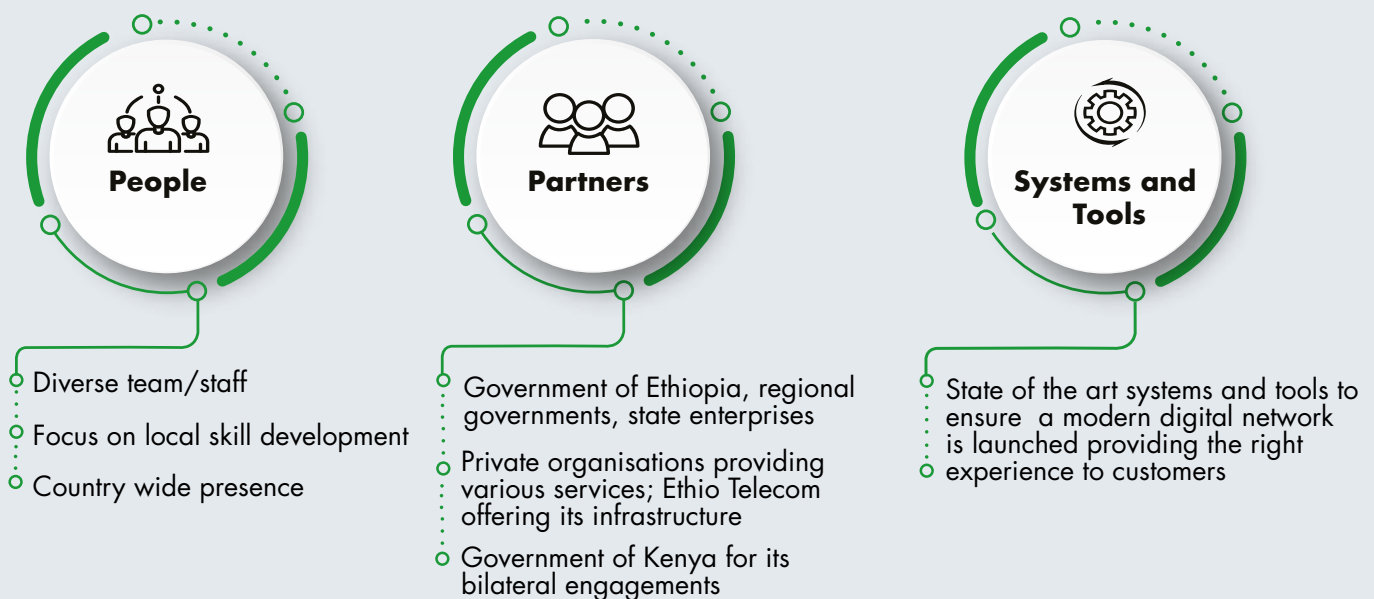
On 24 May 2021 Ethiopia's Ministry of Finance and the Ethiopian Communications Authority (ECA) announced that the Global Partnership for Ethiopia, a telecoms consortium led by Safaricom, had been awarded a mobile telecommunications license to operate in Ethiopia and establish a new telecoms network. Receiving this award was the culmination of a complex bid process that Safaricom and our consortium partners, including Vodacom, Vodafone, Sumitomo and CDC, had worked on for many months. The consortium was awarded 'License A', which contains an attractive spectrum for operating a GSM business in Ethiopia for an initial term of 15 years with a provision to apply for renewal for an equal term.

We have fulfilled all the post winner announcement requirements in the tender documents which included signing the provisional and final telecoms licenses, making payments for the license to the Government of Ethiopia and incorporating the operating company in Ethiopia. Safaricom Telecommunications Ethiopia, is now a subsidiary of Safaricom PLC. We are currently in the process of setting up our operations, preparing detailed plans for operational readiness amongst other requirements ahead of our commercial launch next year. We are in contact with relevant authorities in Ethiopia updating them as per our licence obligations.

We are looking forward to launching commercial operations as projected, while cognizant of the current evolving political conflict in Ethiopia, as we proceed with our plans adapting to and assessing the situation as it evolves. For now, our priority is safety and security of the small number of employees that had already joined the organization. We hope for a fast and peaceful resolution to the current situation and we remain committed to taking telecommunications and digital services to the people of Ethiopia.

With the Executive leadership team in place led by Mr. Anwar Soussa the Managing Director of Safaricom Ethiopia, our focus is now on launching commercial operations within 9 months of the effective license date of 9 July 2021. We are proud to be investing in Ethiopia and we are grateful our partners for their support in the initial preparations for the commercial launch. Such partnerships are the building blocks of digital transformation, and I would like to thank all our partners for their support as we work towards achieving our commercial launch and contributing, through our services and as a purpose-led technology company, to the digital Ethiopia agenda.

### Establishing A Purpose-Led Technology Company



### Solid Performance as Recovery Gathers Pace

We are pleased with our performance in H1 FY22, recovering from a suppressed H1 FY21. Service revenue grew 16.9% YoY in H1 FY22 supported by strong execution, recovery in M-PESA revenue following the return to charging on Person to Person and Lipa na M-PESA transactions below KShs 1,000 beginning January 2021, and improved consumer confidence and business activity in the economy. The pandemic dealt a major blow to the economy in 2020 but we are encouraged with the gradual recovery recorded across major sectors of the economy including agriculture, manufacturing and tourism sector. According to World Bank, the economy is expected to continue to recover and gradually return to growth of above 5 percent in 2021.

Following the increase of excise duty on airtime and other telephony services from 15% to 20% effective 1 July 2021, we absorbed tax on mobile data from August 2021 and passed on tax on voice and fixed which slowed down industry momentum.

### Voice and Messaging

Voice revenue increased 3.2% YoY while messaging declined 18.3% in H1 FY22. Growth in voice is attributed to increased Customer Value Management (CVM) initiatives and propositions, a key enabler to attainment of our strategic priority to defend the core in line. These initiatives enabled us to offer our customers differentiated value propositions and personalized offers. Our voice traffic share stood at 68.2% as at June 2021 according to Q4 Communications Authority industry statistics report. Voice outgoing minutes have grown 30.2% YoY while incoming minutes grew 13.8% YoY. Outgoing minutes of use per subscriber grew 22.6% YoY. Voice and messaging revenue recorded a marginal blended decline of 0.1% YoY and account for 34.2% of service revenue.

## M-PESA

M-PESA recorded strong performance growing 45.8% YoY in H1 FY22 following the return to charging beginning of January 2021. Total transaction value grew 51.5% YoY to KShs 13.7Trn while volume of transactions grew 42.0% YoY to 7.3Bn. M-PESA wallet to bank and bank to M-PESA wallet transactions continue to be free and these account for 18.1% of the total value of M-PESA transactions.

Velocity in the M-PESA eco-system and customer transacting behaviors influenced by the free fees introduced last year have sustained post return to charging. Chargeable transactions per one month active customers grew 91.9% YoY to 18.1 transactions. This is attributed to increased activity in the eco-system with 67% of total registered M-PESA customers making up the one month active M-PESA customers. M-PESA now accounts for 37.8% of service revenue, reflective of the opportunity for digital financial services to consumers and enterprise customers. Innovation in digital financial services has been a key growth driver for M-PESA. We continue leveraging on technological innovation to enhance access to financial services for consumers and enterprise customers.

### Mobile Data

Distinct data bundle customers grew 8.1% YoY to 17.0Mn with data customers using more than 1GB growing 26.7% YoY to 6.8Mn. Effective rate per MB has continued to decrease as we drive affordability, declining 27.0% YoY in H1 FY22. Mobile data revenue grew 6.3% YoY weighed down by price rationalization, absorbed tax from excise duty adjustment from August 2021 and a lapping effect of accelerated growth recorded in H1 FY21 that was largely driven by a shift in working and schooling from home trends.

Active 4G devices grew 37.3% YoY to 9.7Mn while 4G handsets using more than 1GB in our network grew 22.2% YoY to 4.7Mn representing 48% of all 4G devices. 4G, 3G and 2G population coverage now stands at 96%, 96% and 97% respectively. We continue to invest in CVM initiatives to unlock latent potential in usage and growth as well as drive smartphone penetration through our device financing programme.

### Fixed Service and Wholesale Transit

Fixed service and wholesale transit revenue grew 21.1% YoY to KShs 5.5Bn supported by 20.1% growth in enterprise revenue to KShs 3.5Bn and 22.9% growth in consumer revenue to KShs 2.0Bn. FTTH customers grew 17.2% YoY to 153.4k while enterprise fixed customers grew 38.3% YoY to 44.9k. FTTH penetration now stands at 63.9% with 360.9k homes passed in HY22. Fixed Line Service ARPU (Consumer & Enterprise) declined 6.1% YoY driven by migration of Enterprise customers to the Fixed LTE product which has a lower ARPU.

### Outlook and FY22 Guidance Revision

We are pleased with the solid performance delivered in H1 FY22 and we remain committed in protecting shareholder wealth and putting our customers first, continuously innovating to offer relevant products, services and solutions to meet their needs. The outlook of the economy has improved with Kenya staging partial recovery from a depressed performance last year.

In view of this and expansion to Ethiopia, we expect EBIT in FY22 to be in the range of KShs 97 - 100Bn and Capex to be in the range of KShs 70 - 73Bn inclusive of Ethiopia. On an underlying basis, excluding Ethiopia, we revise EBIT guidance given in May 2021 from KShs 105 - 108Bn to the range of KShs 107 - 110Bn and maintain Capex guidance given before at KShs 40 - 43Bn for FY22.

# Key Performance Indicators

	HY22	HY21	% Change YoY
<b>Total customers</b>	41.95	38.14	10.0%
90-day active total customer ARPU (Mn)	559.66	536.91	4.2%
One month active customers (Mn)	31.75	30.31	4.7%
One month active customer ARPU	711.67	665.41	7.0%
Churn (%)	32.2%	31.5%	(0.7ppt)
<b>Voice</b>			
One month active voice customers (Mn)	27.14	26.90	0.9%
One month active voice customer ARPU	247.60	254.98	(2.9%)
<b>M-PESA</b>			
Number of M-PESA agents	257,840	215,367	19.7%
One month active M-PESA customers (Mn)	28.69	26.79	7.1%
One month active M-PESA ARPU	300.71	229.11	31.3%
Chargeable transactions per one month active	18.06	9.41	91.9%
<b>Mobile Data</b>			
One month active mobile data customers (Mn)	24.05	22.91	5.0%
Distinct bundle users (Mn)	16.95	15.68	8.1%
One month active chargeable data ARPU	198.32	183.80	7.9%
<b>Messaging</b>			
One month active messaging customers (Mn)	20.81	21.51	(3.2%)
One month active messaging customer ARPU	44.68	55.95	(20.1%)
<b>Fixed Service</b>			
FTTH Home Customers**	153,371	130,898	17.2%
FTTH ARPU	2,211	2,116	4.5%
Penetration	63.9%	53.5%	10.4ppt
Fixed Enterprise customers	44,893	32,449	38.3%
of which LTE	25,375	16,258	56.1%
Fixed Enterprise ARPU	11,629	14,792	(21.4%)
of which LTE	3,735	3,883	(3.8%)
<b>Base Stations</b>			
2G base stations	5,790	5,364	7.9%
3G base stations	5,769	5,334	8.2%
4G base stations	5,675	5,195	9.2%

\*ARPU is in KShs

\*\*HY21 number restated in line with IFRS 15 and group methodology of customer recognition

# Summary Financial Information

## 1. Condensed consolidated statement of comprehensive income

KShs Mn	HY22	HY21	% Change YoY
Voice revenue	41,460.8	40,188.4	3.2%
Messaging revenue	5,873.3	7,187.2	(18.3%)
Mobile data revenue	23,627.6	22,233.1	6.3%
M-PESA revenue	52,327.1	35,888.2	45.8%
Mobile incoming revenue	4,971.9	4,595.1	8.2%
Other mobile service revenue	4,677.9	3,777.0	23.9%
<b>Mobile Service Revenue</b>	<b>132,938.6</b>	<b>113,869.0</b>	<b>16.7%</b>
Enterprise fixed revenue	3,481.5	2,899.5	20.1%
Data wholesale revenue	557.7	376.3	48.2%
Consumer revenue (Home)	2,013.6	1,638.2	22.9%
<b>Fixed line and wholesale transit revenue</b>	<b>5,495.0</b>	<b>4,537.7</b>	<b>21.1%</b>
<b>Service Revenue</b>	<b>138,433.6</b>	<b>118,406.7</b>	<b>16.9%</b>
Handset revenue and other revenue	7,841.5	5,442.4	44.1%
Construction revenue	0.0	502.6	(100.0%)
Other Income	93.2	183.5	(49.2%)
<b>Total Revenue</b>	<b>146,368.4</b>	<b>124,535.2</b>	<b>17.5%</b>
Direct Costs	(44,536.6)	(37,021.2)	20.3%
Provision for expected credit loss (ECL) on receivables	(1,012.9)	(2,404.5)	(57.9%)
Construction costs	0.0	(502.6)	(100.0%)
<b>Contribution margin</b>	<b>100,818.8</b>	<b>84,606.9</b>	<b>19.2%</b>
<b>Contribution margin %*</b>	<b>68.9%</b>	<b>68.2%</b>	<b>0.7ppt</b>
Total operating costs	(23,414.0)	(21,226.2)	10.3%
Operating costs- % of total revenue	16.0%	17.1%	(1.1ppt)
<b>Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)</b>	<b>77,404.9</b>	<b>63,380.7</b>	<b>22.1%</b>
EBITDA margin %*	52.9%	51.1%	1.8ppt
Depreciation, impairment & amortisation	(19,492.8)	(18,412.7)	5.9%
<b>Earnings before Interest and Tax (EBIT)</b>	<b>57,912.1</b>	<b>44,968.0</b>	<b>28.8%</b>
EBIT Margin %*	39.6%	36.3%	3.3ppt
Net finance cost	(2,982.8)	(236.3)	>100.0%
Share of associate & Joint Venture (loss)/profit	(244.9)	16.2	<(100.0%)
<b>Profit before income tax</b>	<b>54,684.4</b>	<b>44,747.9</b>	<b>22.2%</b>
Income tax expense	(17,628.8)	(11,678.1)	51.0%
<b>Profit after Tax</b>	<b>37,055.6</b>	<b>33,069.8</b>	<b>12.1%</b>
Other comprehensive income			
Exchange differences on translation of foreign operations**	(2,661.4)	0.0	100.0%
<b>Profit and total comprehensive income for the year</b>	<b>34,394.2</b>	<b>33,069.8</b>	<b>4.0%</b>
Profit and total comprehensive income for the year %*	23.5%	26.7%	(3.2ppt)
<b>Basic and diluted earnings per share (EPS)***</b>	<b>0.92</b>	<b>0.83</b>	<b>12.1%</b>

\*All margins are calculated on total revenue excluding construction revenue.

\*\*Relates to effects of exchange rates changes on cash and cash equivalents

\*\*\*EPS is based on profit after tax for the period

# Summary Financial Information

## A. Direct cost

KShs Mn	HY22	HY21	% Change YoY
M-PESA commissions	(15,802.4)	(12,465.4)	26.8%
Airtime commissions	(4,822.3)	(4,885.6)	(1.3%)
License fees	(5,438.7)	(4,972.0)	9.4%
Interconnect and roaming costs	(4,294.4)	(3,542.7)	21.2%
Handset costs	(5,867.9)	(3,591.9)	63.4%
Customer acquisition and retention	(4,759.5)	(4,619.5)	3.0%
Promotions and Value Added Services costs (Voice &SMS)	(2,633.9)	(2,307.9)	14.1%
Other direct costs	(917.5)	(636.2)	44.2%
<b>Totals</b>	<b>(44,536.6)</b>	<b>(37,021.2)</b>	<b>20.3%</b>

## B. Operating cost

KShs Mn	HY22	HY21	% Change YoY
Operating lease cost - buildings*	(22.8)	(8.5)	>100.0%
Auditors remuneration	(28.3)	(29.2)	(3.1%)
Computer maintenance	(1,310.8)	(1,272.2)	3.0%
Consultancy	(408.0)	(21.2)	>100.0%
Employee benefits expense	(10,140.0)	(8,878.4)	14.2%
Net foreign exchange gains, other than on borrowings and cash and cash equivalent	96.0	(386.6)	<(100.0%)
Office administration	(180.0)	(222.7)	(19.2%)
Other operating expenses	(2,153.0)	(1,644.2)	30.9%
Repairs and maintenance expenditure on property, plant and equipment	(99.6)	(161.2)	(38.2%)
Sales and advertising	(1,799.4)	(1,795.4)	0.2%
Operating lease cost - sites*	(218.2)	(171.7)	27.1%
Network operating costs	(6,734.5)	(6,250.6)	7.7%
Travel and accommodation	(256.6)	(224.6)	14.2%
Inventory storage costs	(158.8)	(159.7)	(0.5%)
<b>Totals</b>	<b>(23,414.0)</b>	<b>(21,226.2)</b>	<b>10.3%</b>

\* 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.



## Summary Financial Information

### 2. Condensed consolidated statement of financial position

<b>KShs Mn</b> <b>As at</b>	<b>30-Sep-21</b>	<b>31-Mar-21</b>	<b>% Change</b>
Share capital (including share premium)	4,203.3	4,203.3	0.0%
Retained earnings	133,743.9	96,571.8	38.5%
Translation reserve	(1,482.4)	0.0	100.0%
Proposed dividends	0.0	36,860.2	(100.0%)
<b>Equity attributable to equity holders of the parent</b>	<b>136,464.8</b>	<b>137,635.3</b>	<b>(0.9%)</b>
Non controlling interests	42,331.8	0.0	100.0%
<b>Total equity</b>	<b>178,796.6</b>	<b>137,635.3</b>	<b>29.9%</b>
Represented by;			
<b>Non current liabilities</b>	<b>17,528.8</b>	<b>17,541.7</b>	<b>(0.1%)</b>
<b>Total equity and non current liabilities</b>	<b>196,325.4</b>	<b>155,177.0</b>	<b>26.5%</b>
<b>Non current assets</b>	<b>275,160.8</b>	<b>174,719.9</b>	<b>57.5%</b>
<b>Current assets</b>			
Cash and cash equivalents	26,450.5	26,736.1	(1.1%)
Receivables and prepayments	23,397.0	22,347.9	4.7%
Inventories	4,066.8	2,487.0	63.5%
Loans receivable from related parties	1,286.4	1,287.8	(0.1%)
Contract assets	3,180.7	3,043.4	4.5%
Current income tax	8.6	7.2	19.4%
	<b>58,390.0</b>	<b>55,909.4</b>	<b>4.4%</b>
<b>Current liabilities</b>			
Payables and accrued expenses	37,196.3	34,021.4	9.3%
Current income tax	3,872.7	260.3	>100.0%
Borrowings	76,998.0	14,772.0	>100.0%
Dividends Payable	1,367.1	8,684.1	(84.3%)
Lease Liability	4,693.8	4,119.5	13.9%
Provision for other liabilities	2,670.2	2,561.5	4.2%
Contract liabilities	10,427.3	11,033.5	(5.5%)
	<b>137,225.4</b>	<b>75,452.3</b>	<b>81.9%</b>
<b>Net current liabilities</b>	<b>(78,835.4)</b>	<b>(19,542.9)</b>	<b>&gt; 100.0%</b>
	<b>196,325.4</b>	<b>155,177.0</b>	<b>26.5%</b>

## Summary Financial Information

### 3. Net (Debt)/Cash

KShs Mn As at	30-Sep-21	31-Mar-21	% Change
Cash and cash equivalents	26,450.5	26,736.1	(1.1%)
Bank borrowings*	(76,998.0)	(14,772.0)	>100.0%
<b>Total net (debt)/cash</b>	<b>(50,547.5)</b>	<b>11,964.1</b>	<b>&lt;100.0%</b>

\*To support the payment of license fees for the telecommunications license awarded to the Safaricom-led consortium by the Government of Ethiopia, we undertook a one-year bridge facility of USD 400Mn to finance this venture. We are currently seeking to term out the bridge facility through a long-term debt arrangement so as to manage our working capital requirements in the short term and minimize the currency risk for the dollar loan.

### 4. Free cash flow

KShs Mn	30-Sep-21	31-Sep-20	% Change
<b>EBITDA</b>	<b>77,404.9</b>	<b>63,380.7</b>	<b>22.1%</b>
<b>Net working capital changes</b>	<b>155.0</b>	<b>1,887.1</b>	<b>(91.8%)</b>
<b>Movement in;</b>			
ROU assets and lease liabilities	(2,309.0)	(1,866.0)	23.7%
Gain on lease terminations	(7.3)	(20.7)	(64.7%)
Gain (Loss) on PPE disposal	1.3	(29.4)	<100.0%
<b>Operating cash flow</b>	<b>75,244.9</b>	<b>63,351.9</b>	<b>18.8%</b>
Capital Additions	(22,817.6)	(22,752.4)	0.3%
Proceeds from disposal of Property, Plant & Equipment	0.8	76.0	(98.9%)
<b>Operating free cash flow</b>	<b>52,428.1</b>	<b>40,675.5</b>	<b>28.9%</b>
Net Interest received	(1,292.4)	382.0	<100.0%
Taxation paid	(16,715.9)	(17,453.8)	(4.2%)
<b>Free cash flow</b>	<b>34,419.8</b>	<b>23,603.7</b>	<b>45.8%</b>

# Summary Financial Information

## 5. Supplementary Information

The foregoing information was extracted from the Group's financial statements for the six months ended 30 September 2021.

### a) Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 September 2021 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 2021.

The preparation of the financial statements in conformity with International Financial Reporting Standards (IFRSs) 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.

### Measurement basis

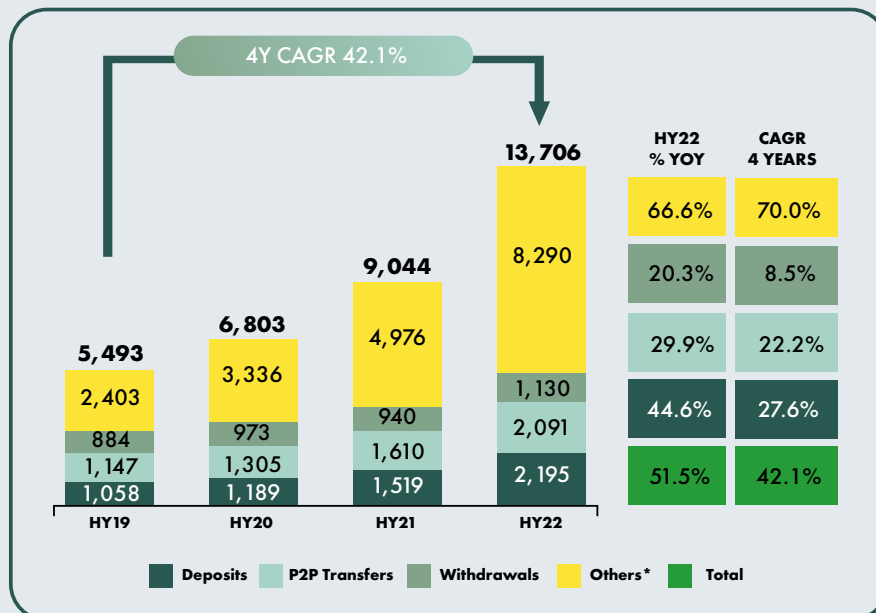
The measurement basis used is the historical cost basis except where otherwise stated.

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.

### b) M-PESA

#### Additional M-PESA KPIs

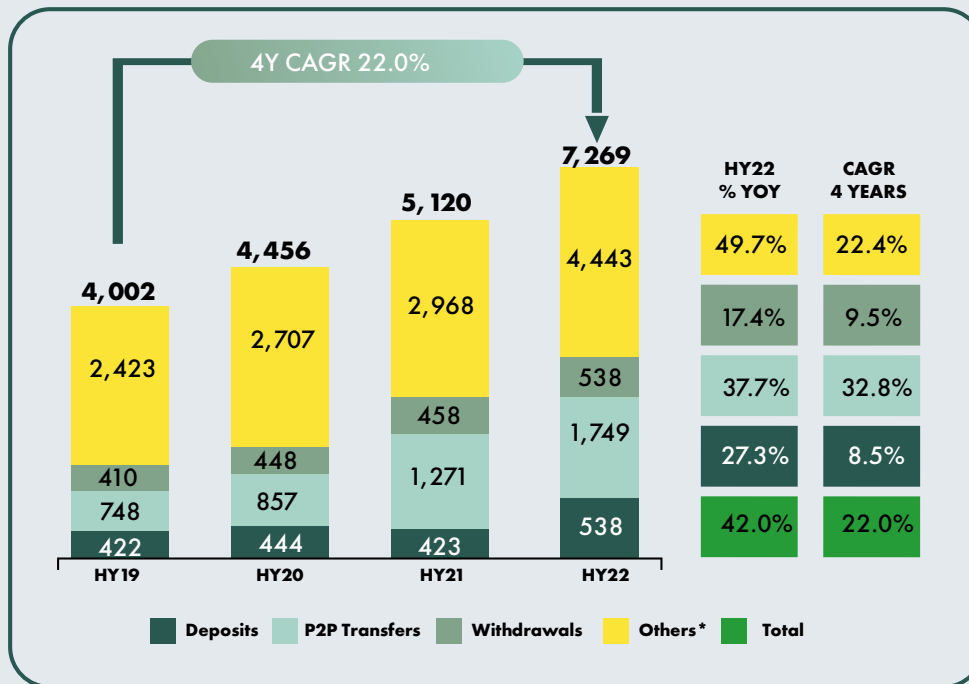
#### i. M-PESA Value of Transactions (KShs Bn)



\*B2C, C2B, B2B, Lipa Na M-PESA, M-Kesho, IMT, Betting, Airtime

## Summary Financial Information

### ii. M-PESA Volume of transactions (Mn)



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

### Commentary: COVID-19 impact on velocity in the M-PESA ecosystem

In HY22, the total value of M-PESA transactions grew 51.5% YoY to KShs 13.71trn while total volume of M-PESA transactions grew 42.0% YoY to 7.27Bn. Free fees on P2P, Lipa na M-PESA (LNM) transactions below KShs 1,000 and M-PESA wallet - Bank and Bank - M-PESA wallet transfers, announced in March 2020, brought about significant changes in customer behavior as they took advantage of free fees. We returned to charging in January 2021 and saw sustained velocity in the M-PESA ecosystem. Chargeable transactions per one month active grew 91.9% to 18.06 transactions per month in HY22 up from 9.4 transactions in HY21. M-PESA wallet to Bank and Bank to M-PESA wallet transactions are still zero rated and make up 18.1% of the total M-PESA transactions.

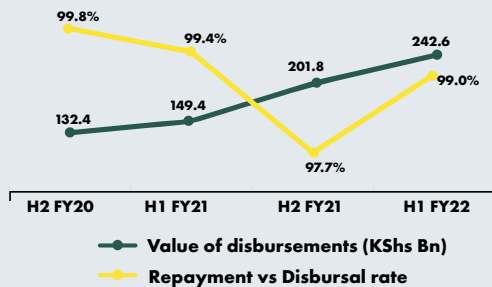
## Summary Financial Information

### iii. Lending value and revenue trends

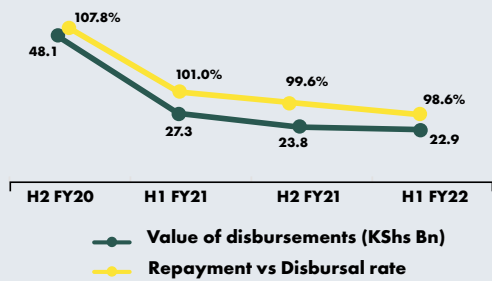
<b>Fuliza</b>	<b>HY22</b>	<b>HY21</b>	<b>% YoY Change</b>
Value of disbursements (KShs Bn)	242.6	149.4	62.4%
Value of Repayment (KShs Bn)	240.2	148.5	61.8%
Repayment vs Disbursal rate	99.0%	99.4%	(0.4ppt)
Average Ticket Size (KShs)	375.8	478.5	(21.5%)
Revenue (KShs Bn)	2.8	2.1	32.2%
Daily Active Fuliza Customers (Mn)	1.7	1.0	63.8%
<b>KCB M-PESA</b>			
Value of disbursements (KShs Bn)	22.9	27.3	(15.9%)
Value of Repayment (KShs Bn)	22.6	27.6	(17.9%)
Repayment vs Disbursal rate	98.6%	101.0%	(2.4ppt)
Average Loan (KShs)	9,070	8,280	9.5%
Revenue (KShs Bn)	0.3	0.5	(30.7%)
One month active KCB M-PESA customers (Mn)	3.1	3.6	(13.9%)
<b>M-Shwari</b>			
Value of disbursements (KShs Bn)	43.4	47.5	(8.6%)
Value of Repayment (KShs Bn)	27.6	24.0	14.9%
Repayment vs Disbursal rate	63.5%	50.6%	12.9ppt
Average Loan (KShs)	6,047	5,149	17.4%
Revenue (KShs Bn)	0.9	1.0	(10.4%)
One month active M-Shwari customers (Mn)	4.0	4.9	(19.7%)

## Summary Financial Information

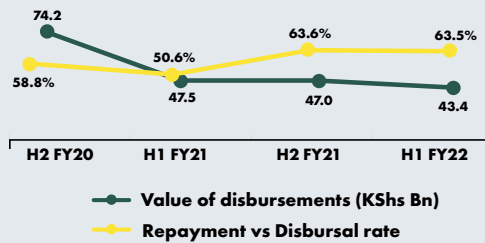
### Fuliza



### KCB M-PESA



### M-SHWARI

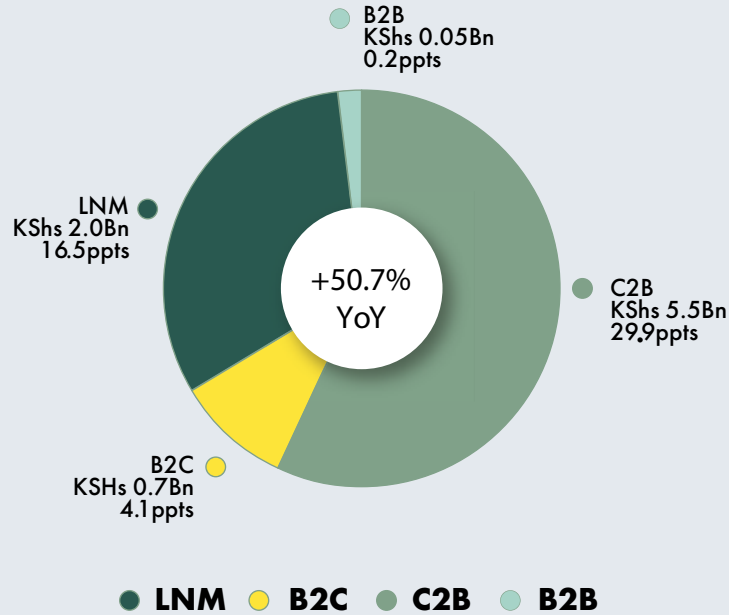


#### iv. Payments and Betting

	Value (KShs Bn)			Volume (Mn)			Revenue (KShs Bn)			% Contribution to growth
	HY22	HY21	% YoY	HY22	HY21	% YoY	HY22	HY21	% YoY	
B2C	1,510.39	897.31	68.3%	205.58	120.08	71.2%	0.69	0.46	48.5%	3.2%
C2B	2,127.00	1,149.82	85.0%	855.20	550.21	55.4%	5.51	3.88	42.1%	23.5%
B2B	50.47	40.38	25.0%	2.96	1.83	61.9%	0.05	0.04	24.2%	0.1%
LNМ	653.19	404.86	61.3%	569.93	245.96	>100.0%	1.98	1.08	83.6%	13.0%
Betting	83.24	49.24	69.0%	347.80	188.30	84.7%	2.95	1.48	100.1%	21.3%
<b>Totals</b>	<b>4,424.29</b>	<b>2,541.61</b>	<b>74.1%</b>	<b>1,981.47</b>	<b>1,106.38</b>	<b>79.1%</b>	<b>11.18</b>	<b>6.93</b>	<b>61.2%</b>	<b>61.2%</b>

# Summary Financial Information

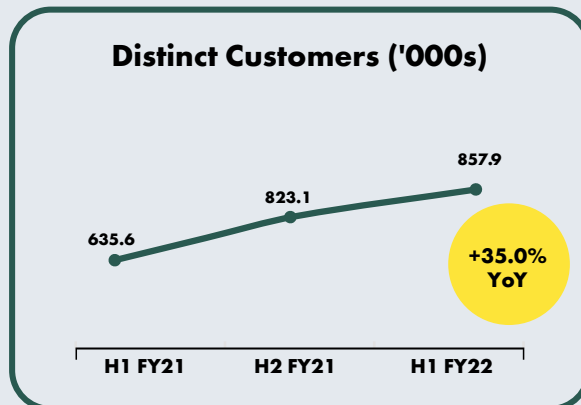
**Contribution to payments revenue growth**



## iv. M-PESA Global

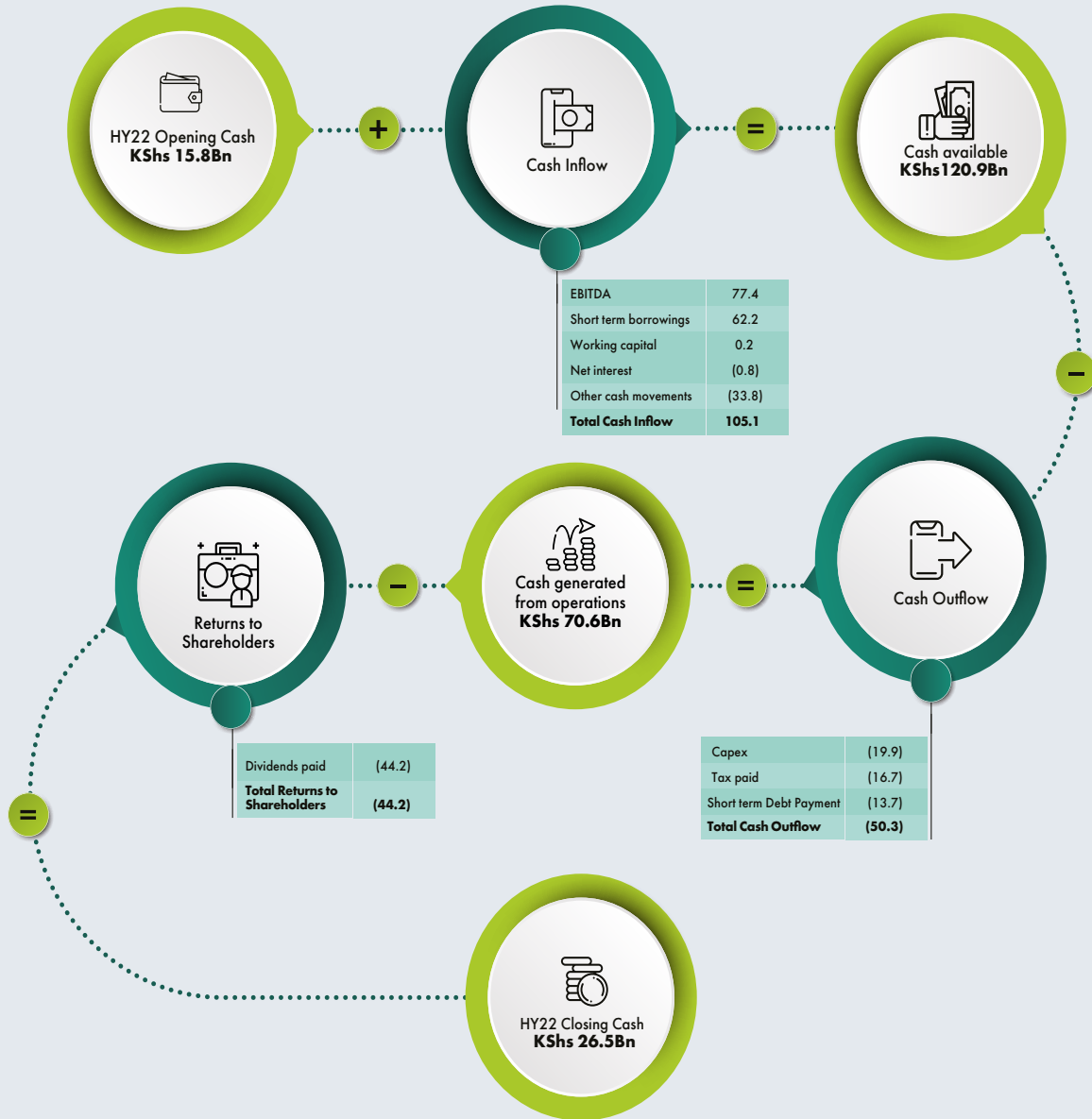
Launched in FY19, M-PESA Global service enables M-PESA registered customers to send and receive money from countries across the world. M-PESA Global service remittance partnerships include: Western Union, MoneyGram, Ria, WorldRemit, Wave, Remitly among others.

	Value (KShs Bn)			Volume (Mn)			Revenue (KShs Bn)		
	HY22	HY21	% YoY	HY22	HY21	% YoY	HY22	HY21	% YoY
<b>M-PESA Global</b>	180.92	129.24	40.0%	14.83	10.05	47.5%	1.14	0.93	22.6%



# Summary Financial Information

## c) Cashflow





# Glossary

## i. Description of M-PESA Profile

Item	Description
<b>Transfers/P2P/W2W</b>	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.
<b>M-PESA Agents</b>	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.
<b>Withdrawals/Cash out</b>	Withdrawal is the removal of e-money from M-PESA e-wallet to cash through M-PESA agents.
<b>Deposits/Cash in</b>	Customers fund their M-PESA e-wallet through M-PESA agents or directly from their bank accounts through a short code.
<b>Payments</b>	
<b>C2B/W2B, B2C/B2W and B2B.</b>	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.
<b>Lipa Na M-PESA (LNM)</b>	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"> <li>• 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.</li> <li>• 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 &amp; water providers and hospitals.</li> </ul>
<b>Savings and Lending</b>	
<b>M-Shwari</b>	M-Shwari is a micro-lending/savings product in partnership with NCBA (a tier 1 Kenyan Bank).  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.  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.

## Glossary

<b>KCB-M-PESA</b>	<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>
<b>Fuliza</b>	<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>
<b>M-Kesho</b>	<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>
<b>M-Kopa</b>	<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>
<b>IMT</b>	
<b>International Money Transfer (IMT)</b>	<p><b>M-PESA Global</b></p> <p>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"> <li>1. To East Africa: Rwanda, Tanzania &amp; Uganda.</li> <li>2. Globally: To millions of Bank accounts and over 500,000 Western Union locations globally.</li> <li>3. Through PayPal: Access funds quickly and shop around the world with PayPal mobile money service with M-PESA.</li> </ol>
<b>AliPay Partnership</b>	<p>Safaricom partnered with AliPay to integrate M-PESA as a payment method on AliExpress e-commerce.</p>

# Glossary

E-Commerce	
<b>Paypal Partnership</b>	<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	
<b>M-PESA Consumer App</b>	<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>
<b>M-PESA Business/ Merchants Transacting Till (Buy Goods)</b>	<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>
<b>M-PESA Business App</b>	<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>
<b>M-PESA Bill Manager</b>	<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>
<b>Pochi la Biashara</b>	<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>

## Abbreviations

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

# Corporate Information

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(Incorporated in the Republic of Kenya)

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Email; [Info@image.co.ke](mailto:Info@image.co.ke)  
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