



The Board is encouraged by the recovery from the pandemic in the past one year. We have witnessed a return to the pre-COVID-19 levels of GDP growth in 2021. I am pleased with this upward recovery as it will unlock opportunities, especially for Micro and SMEs.

Two years into Safaricom's new strategy, the Board continues to support management in the business plans recording strong achievements in this financial year. These achievements are as a result of placing our customers at the heart of our business priorities. The Board will continue to uphold and guide management towards living true to our commitment of being a sustainable purpose driven business.

During the year, the Board declared an interim dividend of KShs 0.64 per ordinary share amounting to KShs 25.64Bn. The Board has resolved to recommend to the shareholders at the forth coming AGM, a final dividend of KShs 0.75 per ordinary share amounting to KShs 30.04Bn. We remain committed to supporting management and its strategy execution plans to deliver a consistent return to our investors.

**Michael Joseph, Chairman**



I am proud that our growth and achievements this financial year are attributed to prioritizing the needs, aspirations and hopes of our customers alongside investments in our network infrastructure. Our focus this year was to embed customer obsession at the core of our culture delivering superior customer experiences. We adopted the Agile ways of working which fosters collaboration across the organisation and speeds up decision-making bringing us closer to our customers.

This is also the year we established our first cross-border investment in Ethiopia and are on course for a commercial launch within 2022. After a period of negotiations and with the support and goodwill of the Government of Ethiopia and the Ethiopian Communications Authority (ECA), we are making progress in terms of establishing a mutually beneficial partnership with Ethio Telecom on the key terms for interconnection, transmission capacity, and tower & power sharing.

Beyond growth this year, we are firmly on course towards our journey of transitioning into a purpose-led technology company by 2025 guided by our purpose of Transforming Lives. I would like to thank my colleagues at Safaricom for their dedication and hard work put in the year to deliver such strong results and our customers for walking the journey with us. We look forward to a great year of transforming the lives of our people and customers.

**Peter Ndegwa, Chief Executive Officer**

Condensed consolidated statement of profit or loss and other comprehensive income for the year ended: KShs Millions	31-Mar-22	Group 31-Mar-21	% Change
Service revenue	281,107.3	250,351.8	12.3%
Handsets and other revenue	16,527.3	12,316.5	34.2%
Construction revenue	-	837.7	(100.0%)
Other income	443.3	520.5	(14.8%)
<b>Total revenue</b>	<b>298,077.9</b>	<b>264,026.5</b>	<b>12.9%</b>
Direct costs	(91,467.8)	(80,015.1)	14.3%
Provision for expected credit loss (ECL) on receivables	(2,361.2)	(3,009.7)	(21.5%)
Construction costs	-	(837.7)	(100.0%)
Operating expenses	(55,187.0)	(46,034.8)	19.9%
<b>Earnings before interest, taxes, depreciation &amp; amortisation (EBITDA)</b>	<b>149,061.9</b>	<b>134,129.2</b>	<b>11.1%</b>
Depreciation and amortisation	(39,933.3)	(37,964.3)	5.2%
<b>Earnings Before Interest and Taxes (EBIT)</b>	<b>109,128.6</b>	<b>96,164.9</b>	<b>13.5%</b>
Net finance cost	(6,439.2)	(2,022.4)	>100.0%
Share of loss of Associates & Joint Venture	(476.0)	(507.0)	(6.1%)
<b>Profit before income tax</b>	<b>102,213.4</b>	<b>93,635.5</b>	<b>9.2%</b>
Income tax expense	(34,717.3)	(24,959.3)	39.1%
<b>Profit after Tax</b>	<b>67,496.1</b>	<b>68,676.2</b>	<b>(1.7%)</b>
<b>Attributable to:</b>			
Equity holders of the parent	69,648.1	68,676.2	1.4%
Non-controlling interests	(2,152.0)	-	100.0%
<b>Other comprehensive loss</b>			
Exchange differences on translation of foreign operations	(9,536.3)	-	100.0%
<b>Total comprehensive income for the year</b>	<b>57,959.8</b>	<b>68,676.2</b>	<b>(15.6%)</b>
<b>Attributable to:</b>			
Equity holders of the parent	64,335.4	68,676.2	(6.3%)
Non-controlling interests	(6,375.6)	-	100.0%
<b>Total comprehensive income for the year</b>	<b>57,959.8</b>	<b>68,676.2</b>	<b>(15.6%)</b>
<b>Basic and diluted earnings per share (EPS)</b>	<b>1.74</b>	<b>1.71</b>	<b>1.8%</b>

Condensed consolidated statement of financial position as at: KShs Millions	31-Mar-22	Group 31-Mar-21	% Change
<b>Non-current assets</b>	<b>281,548.6</b>	<b>174,719.9</b>	<b>61.1%</b>
<b>Current assets</b>			
Net cash and cash equivalents	30,779.6	26,736.1	15.1%
Receivables and prepayments	25,919.2	22,347.9	16.0%
Inventories	4,306.8	2,487.0	73.2%
Current income tax	7.9	7.2	9.7%
Loans receivable from related parties	1,285.0	1,287.8	(0.2%)
Contract costs	2,951.5	3,043.4	(3.0%)
<b>Total Assets</b>	<b>65,250.0</b>	<b>55,909.4</b>	<b>16.7%</b>
<b>Equity</b>			
Share capital (including share premium)	4,203.3	4,203.3	0.0%
Retained earnings	110,528.9	96,571.8	14.5%
Translation reserve	(5,312.7)	-	100.0%
Proposed dividend	30,049.1	36,860.2	(18.5%)
<b>Equity attributable to equity holders of the parent</b>	<b>139,468.6</b>	<b>137,635.3</b>	<b>1.3%</b>
Non-controlling interests	40,232.3	-	100.0%
<b>Total equity</b>	<b>179,700.9</b>	<b>137,635.3</b>	<b>30.6%</b>
<b>Non current liabilities</b>	<b>68,947.1</b>	<b>17,541.7</b>	<b>&gt;100.0%</b>
<b>Current liabilities</b>			
Payables and accrued expenses	41,312.6	34,021.4	21.4%
Current income tax	5,291.2	260.3	>100.0%
Borrowings	20,400.0	14,772.0	38.1%
Dividends Payable	12,053.9	8,684.1	38.8%
Lease liability	5,508.5	4,119.5	33.7%
Provision for liabilities	3,373.8	2,561.5	31.7%
Contract liabilities	10,210.6	11,033.5	(7.5%)
<b>Total liabilities</b>	<b>98,150.6</b>	<b>75,452.3</b>	<b>30.1%</b>
<b>Total liabilities</b>	<b>167,097.7</b>	<b>92,994.0</b>	<b>79.7%</b>
<b>Total equity and liabilities</b>	<b>346,798.6</b>	<b>230,629.3</b>	<b>50.4%</b>

Condensed consolidated statement of cash flows for the year ended: KShs Millions	31-Mar-22	Group 31-Mar-21	% Change
<b>Operating activities</b>			
Cash generated from operations	143,574.7	132,551.8	8.3%
Interest received	1,254.5	1,566.7	(19.9%)
Income tax paid	(34,128.7)	(28,921.2)	18.0%
<b>Net cash generated from operating activities</b>	<b>110,700.5</b>	<b>105,197.3</b>	<b>5.2%</b>
<b>Investing activities</b>			
Investing activities	(136,944.8)	(40,481.7)	>100.0%
Dividends paid	(59,132.3)	(66,482.0)	(11.1%)
Interest paid on borrowings	(2,477.9)	(1,154.6)	>100.0%
Other Financing activities	91,992.4	2,897.4	>100.0%
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>4,137.9</b>	<b>(23.6)</b>	<b>&lt;(100.0%)</b>
<b>Movement in cash and cash equivalents</b>			
At start of year	26,736.1	26,759.7	(0.1%)
Net foreign exchange difference	(94.4)	-	100.0%
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>4,137.9</b>	<b>(23.6)</b>	<b>&lt;(100.0%)</b>
<b>At end of year</b>	<b>30,779.6</b>	<b>26,736.1</b>	<b>15.1%</b>

### Commentary on results

The Board of Directors is pleased to announce the audited results for the year ended 31 March 2022. The same accounting policies and methods of computation have been used as were in the last financial statements.

### Business review

We are pleased with the strong set of results delivered in the year attributed to strong execution of our five-year strategy despite the challenging operating environment, characterised by the global COVID-19 pandemic and heightened regulatory risk in our industry. Service revenue grew 12.3% year on year (YoY) to KShs 281.1Bn in FY22, supported by M-PESA, Mobile Data recovery and Fixed Data growth. In the year, we added 1.4Mn one-month active customers to the base growing 4.3% to 32.81Mn.

**M-PESA revenue** rebounded strongly recording a 30.3% YoY growth to KShs 107.69Bn in financial year 2021/2022 (FY22). This was supported by resumption to charging of previously zero rated transactions beginning January 2021. Increased usage continues to fuel growth as one month active M-PESA Average Revenue per User (ARPU) rose 18.9% YoY while chargeable transactions per month per customer grew 16.6% YoY to 20.3 transactions. Velocity in the ecosystem continues to grow driven by our business and financial services solutions including payments, lending & savings and international remittances. Total M-PESA transactions value grew 34.0% YoY to KShs 29.55Trn while volume of transactions grew 34.9% YoY to 15.75Bn.

During the year, we launched the M-PESA Super App for customers and M-PESA Business App with Mini-Apps functionalities to power digital consumer lifestyles and empower businesses. Downloads for the Super App stood at 5.3Mn while business App downloads were 462k as at end of FY22.

**Mobile data revenue** recovered strongly in the second half (H2) FY22 growing 10.0% YoY to 24.81Bn, 6.3% in half one (H1) FY22 to KShs 23.63Bn and 8.1% YoY to KShs 48.44Bn in FY22, supported by our Customer Value Management (CVM) initiatives driving personalised offers to our customers. Average rate per MB declined further by 31.2% YoY to 8.88 cents while usage per chargeable data subscriber grew 60.5% YoY to 2.3GB. Mobile Data ARPU increased 10.4% to KShs 205.73. Active 4G devices rose 29.3% YoY to 10.95Mn of which 51.3% are 4G handsets using more than 1GB. Data customers using more than 1GB in our network grew 26.5% YoY to 7.7Mn. Mobile data now accounts for 17.2% of Service Revenue.

We remain committed to investing in a superior network quality for our customers and deepening mobile internet penetration through enhancing network coverage, increasing 4G handset penetration and driving affordability of data. Our 4G population coverage now stands at 97% and smart phones on our network grew 10.2% to 18.5Mn.

**Fixed service and wholesale transit revenue** grew 18.3% YoY to KShs 11.24Bn driven by increased activity and penetration of FTTH and growth in Enterprise fixed data revenue. The growth was supported by 16.9% increase in Enterprise revenue to KShs 7.05Bn as well as 20.6% growth in Consumer revenue to KShs 4.19Bn. FTTH customers grew 20.8% YoY to 165.98k. Fixed Enterprise customers grew 24.1% YoY to 48.31k, of which 58.9% account for LTE customers and grew 33.2% YoY to 28.47k.

**Capital expenditure** for the year ended 31 March 2022 stood at KShs 49.78Bn growing at 42.4% YoY. KShs 10.4Bn of this was spent in setting up our network in Ethiopia in readiness to launch operations within 2022.

### Borrowings

As at 31 March 2022, borrowings were KShs 65.31Bn while cash and cash equivalents stood at KShs 30.78Bn leaving a net debt position of KShs 34.53Bn. To support the payment of license fees for the telecommunications license awarded to the Safaricom-led consortium by the Government of Ethiopia in 2021, we undertook a one-year bridge facility of USD 400Mn to finance this venture. During the year, the bridge facility was converted into a 5-year long term facility of USD 120Mn, and a KShs 31.1Bn (USD 280Mn KShs equivalent) 7-year facility with 2 years moratorium on principal repayment. The new facility was done through a syndication process where both local and international banks participated in.

### Dividends

During the year, an interim dividend of KShs 0.64 per Ordinary share amounting to KShs 25.64Bn (2021: KShs 18.03Bn) was declared. At the AGM to be held on 29 July 2022, a final dividend in respect of the year ended 31 March 2022 of KShs 0.75 per ordinary Share amounting to a total of KShs 30.04Bn is to be proposed for approval. This brings the total dividend for the year to KShs 55.69Bn (2021: KShs 54.89Bn) which represents KShs 1.39 per share in respect of the year ended 31 March 2022 (2021: KShs 1.37 per share).

### Taxation

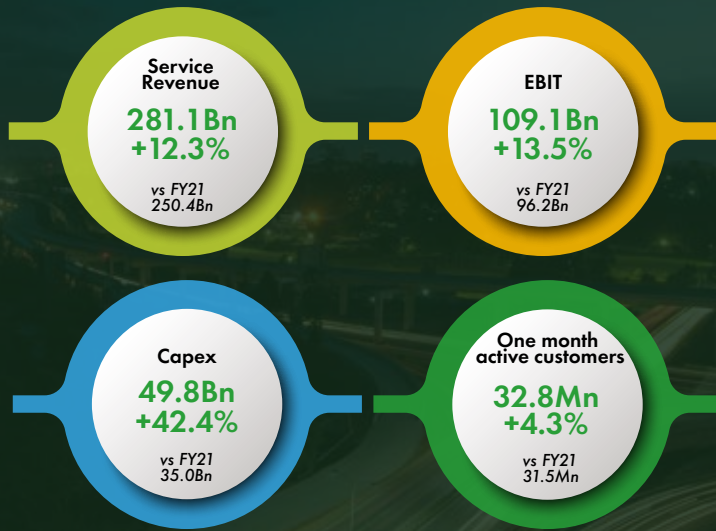
The Group continues to be a major contributor to the revenues of the Government of Kenya and remitted KShs 124.70Bn in duties, taxes and license fees in the year to 31 March 2022. This increased the total duties, taxes and fees paid since inception to KShs 1.04Trn.

By Order of the Board

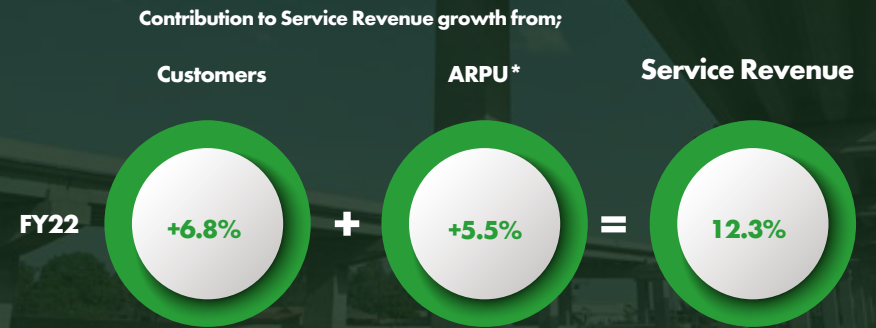
Michael Joseph  
Chairman  
11 May 2022

Simple • Transparent • Honest FOR YOU

## Strong Group Performance in FY22



## Sustained Growth in Customers Supports Revenue growth



\* Average Revenue Per User (ARPU) is based on one month active customers



### Market Shares\*

- **64.3%** Mobile Data Customer
- **70.4%** Voice Traffic
- **37%** Fixed Data Customer
- **42Mn** total subscribers

\* Source: Dec 21 CA Operators Returns



### Network

- **4G everywhere** (97% population coverage)
- **2.4Mn 4G devices** added on our network
- **95%** Service Quality assessment score by CA
- **KShs 49.8Bn** Group Capex spend in FY22 of which KShs 10.4Bn spend in Ethiopia
- **2,000** Transactions per Second on M-PESA
- **99.99%** systems availability and incidents reduction



### M-PESA

- Celebrated **15 years**
- Crossed the **30Mn** active customer mark
- **5.3Mn** Super App downloads with **1Mn** Active Consumers and **462k** downloads on the Business App
- **11Mn** Active Lipa na M-PESA customers, +32.4% YoY
- Network of **3.2Mn** businesses accepting payments
- **492.8k** Active M-PESA Merchants, +63.4% YoY



### Regional Expansion to Ethiopia

- **Commercial launch within 2022**
- Discussions on partnership with Ethio Telecom ongoing
- Network under construction
- **Sales and distribution** network set up ongoing
- **Contact centre established**
- **Leadership team** fully established
- **+300 employees** onboarded, +150 are Ethiopians

**Performance Highlights:**  
Strong Strategy Delivery in FY22

## Safaricom & M-PESA Foundations

3-Yr Impact  
4.1 Mn Lives impacted, 2,000 Partners

**3.2Mn**  
Beneficiaries

### Health

MNCH\*  
Fistula Programme  
Diabetes

**0.6Mn**

### Education

Literacy & Numeracy  
M-PESA Foundation  
Accelerated learning programme

**0.4Mn**

### Economic Empowerment

Agriculture & SME'S  
Entry level & Digital job

**0.4Mn**  
FY22 Impact

**Sports**  
(Golf, Olympics, Athletics, Safari Rally)

**Conservation & Music**  
**Community Sponsorships**

**Our Purpose:**  
Creating Shared Value

\* Maternal Newborn Child Health Programmes