



FINANCIAL STATEMENTS

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REPORT OF THE DIRECTORS

This Report of the Directors is submitted together with the audited financial statements for the year ended 31 March 2025 which disclose the state of affairs of Safaricom Plc (the “Company” or “Safaricom”) and its subsidiaries (together, the “Group”).

Incorporation

The Company is domiciled in Kenya where it is incorporated as a private Company limited by shares under Kenyan Companies Act, 2015. The address of the registered office is set out on page 301.

Directorate

The directors who held office during the year and to the date of this report are set out on page 186.

Principal activities

The principal activities of the Group are provision of telecommunication services, providing a comprehensive range of integrated telecommunication services including voice and data (both mobile and fixed), SMS, internet and M-PESA.

Business review

Economic outlook

In the year under review, we operated in an evolving landscape, marked by economic fragility, constrained fiscal space, and global disruptions for both Kenya and Ethiopia.

In Kenya, the economy slowed down in 2024, with real GDP estimated at 4.6% compared to 5.6% in 2023, mainly reflecting deceleration in growth in most sectors of the economy. Nevertheless, leading indicators of economic activity point to improved performance in the first quarter of 2025. With an expectation of real GDP growth projected at 5.4%, supported by resilience of key service sectors and agriculture, expected recovery in growth of credit to the private sector, and improved exports.

In Ethiopia, we have seen some good traction in addressing external imbalances that existed to improve the business environment. Recently, in March 2025 Ethiopia’s capital markets regulator licensed the first two investment banks in a move that follows other reforms to liberalise the financial sector, which included the launch of the Ethiopian Securities Exchange (ESX) in January 2025. These are instrumental moves in boosting investor confidence, increase market liquidity and raising instruments that benefit both issuers and investors alike.

The reform of foreign exchange regime in Ethiopia was also a significant development. We are encouraged by the forex stability and as explained during the half year results announcement, taken steps to mitigate against the short-term impact of the currency regime change. Despite the dropping costs of fuel and food, our customers faced increasing financial pressures marked with high interest rates and fiscal pressure prevails. This period was also marked by the entry of broad internet via the low earth orbit satellite marking a new era in connectivity.

The changes in Ethiopia’s forex regime eroded the early gains the business had begun to generate. However, the localisation of the majority of our costs, along with pricing adjustments, has helped stabilise the situation, and we remain on track to meet the guidance.

While we continue to strike a balance with our regulators, the period under review faced critical regulatory hurdles. In Ethiopia, we are working with the regulator to achieve parity in the industry in areas such as spectrum access and interconnection fees. In Kenya, we contributed to shaping the industry approach to licensing and managing low-orbit satellite connectivity, aiming to ensure mutual benefits for both the industry and customers.

Yet, we had powerful tailwinds that drove our business. Key among them being our continued network investment in Ethiopia, the expanding digital adoption of the Mobile Financial Services ecosystem in both countries and accelerating data usage fueling growth. As a tech organisation, we continued to leverage and invest in technological solutions to deliver value adding and personalised digital services enabled by big data and AI that simplify and improve the daily lives of our customers and society.

Earning our Customers’ Trust

Specific to Kenya, the year started on a low with the unprecedented social unrest that rocked the country in June 2024. The brand faced significant setbacks, leading to a noticeable decline in customer trust. This challenged us to reset how we engage with our customers, review our processes to ensure we earn back customers’ trust and give reassurance on data privacy.

REPORT OF THE DIRECTORS (continued)

Business review (continued)

Earning our Customers' Trust (continued)

During this period, we marked key milestones as we celebrate our silver jubilee. M-PESA turned 18 years and M-PESA Foundation marked 15 years of transforming lives. As part of our silver jubilee celebrations, we deepened our customer engagements, through Sambaza Furaha road shows across the country where we celebrated the customers and took time to address their concerns especially on fraud and data privacy. These engagements reinforced our commitment to having the customer at the heart of our operations.

We are marking these milestones as an opportunity to reset on how we interact with our customers, recognising the role of the brand in the country and carrying out the work our foundations do to support Kenya.

To reiterate our commitment to customers on data privacy; we prioritise the privacy of our customers and are dedicated to upholding our customers' trust through protecting their privacy. Safaricom safeguards all data in line with our obligations and the law.

During the period, we received various awards such as the best employer in Africa, M-PESA voted as the most loved brand by women and awarded the Privacy Information Management System Certification by ISO. These recognitions highlight our dedication to our employees, our goal to be the number one trusted TechCo brand, and our unwavering commitment to preserving our customers' privacy and providing worry-free experiences.

Staying True to Purpose

We have remained true to our core of Transforming Lives through our belief, behaviour and language. This has been realised through our various transformative products such as our financial services ecosystem that continues to deliver value to Kenyans, making significant shifts to support our customer needs that keep evolving through various integrated propositions and segmentations, creating opportunities for SMEs, MSMEs and our community social investments through the foundations. Our foundations supported and impacted several community projects and programmes in health, education, environmental impact and humanitarian response. With a footprint in all 47 Counties and beyond, we continue to lead the charge in transforming the lives of the communities in which we operate in.

We leverage on Safaricom's brand assets including technology to improve efficiency and reach. As a testament to being Kenya's biggest supporter through our sponsorships of sports and other culture activities, we sponsored Team Kenya Olympic and Paralympics Team, the Shujaas and Lionesses the Kenya National 7s teams, the World Rally Championship (WRC) as well as partnered with NBA Africa for the M-PESA Junior NBA series. We did this on the backbone of financial literacy allowing the athletes to lead financially healthy lives on and off the courts.

Ethiopia

Ethiopia has made significant progress this year, as evidenced by the various policy changes implemented to address previous imbalances that existed to the external market. These efforts have positively impacted the country as a whole in terms of investment opportunities and our financial performance.

With a diverse population of approximately 120 million people, Ethiopia presents great opportunities for our brand, especially as we target the youthful market (40% < 15 years, 30% between 15-20 years old). As we adopt a regional approach, we are well-positioned to scale and succeed. As we stay committed to this investment for our shareholders, investors, and business, the remarkable progress made in Ethiopia is truly encouraging. Our 4G network now covers 50% of the population with over 3,141 sites established.

We are focused on sustainable growth, leveraging the country's youthful population and a low penetration of connectivity and fintech across the country. With a growth of about 10%, we are encouraged by the very strong commercial momentum in Ethiopia. As such we target doubling the network sites to over 6,000 by year 2030. M-PESA is now getting into payments, with a view of expanding the options to credit, savings and other propositions as the market adopts mobile money. We are pleased that our customers are now able to make payments via M-PESA for critical commodities such as fuel. Our path to profitability remains on target with EBITDA positive expected by year 5 of operations which is FY27.

REPORT OF THE DIRECTORS (continued)

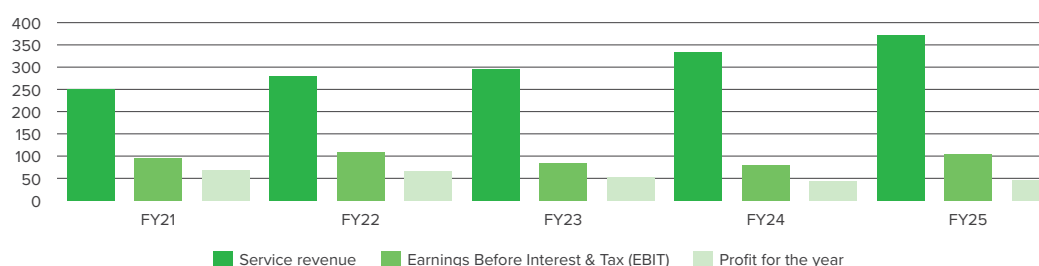
Business review (continued)

Business review – Group

The Group's performance in the financial year ended 31 March 2025 (FY25) was positive, despite various challenges faced during the period due to the operating environment, including economic disruptions, a slowdown in GDP growth, and the impact of foreign exchange regime reforms of the Ethiopian currency. During the year, a Year-on-Year (YoY) growth of 10.8% to KShs 371.42 billion (Bn) in Group Service revenue was recorded, mainly driven by growth across most revenue lines. Overall Group customer numbers increased by 16.4% YoY to 57.08Mn, while one-month active customers grew by 17.7% YoY to 44.36Mn. As of December 2024, Safaricom Kenya's overall market share was 65.2%, according to the quarterly statistics report by the Communication Authority of Kenya.

The business has continued to demonstrate strong growth over the years, as reflected in the five-year trend of key performance indicators shown below.

Key Performance indicators (KShs billions)



	FY21	FY22	FY23	FY24	FY25
Service revenue (KShs billions)	250	281	296	335	371
Earnings Before Interest & Tax (EBIT) (KShs billions)	96	109	85	80	104
Profit for the year (KShs billions)	69	67	52	43	46

In Ethiopia, the Ethiopian Birr depreciated by 130.6% against the US Dollar, falling from 56.9 to 130.0 as of 31 March 2025. The effects of this currency depreciation have been reflected in the consolidated financial statements.

Business Review – Kenya

Voice and Messaging

Voice revenue grew 1.6% YoY to KShs 80.78Bn driven by increased usage and growth in customers. Minutes of use per subscriber grew by 6.0% YoY to 200.9 while one-month active customers rose by 6.5% to 30.12Mn. Affordability continued to improve through the Group's Customer Value Management (CVM) initiatives, resulting in an 11.4% year-on-year decline in the rate per minute to KShs 1.11 during the year. This aligns with strategic shifts aimed at meeting the evolving needs of our customers, who are increasingly seeking more benefits and flexibility without an increase in cost. Messaging revenue rose marginally by 1.6% YoY to KShs 12.48Bn driven by 16.0% YoY growth in rate per message to KShs 0.31 cents. Voice and messaging revenue are now 26% of total service revenue for Kenya.

M-PESA

M-PESA revenue grew by 15.2% YoY to KShs 161.1Bn supported by increased usage and growth in chargeable transactions per one-month active customers which grew 20.3% YoY to 37.92. M-PESA ARPU rose by 9.4% YoY to KShs 395.22. One-month active customers grew by 10.5% YoY to 35.82Mn while the M-PESA Agent network continues to expand as agents rose by 14.1% YoY to 298.89k.

Total M-PESA transaction value rose 1.6% YoY to KShs 38.29Trn while volumes grew by 29.5% YoY to 37.15Bn. Lipa Na M-PESA active merchants grew 6.8% YoY to 675.86k. Pochi tills rose 81.7% YoY to 1.15Mn while merchant overdraft customers stood at 45.15k as at FY25. M-PESA now accounts for 44.2% of service revenue for our Kenyan operations.

REPORT OF THE DIRECTORS (continued)

Business Review – Kenya (continued)

Mobile data

Mobile data revenue recorded strong double-digit growth of 15.2% YoY to KShs 72.86Bn driven by increased data usage per chargeable subscriber which grew by 13.9% YoY to 4.22GBs. The rate per MB was further reduced by 3.3% year-on-year to 6.19 cents, as affordability continued to be enhanced through the CVM initiatives. Mobile data ARPU grew by 10.1% YoY to KShs 267.11. One-month active customers also increased by 11.2% YoY to 30.69Mn while data subscribers using more than 1GB grew 18.15% YoY to 11.86Mn.

During the year, mobile data growth was driven by efforts to increase the penetration of 4G+ devices, aimed at enhancing usage among customers consuming less than 1GB. This was achieved through partnerships with the open market and the dealer network to support the supply and uptake of affordable 4G devices across the industry.

The number of smartphones on the network increased by 19.4% year-on-year to 27.37 million. 4G device adoption rose by 32.4% year-on-year to 22.31 million, with 49.4% of customers using more than 1GB. 5G devices saw a 57.0% year-on-year increase, reaching 1.05 million. Mobile data now accounts for 20% of service revenue in Kenya.

Fixed service and Wholesale transit

Fixed service and wholesale transit revenue recorded a growth of 12.9% YoY to KShs 17.07Bn driven by increased connections. Consumer revenue rose by 16.6% YoY to KShs 7.56Bn while Enterprise & Wholesale revenue grew by 10.2% YoY KShs 9.51Bn.

Fiber to the Home (FTTH) customers grew 21.3% YoY to 301.45k. FTTH penetration rose to 73.0% with homes connected growing by 36.3% YoY to 506.89k while homes passed increased by 23.9% YoY to 694.29k. Fixed enterprise customers grew by 17.5% YoY to 69.87k. FTTH and fixed enterprise now account for 5% of service revenue in Kenya.

Bottom-line performance

Earnings Before Interest Tax, Depreciation and Amortisation (EBITDA) rose by 10.1% YoY to KShs 205.78Bn while Earnings Before Interest Tax (EBIT) grew 13.0% YoY to KShs 158.15Bn during the year.

Net income grew 12.7% YoY to KShs 95.47Bn supported by robust performance across all service lines which has been driven by sustained growth in customers, usage and efficient monetisation. Safaricom Kenya continues to be a strong pillar for the group, supporting our expansion investments efficiently.

Business Review – Ethiopia

Service Revenue

In the year, Safaricom Ethiopia generated KShs 8.90Bn excluding IAS 29 impact (KShs 7.55Bn adjusted for IAS 29) in service revenue supported by accelerated growth in customers which stood at 8.8Mn for 90-day active customers. One-month active customers more than doubled to 7.25Mn from a base of 3.06Mn last year.

Voice and Messaging

Voice revenue grew by 14.1% YoY to KShs 1.17Bn driven by increased usage and growing number of customers as we continue to accelerate rollout in the country and monetise our sites more efficiently. One-month active Voice customers more than doubled to 7.82Mn while minutes of use grew by 80.4% YoY to 127.3. Messaging revenue closed the year at KShs 82.0Mn growing by 93.9% YoY, while one-month active SMS customers more than doubled to 2.98Mn while SMS per subscriber growing 54.0% to 17.9.

Mobile Data

Mobile Data revenue grew by 35.8% to KShs 5.66Bn supported by sustained high-usage levels, customer growth, affordable mobile data offering and a stable & reliable 4G network coverage of the population at 50%. One-month active customers more than doubled to 5.28Mn during the year. Usage per subscriber remains strong and rose by 53.1% to 6.46GB while ARPU stood at KShs 156.29.

M-PESA

M-PESA revenue closed the year at KShs 12.5Mn with 14.15Mn registered customers. Active M-PESA agents nearly doubled to 5.3k while active M-PESA merchants more than doubled to 33.9k. More use cases continue to be added, with the volume and value transacted closing the period at 164.6Mn and KShs 15.78Bn, respectively.

REPORT OF THE DIRECTORS (continued)

Business review (continued)

Looking ahead

We firmly focused on our ambition of being the leading TechCo organisation in Africa. We will achieve this through different innovative propositions and immersive experiences across our ecosystem. Our initiatives include launching cutting-edge products, enhancing customer service, and creating engaging marketing campaigns that resonate with our customers.

We continue to forge strategic partnerships with like-minded organisations to advance our new growth areas. By scaling tech solutions beyond Kenya and the African continent, we are not only expanding our market reach but also supporting and engaging our communities. We are committed to delivering always-on, safe, secure frictionless digital experiences to our customers. As we aim to become the financial services partner of choice for customers, enterprises and the public sector. We are continuously enhancing our digital ecosystem to offer innovative financial services solutions that meet the evolving needs of our customers.

We will continue to drive value for our shareholders and establish a sustainable business on our pathway to be Africa’s leading purpose-led technology company by the end of 2030. We thank our Board, management, staff, business partners, regulators and the Governments of Kenya and Ethiopia who enable us to continue providing services that keep the two countries running. We also appreciate our customers who remain at the core of everything we do.

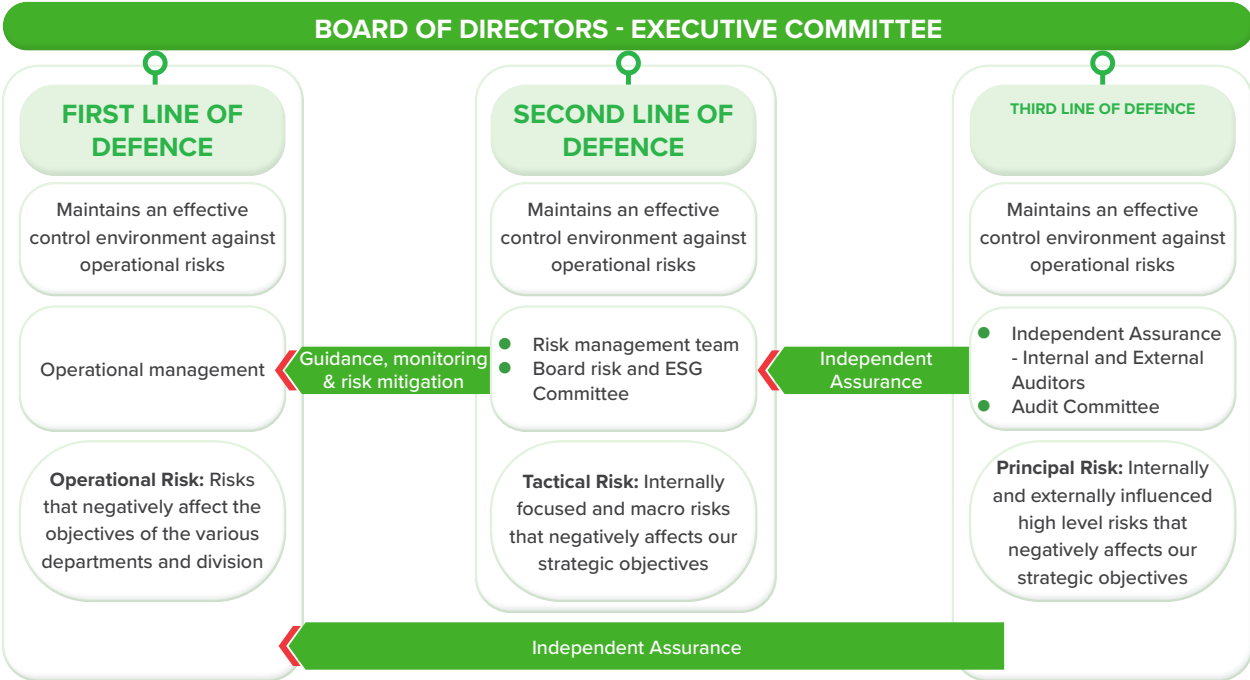
We believe that our business is well positioned to unlock Kenya and Ethiopia’s economic growth, solve customer and societal issues as well as deepen financial inclusion in both countries.

Our risk management framework

Safaricom remains committed to robust risk management practices as an integral part of sound governance. This is demonstrated by the combination of top-down and bottom-up approach to risk management. This ensures appropriate handling of risks and opportunities across the business while also driving a positive risk culture that promotes risk ownership across the whole organisation.

Our risk management framework is aligned to the International Risk Management Standard ISO 31000 (Risk Management – Principles and Guidelines). This opportunity and risk management system is applicable in risk identification, measurement, mitigation and monitoring. It provides our management with a clear line of sight over risk to enable informed decision making and is adopted across all Safaricom subsidiaries and supported by management and robust oversight by the board.

We continuously review our risk management framework which provides the foundation and organisational arrangements for identifying, treating, reporting, monitoring, reviewing and continually improving risk management throughout the organisation.



REPORT OF THE DIRECTORS (continued)

Our Risk Appetite Statement

Safaricom faces a broad range of risks while carrying out its business operations. We recognise that risk is an integral part of creating and preserving value, as such we have developed detailed processes to ensure all critical and major risks are proactively managed.

We recognise that it is not possible to eliminate all the risks inherent in our operations and acceptance of some of the risks is necessary to foster innovation, development of a sustainable business and for maximising shareholders value.

Our risk philosophy is aligned to best risk management practices and is aimed at supporting attainment of our purpose, vision and mission by effectively balancing risk and reward.

Our principal risks and what we are doing about them

Our risk identification and mitigation processes have been designed to be responsive to the ever-changing environment that we operate in. We identify the key risks through our Enterprise Risk Management Framework, which provides the Executive Committee and Board with a robust assessment of the principal risks facing the Company.

An embedded enterprise risk management process supports the identification of these principal risks. The risk appetite for each principal risk is reviewed and approved by the Board to enable informed risk-based decision-making.

The following are the principal risks and related mitigation strategies that receive close management attention:

1. Regulatory environment	
<p>Opportunities Enhanced collaboration with our regulators to ease some regulatory pressures while ensuring that satisfactory measures are taken to safeguard our customers and other stakeholders' interests.</p>	
<p>Context We operate in a complex and highly regulated environment, changes in laws or regulatory requirements could adversely impact our business. A breach of these regulations could expose Safaricom or its subsidiaries to financial penalties, reputational damage and/or suspension of our licenses.</p> <p>Our subsidiary Safaricom Telecommunication Ethiopia Plc (STEP) further expands our regulatory and compliance landscape.</p> <p>Furthermore, the nature of products and services provided require compliance with a wide range of rules and laws from the different regulators.</p>	<p>Mitigation We continue to build and maintain proactive and constructive relationships with the regulators and governments, informed by a shared understanding of the need for inclusive economic development.</p> <p>Participating in industry forums and other policy forums as well as contributing to discussions on emerging legislation and regulations as we prepare to comply with the same.</p> <p>Our products and services are carefully and continuously monitored to ensure they do not contravene any laws and regulations.</p> <p>Strengthened focus placed on ensuring robust governance processes and strong regulatory compliance.</p>

REPORT OF THE DIRECTORS (continued)

Our risk management framework (continued)

Our principal risks and what we are doing about them (continued)

2. Economic, market and forex conditions

Opportunities

The push for business reinvention to combat the dynamic economic environment has resulted in positive innovations that not only cushions against the economic shocks but also create value propositions that meet our customers' evolving needs.

Context

The economic outlook continues to present a complex picture, with inflation pressures easing slightly but core factors still influencing consumer behaviour. Evolving socioeconomic conditions, and environmental factors maintain a degree of uncertainty in growth. While signs of stabilisation and gradual recovery are evident, we remain cognisant of the challenges ahead.

These economic pressures continue to negatively impact the purchasing power of our consumers with our services competing against the shrinking wallet.

Telecommunication companies (Telcos) are regarded as good sources of tax revenue and usually fall within the top taxpayers' category, changes in taxation may have an impact on product pricing and could lead to reduced revenues or increased cost of operations.

Mitigation

We continue to proactively monitor these factors, implement measures to mitigate the effects and cushion the business from adverse effects.

Enhanced value propositions and flexible pricing plans to cater for reduced purchasing power and provide the customer with ability to only spend what they have.

We include contingencies in our business plans to provide for the negative operational impacts that could arise from lower economic growth and changes in interest rates, inflation, and exchange rates.

Compliance with tax obligations and proactive review of our product and services with a key focus on key tax exposures.

3. Market disruption and competition

Opportunities

The competitive and disruptive environment has yielded innovations that will set us apart, allowing us to be agile, drive partnerships and explore new markets while providing our customers with frictionless experience.

Context

In our shift from a conventional telco to a TechCo, we are facing heightened competition for customers and for digital talent from various non-traditional players.

There is increased competition in both product and service offerings, and our recent market entry into Ethiopia as a challenger intensifies this risk.

The dynamic nature of market demands, shifting consumer trends, the entry of new competitors, and the rapid pace of disruptive technologies have heightened competition, with the customer value proposition becoming the key competitive advantage.

Mitigation

Our strategies to manage competition focus on growing and retaining our customers by:

- Continuing to deliver on our customer commitments through quality standards and governance integrated into product development and frictionless customer experience.
- Focusing on new growth areas such as ICT, managed security services and markets (Ethiopia).
- Developing insights using big data into our customers' needs, wants and behaviours and provide competitive proposition.
- Adoption of agile way of working to drive faster innovation and efficiency.
- Continuous investment in network rollout (5G and fibre).

Offering quality services and leveraging on strategic partnerships within different sectors to ensure we provide our customers with relevant products and services.

REPORT OF THE DIRECTORS (continued)

Our risk management framework (continued)

Our principal risks and what we are doing about them (continued)

4. Cyber threats, data privacy, and reputational risks

Opportunities

Protecting our customers' personal data, which is crucial to being a trusted provider, critical organisational information and supporting our enterprise customers by providing managed security services to safeguard their business operations.

Context

Cybercrime continues to evolve in complexity and scale. Cybersecurity incidents, and other tactics designed to gain access to and exploit sensitive information by breaching critical systems are evolving and have been increasing in both sophistication and occurrence.

We continue to see a lot of activities related to Business email compromise, Exploitation of Vulnerabilities, Zero-day exploits, Supply Chain Attacks and Third-Party Breaches, Ransomware, Phishing and Advance Persistent Attacks across the globe.

Additionally, Implementation of the General Data Protection Regulations (GDPR) in 2018 as well as enactment of the Kenya Data protection Act 2019 continues to raise the bar on data protection.

Also, there is a growing need by data subjects to understand and confirm that our practices adequately safeguard their data.

Failure to mitigate these risks would lead to Denial-of-Service attacks, fraud, leakage of confidential and customer data, loss of digital trust, litigations, and penalties and degradation in brand image.

Mitigation

We have implemented robust cyber security tools, systems and controls complemented by the 24/7 Cyber Defense Centre to ensure we safeguard the services that we offer.

We continue to invest in advanced security tools, systems, and technologies, such as AI-driven threat detection and multi-factor authentication, to bolster our defence against these risks.

Creation of a cyber aware ecosystem through collaboration with various stakeholders.

Our networks and infrastructure are built with security in mind with layers of security control applied to all applications and infrastructure.

Our ISO 27001 Information Security Certification, Payment Card Industry Data Security Standard – PCI DSS Certification and Privacy Information system implementation is an independent confirmation to our customers that we have implemented appropriate processes and controls relating to product and services to protect the privacy of their information.

5. Supply chain disruption/geopolitical risks

Opportunities

Supply chain disruptions create opportunities for us to develop more resilient supply chains, leverage on disruptions to innovate and improve our products therefore gaining a competitive advantage over the competition or disruptions.

Context

We depend on various key suppliers and partners to help us achieve our goals. If any of these suppliers and/ or partners fail to meet the agreed upon service level agreements, we could experience disruptions, which could have an adverse effect on our operations.

Additional risks could result from other geopolitical conflicts impacting supply chains, availability of certain components such as chipsets, disruption of logistics/shipping lines and international trade sanctions/conflicts resulting to supply side pressures.

Mitigation

We operate our supply chain with resilience in design by having dual supply partners, strong SLA and partnership framework while proactively monitoring the ongoing geopolitical activities/dynamics and adjusting our business strategies and controls accordingly.

REPORT OF THE DIRECTORS (continued)

Our risk management framework (continued)

Our principal risks and what we are doing about them (continued)

6. Fraud and social engineering

Opportunities

Providing our customers with worry free and safe services is crucial to being a trusted and reliable service provider while ensuring that the products, services, and platforms are not misused and involved in conducting illegal activities. We provide policies, procedures and tools that ensure screening of activities conducted on our platforms as a safety measure.

Context

Due to the wide use of M-PESA services across the country, our M-PESA customers and partners are exposed to M-PESA fraud due to social engineering, fraudulent sim swaps, digital identity theft and Mobile Apps takeover.

Transnational fraud and IMT partners related fraud.

Reputational risk as a result of fraud.

Mitigations

Worry Free Insurance: We established an insurance scheme to help quickly refund customers for fraud caused by failure of our products or processes.

Existent Fraud programmes with continuous review and development of technical controls to minimise social engineering fraud, fraudulent sim swaps and money laundering.

Always-on customer education and awareness through various platforms as well as continuous collaboration and engagement with financial institutions on fraud reduction/prevention initiatives and minimise instances of money laundering and counter terrorist financing activities.

7. Money laundering and terror financing

Opportunities

It is our social responsibility to ensure that the products and platforms we offer are not misused and involved in conducting illegal activities. We provide policies, procedures and tools that ensure screening of activities conducted on our platforms as a safety measure.

Context

The rapid growth in International Money Transfer and increase in unlicensed and unregulated business activities, including unlicensed virtual asset traders, remain an escalating concern for Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) efforts, as an increasing number of payment gateways operate outside the regulatory framework.

Failure to conduct adequate partner and customer due diligence, Ultimate Beneficial Owner (UBO) verification, sanctions screening, transaction monitoring, reporting and regular audits could ultimately result in revocation of our operating license.

Additionally, failure to adhere to Targeted Financial Sanctions (TFS) could result in facilitating terrorist activities and proliferation financing.

Mitigations

Real time sanctions screening is in place for all International Money Transfer (IMT) remittance transactions.

We have optimised the AML monitoring and screening Platform and deployed machine learning models for detection and investigation of suspicious IMT transactions/Activity.

We remain committed to the ensuring compliance to the obligations on collection and verification of Ultimate Beneficial Ownership (UBO) information for all our partners.

We conducted a comprehensive review of our database against the OFAC sanction list.

REPORT OF THE DIRECTORS (continued)

Our risk management framework (continued)

Our principal risks and what we are doing about them (continued)

8. Litigation risk

<p>Opportunities Continuous customer education through our customer handles and touchpoints.</p>	
<p>Context Due to the nature and scope of our operations, Safaricom is susceptible to litigation risks that extend beyond typical business activities. These risks may arise from incidents such as customer data leaks, fraudulent activities, trade disputes, increasing intellectual property (IP) cases, and failure to comply with regulatory requirements.</p>	<p>Mitigation Safaricom seeks to keep the exposure to litigation at a minimal as we strive to comply with legal and regulatory requirements, provide safe and worry-free products and services for our clients.</p>

9. Health & safety risk

<p>Opportunities Our ongoing focus is to provide a safe working environment for everyone working for and on behalf of Safaricom and the communities in which we operate in.</p>	
<p>Context Exposure to health and safety risks to our staff and partners due to the nature of our operations (driving, working at heights/underground, work with electricity and working in terror prone locations). Exposure to a large ecosystem of partners working within our distribution and network rollout/maintenance and support who are exposed to health and safety risks while executing their duties across the countries.</p>	<p>Mitigation Entrenching our zero-harm strategy across the business and to our partners and creating a health and safety aware culture across Safaricom, its subsidiaries and the entire ecosystem. Suppliers' safety management through strengthening supplier oversight and accelerating supplier maturity, through enhanced onboarding and monitoring processes.</p>

10. General Insecurity and Terrorism

<p>Opportunities Our existing community interactions has embedded our brand creating a sense of ownership and protection. Our collaboration with governments and other agencies to combat crime and insecurity enable us to take part in creating a better environment for all.</p>	
<p>Context There has been an increase in general insecurity due to economic and opportunistic factors, along with ongoing terrorist activities occurring along borders with countries that have volatile security with some of these threats targeting our Base Transmission Station (BTS) assets. Our expansion into Ethiopia has further exposed us to geopolitical tensions because of continued civil unrest experienced in some of the regions. While there has been relative calm, the political environment remains volatile as restoration of constitutional order is yet to be fully realised.</p>	<p>Mitigation Security programme in place to support our business and partners in creating a secure and safe environment. The Ethiopian market offers a great opportunity for us to offer differentiated products and services to markets that has for a long time operated under a closed market. Further, the support accorded by the Ethiopian Government creates an enabling business environment.</p>

REPORT OF THE DIRECTORS (continued)

Directors

The Directors who held office during the year were:

Name	Position	Nationality	Date of Appointment
Adil Arshed Khawaja (MGH)	Chairman and Non-Executive Director	Kenyan	22 December 2022
Dr. Peter Ndegwa (CBS)	Chief Executive Officer (CEO) and Executive Director	Kenyan	1 April 2020
Dilip Pal	Chief Financial Officer and alternate to the CEO	Indian	1 November 2020
Cabinet Secretary (CS), The National Treasury and Economic Planning	Non-Executive Director	Kenyan	5 November 2013
Mohamed Shameel Aziz Joosub	Non-Executive Director	South African	31 August 2017
Raisibe Morathi	Non-Executive Director	South African	1 November 2020
Murielle Lorilloux	Non-Executive Director	French	23 August 2023
Dr. (Eng.) John Kipngetich Mosonik	Non-Executive Director	Kenyan	23 August 2023
Ory Okolloh ¹	Independent Non-Executive Director	Kenyan	24 February 2023
Francesco Bianco ²	Non-Executive Director	Italian	20 March 2020
Rose Ogega ³	Independent Non-Executive Director	Kenyan	12 February 2019
Winnie Ouko ⁴	Independent Non-Executive Director	Kenyan	10 February 2021
Dr. Karen Kandie ⁵	Alternate Director to CS, The National Treasury and Economic Planning	Kenyan	24 February 2023
James Ludlow ⁶	Non-Executive Director	British	28 August 2024
Edward Okaro Omolo ⁷	Independent Non-Executive Director	Kenyan	15 January 2025
Lawrence Kibet (EBS) ⁸	Alternate Director to CS, The National Treasury and Economic Planning	Kenyan	4 April 2025
James Wambugu ⁹	Independent Non-Executive Director	Kenyan	4 April 2025
Rita Kavashe ¹⁰	Independent Non-Executive Director	Kenyan	4 April 2025

¹ Ory Okolloh ceased to be an Independent Non-Executive Director in the Board with effect from 24 July 2024.

² Francesco Bianco ceased to be a Non-Executive Director in the Board with effect from 1 August 2024.

³ Rose Ogega ceased to be an Independent Non-Executive Director in the Board with effect from 29 November 2024.

⁴ Winnie Ouko ceased to be an Independent Non-Executive Director in the Board with effect from 4 April 2025.

⁵ Dr. Karen Kandie ceased to be a Non-Executive Director in the Board with effect from 4 April 2025.

⁶ James Ludlow was appointed as a Non-Executive Director in the Board with effect from 28 August 2024.

⁷ Edward Okaro was appointed as an Independent Non-Executive Director with effect from 15 January 2025.

The following directors were appointed after the financial year ended on 31 March 2025 and are currently undergoing regulatory approval:

⁸ Lawrence Kibet (EBS) was appointed as a Non-Executive Director with effect from 4 April 2025.

⁹ James Wambugu was appointed as an Independent Non-Executive Director with effect from 4 April 2025.

¹⁰ Rita Kavashe was appointed as an Independent Non-Executive Director with effect from 4 April 2025.

REPORT OF THE DIRECTORS (continued)

Results and dividend

The Group's profit for the year is KShs 45,757.2 million (2024: KShs 42,658.4 million) and has been added to retained earnings.

During the year, an interim dividend of KShs 0.55 per ordinary share (2024: KShs 0.55) was declared. The directors have proposed a final dividend in respect of the year ended 31 March 2025 of KShs 0.65 per ordinary share (2024: KShs 0.65) to be approved at the Annual General Meeting (AGM) to be held on 25 July 2025.

Statement as to disclosure to the Group's and Company's auditor

With respect to each Director at the time this report was approved:

- a. There is, so far as the Director is aware, no relevant audit information of which the Group's and Company's auditor is unaware; and
- b. The Director has taken all the steps that the Director ought to have taken as a Director to be aware of any relevant audit information and to establish that the Group's and Company's auditor is aware of that information.

Terms of appointment of the auditor

During the Annual General Meeting (AGM) of the Company that was held on 25 July 2024, the shareholders resolved to re-appoint Messrs Ernst and Young LLP, as the Company's independent Auditors in accordance with the provisions of section 721 of the Kenyan Companies Act, 2015.

The Directors monitor the effectiveness, objectivity and independence of the auditor. The Directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

By order of the Board



Linda Mesa Wambani
Acting Company Secretary
8 May 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 March 2025

The Kenyan Companies Act, 2015 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and Company as at the end of the financial year and of their profit or loss for that year. It also requires the Directors to ensure that the Group and Company keeps proper accounting records that: (a) show and explain the transactions of the Group and Company; (b) disclose, with reasonable accuracy, the financial position of the Group and Company; and (c) enable the Directors to ensure that every financial statement required to be prepared complies with the requirements of the Kenyan Companies Act, 2015. They are also responsible for safeguarding the assets of the Group and the Company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the preparation and presentation of these consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- i. Designing, implementing and maintaining internal controls that determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- ii. Selecting suitable accounting policies and then applying them consistently; and
- iii. Making judgements and accounting estimates that are reasonable in the circumstances.

Having made an assessment of the Group's and Company's ability to continue as a going concern, the Directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's and Company's ability to continue as a going concern.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the Board of Directors on 8 May 2025 and signed on its behalf by:



Adil Arshed Khawaja (MGH)
Chairman and Non-Executive Director



Dr. Peter Ndegwa (CBS)
Chief Executive Officer

DIRECTORS' REMUNERATION REPORT

For the year ended 31 March 2025

Information not subject to audit

The composition of the Company's Board for the financial year ended 31 March 2025 is outlined below:

Name	Position	Nationality	Date of Appointment
Adil Arshed Khawaja (MGH)	Chairman and Non-Executive Director	Kenyan	22 December 2022
Dr. Peter Ndegwa (CBS)	Chief Executive Officer (CEO) and Executive Director	Kenyan	1 April 2020
Dilip Pal	Group Chief Financial Officer and alternate to the CEO	Indian	1 November 2020
Cabinet Secretary (CS), The National Treasury and Economic Planning	Non-Executive Director	Kenyan	5 November 2013
Mohamed Shameel Aziz Joosub	Non-Executive Director	South African	31 August 2017
Raisibe Morathi	Non-Executive Director	South African	1 November 2020
Murielle Lorilloux	Non-Executive Director	French	23 August 2023
Dr. (Eng.) John Kipngetch Mosonik	Non-Executive Director	Kenyan	23 August 2023
Ory Okolloh	Independent Non-Executive Director	Kenyan	24 February 2023
Francesco Bianco	Non-Executive Director	Italian	20 March 2020
Rose Ogega	Independent Non-Executive Director	Kenyan	12 February 2019
Winnie Ouko	Independent Non-Executive Director	Kenyan	10 February 2021
Dr. Karen Kandie	Alternate Director to CS, The National Treasury and Economic Planning	Kenyan	24 February 2023
James Ludlow	Non-Executive Director	British	28 August 2024
Edward Okaro Omolo	Independent Non-Executive Director	Kenyan	15 January 2025

The following directors served in office and resigned during the year.

Name	Position	Nationality	Date of Resignation
Ory Okolloh	Independent Non-Executive Director	Kenyan	24 July 2024
Francesco Bianco	Non-Executive Director	Italian	1 August 2024
Rose Ogega	Independent Non-Executive Director	Kenyan	29 November 2024

The following directors served in office and resigned subsequent to the financial year end.

Name	Position	Nationality	Date of Resignation
Winnie Ouko	Independent Non-Executive Director	Kenyan	4 April 2025
Dr. Karen Kandie	Alternate Director to CS, The National Treasury and Economic Planning	Kenyan	4 April 2025

The following directors were appointed after the financial year ended 31 March 2025 and, as a result, were not included in the current year's remuneration.

Name	Position	Nationality	Date of Appointment
Lawrence Kibet (EBS)	Alternate Director to CS, The National Treasury and Economic Planning	Kenyan	4 April 2025
James Wambugu	Independent Non-Executive Director	Kenyan	4 April 2025
Rita Kavashe	Independent Non-Executive Director	Kenyan	4 April 2025

The Board establishes and approves transparent and competitive remuneration policies for the non-executive Board members. These policies clearly stipulate remuneration elements such as Directors' annual fees, sitting allowances per meeting attended and other benefits that are based on proper benchmarking and taking into consideration the prevailing market conditions

DIRECTORS' REMUNERATION REPORT

For the year ended 31 March 2025 (continued)

Information not subject to audit (continued)

Non-executive Directors' remuneration policy

Safaricom Plc seeks to remunerate Non-Executive Directors at least at the 75th percentile. The current remuneration structure is based on a survey commissioned by the Board through its Board Nominations and Remuneration Committee and carried out by PricewaterhouseCoopers (PwC), a consultant, across peer organisations comparable with Safaricom. Remuneration for Non-Executive Directors is reviewed every two years.

The current agreed fees and allowance's structure is as follows:

- Annual Directors fees paid to the Chairman of the Board agreed at KShs 8,500,000 per annum.
- Annual Directors fees paid to each Non-Executive Director agreed at KShs 3,000,000 per annum.
- Sitting allowance payable to the Chairman of the Board retained at KShs 230,000 per meeting.
- Sitting allowance payable to the Chair of a Committee retained at KShs 125,000 per meeting.
- Sitting allowance payable to each Non-Executive Director retained at KShs 110,000 per meeting.

The annual Directors' fees for the director representing The National Treasury and Economic Planning is paid directly to the National Treasury and Economic Planning.

The annual Directors' fees and sitting allowances for the directors representing Vodafone Kenya Limited are paid directly to Vodafone Foundation and Vodacom Group Limited.

The Board members are also entitled to telephone and internet usage allowance.

The Board has in place a formal annual process of reviewing its performance and that of its committees and individual directors. Evaluation of the Board during the year ended 31 March 2025 was facilitated by an independent external consultant.

Executive Director's remuneration

The Executive Director's remuneration is as per the negotiated employment contract and is employed on permanent basis.

Besides the basic salary, the Executive Director is entitled to an annual performance-based bonus and shares, residential accommodation, utility bills payment and club membership.

Statement of voting on the Directors' remuneration report at the previous AGM

During the AGM held on 25 July 2024, voting was done by the ballot to approve the Directors' Remuneration Report.

The results of the vote were as below.

Agenda	Vote	Total Votes	As a percentage of the total votes cast
Directors Remuneration report	For	33,157,637,291	98.1%
	Against	420,826,150	1.2%
	Withheld	222,206,625	0.7%
Total votes casted		33,800,670,066	100.00%

DIRECTORS' REMUNERATION REPORT

For the year ended 31 March 2025 (continued)

Information subject to audit

The following table shows remuneration for the Executive and Non-Executive Directors in respect of qualifying services for the financial year ended 31 March 2025 and comparative figures for the year ended 31 March 2024. The aggregate Directors' emoluments are shown in Note 32(iii).

Directors' remuneration for the year ended 31 March 2025

Name	2025					Totals KShs'm
	Salary KShs'm	Directors' fees KShs'm	Bonus KShs'm	Non-cash Benefits KShs'm	EPSAP KShs'm	
Dr. Peter Ndegwa (CBS)	98.7	–	116.7	33.5	45.3	294.2
Dilip Pal	63.3	–	43.2	19.2	6.8	132.5
Total	162.0	–	159.9	52.7	52.1	426.7
Non-executive Directors						
Adil Arshed Khawaja (MGH)	–	23.7	–	0.8	–	24.5
Rose Ogega	–	5.2	–	0.2	–	5.4
Mohamed Joosub	–	7.5	–	–	–	7.5
Cabinet Secretary, The National Treasury and Economic Planning	–	3.2	–	–	–	3.2
Francesco Bianco	–	1.6	–	–	–	1.6
Dr. (Eng.) John Kipngetich Mosonik	–	7.3	–	0.3	–	7.6
Winnie Ouko	–	7.4	–	0.3	–	7.7
Murielle Lorilloux	–	5.2	–	–	–	5.2
Raisibe Morathi	–	5.8	–	–	–	5.8
Ory Okolloh	–	3.2	–	0.3	–	3.5
Dr. Karen Kandie	–	5.2	–	0.4	–	5.6
Edward Okaro	–	3.0	–	–	–	3.0
James Ludlow	–	4.1	–	–	–	4.1
Total	–	82.4	–	2.3	–	84.7
Grand Total	162.0	82.4	159.9	55.0	52.1	511.4

DIRECTORS' REMUNERATION REPORT

For the year ended 31 March 2025 (continued)

Information subject to audit (continued)

Directors' remuneration for the year ended 31 March 2024

Name	Salary KShs'm	Directors' fees KShs'm	Bonus KShs'm	Non-cash Benefits KShs'm	EPSAP KShs'm	Totals KShs'm
Dr. Peter Ndegwa (CBS)	94.3	–	122.1	23.9	12.0	252.3
Dilip Pal	58.9	–	32.9	19.8	2.2	113.8
Total	153.2	–	155.0	43.7	14.2	366.1

Non-executive Directors

Adil Arshed Khawaja (MGH)	–	24.1	–	0.8	–	24.9
Rose Ogega	–	9.3	–	0.2	–	9.5
Mohamed Joosub	–	7.1	–	–	–	7.1
Cabinet Secretary, The National Treasury and Economic Planning	–	2.0	–	–	–	2.0
Francesco Bianco	–	6.1	–	–	–	6.1
Dr. (Eng.) John Kipnetich Mosonik	–	3.2	–	0.1	–	3.3
Winnie Ouko	–	8.7	–	0.3	–	9.0
Murielle Lorilloux	–	1.3	–	–	–	1.3
Raisibe Morathi	–	8.3	–	–	–	8.3
Ory Okolloh	–	7.1	–	0.3	–	7.4
Dr. Karen Kandie	–	5.8	–	0.2	–	6.0
Michael Joseph*	–	10.5	–	1.8	–	12.3
Eng. Stanley Kamau*	–	–	–	0.2	–	0.2
John Ngumi*	–	–	–	0.1	–	0.1
Linda Muriuki*	–	–	–	0.2	–	0.2
Bitange Ndemo*	–	–	–	0.1	–	0.1
Total	–	93.5	–	4.3	–	97.8
Grand Total	153.2	93.5	155.0	48.0	14.2	463.9

* Relate to benefits utilised in 2023 but the related payments were settled in financial year ended 31 March 2024.

On behalf of the Board



Dr. (Eng.) John Kipnetich Mosonik
Interim Chairperson, Board Human Resources Committee
8 May 2025



INDEPENDENT AUDITOR'S REPORT

to the shareholders of Safaricom PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Safaricom PLC (the “company”) and its subsidiaries (together, the “group”) set out on pages 197 to 291 which comprise of the consolidated and separate statements of financial position as at 31 March 2025, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 31 March 2025, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the *International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) and other independence requirements applicable to performing audits of the financial statements of the group and company and in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the group and company and in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The key audit matters apply equally to the audit of the consolidated and separate financial statements.

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Safaricom PLC (continued)

Report on the audit of the consolidated group and separate company financial statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How the matter was addressed in the audit
<p>Revenue recognition – occurrence, completeness and measurement of recorded revenue given the complexity of products, systems and IFRS 15: Revenue from contracts with customers.</p> <p>The occurrence and accuracy of amounts recorded as revenue is an inherent industry risk due to the complexity of the billing systems arising from changes in products and plans – including multiple element arrangements, the number of products sold and the tariff structure changes during the year.</p> <p>The application of the revenue recognition accounting standard IFRS 15: Revenue from contracts with customers, requires the use of complex rating, billing and accounting systems. The complexity is compounded by the significant number of revenue transactions that are accounted for on an annual basis.</p> <p>We therefore considered revenue recognition to be a matter of most significance to our current year audit.</p> <p>The significant accounting policies and detailed disclosures on revenue recognition are included in Note 2(f) – Revenue recognition, Note 5(a) – Revenue from contracts with customers, and Note 30(b) – Contract liabilities disclosures.</p>	<ul style="list-style-type: none"> ● We understood and tested the design and operating effectiveness of management's controls over the transfer of revenue information between the multiple systems involved in recording revenue; ● We tested the controls in place over the authorisation of rate changes and a review of the new products recorded in the billing systems; ● We involved our internal IT audit specialists to test the IT general controls of the rating and billing environments, as well as assessed the completeness of the relevant revenue reports utilised for audit purposes; ● We tested the end-to-end reconciliation from rating and billing systems to the journals processed in the general ledger; ● We performed analytical review procedures over significant revenue streams by identifying the drivers that resulted in changes year on year to establish detailed monthly and annual expectations. Where movement were outside our precision level set, we performed substantive audit procedures; ● We performed a three-way correlation between revenue, deferred revenue, trade receivables and cash; ● We reviewed the reconciliation of the aggregate of the prepaid and hybrid customers per the charging system to the deferred revenue balance; ● We selected and tested a sample of enterprise revenue contracts and assessed, in line with the requirements of IFRS 15: Revenue from contracts with customers, that contracts with customers were valid, that performance obligations were agreed by both parties and that revenue was appropriately recognised; ● We tested the standalone selling prices as input into the system and agreed the logic behind the standalone selling prices to the relevant IFRS 15: Revenue from contracts with customers, requirements; ● We tested management reconciliations for interconnect/roaming revenue to third party confirmations; ● We tested a sample of journal entries, processed in relation to non-standard revenue including manual ERP journals by reviewing supporting documentation to ensure that the journals were supported by an underlying business rationale, were accounted for correctly, in the correct period and appropriately authorised; and ● We examined and assessed the accounting policies applied and disclosures in terms of the recognition of revenue for compliance with IFRS 15: Revenue from contracts with customers and industry guidance.

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Safaricom PLC (continued)

Report on the audit of the consolidated group and separate company financial statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How the matter was addressed in the audit
<p>Hyperinflation accounting in the subsidiary, Safaricom Telecommunications Ethiopia PLC.</p> <p>As disclosed in Notes 2(e) and 3(iv), the Ethiopian economy, where Safaricom Telecommunications Ethiopia PLC operates, has been classified as hyperinflationary as of 31 December 2022 and thereafter.</p> <p>As a result, the financial statements of Safaricom Telecommunications Ethiopia PLC, have been prepared in accordance with IAS 29; Financial Reporting in Hyperinflationary Economies, and consolidated into the Group Financial statements. IAS 29 requires that the financial statements of an entity that reports in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date by applying a general price index.</p> <p>We have considered this as a Key Audit Matter due to the complexity and significant judgements relating to the restatement of the Safaricom Telecommunications Ethiopia PLC's financial statements into current measuring units, and the importance of IAS 29 disclosures i.e. Notes 2(e), 3(iv) and 36, to the financial statements.</p>	<p>We performed the following audit procedures in response to this matter:</p> <ul style="list-style-type: none">● Obtained the IAS 29 model used by management in the restatement of the Safaricom Telecommunications Ethiopia PLC's financial statements into current measuring units.● Assessed whether the underlying assumptions and judgements applied in the model were justifiable in the context of IAS 29.● Re-calculated the current measuring units and the hyperinflationary monetary gain in the restated financial statements using management's model.● Assessed the adequacy of the financial statement disclosures in accordance with International Financial Reporting Standards.

Other information

The directors are responsible for the other information. The other information comprises of the Directors' Report, as required by the Kenyan Companies Act, 2015, Corporate Information, Statement of Directors' Responsibilities and the Directors' Remuneration Report, other than the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015, as set out below.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Safaricom PLC (continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

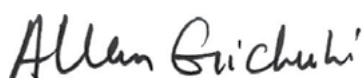
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other matters prescribed by the Kenyan Companies Act, 2015

As required by the Kenyan Companies Act, 2015 we report to you, based on our audit, that:

- in our opinion, the information given in the report of the directors on pages 176 to 187 is consistent with the consolidated and separate financial statements.
- in our opinion, the auditable part of directors' remuneration report on pages 189 to 192 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Allan Gichuhi, Practising Certificate Number 1899.



For and on behalf of Ernst & young LLP
Certified Public Accountants
Nairobi, Kenya
9 May 2025

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	GROUP		COMPANY	
		2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Revenue from contracts with customers	5(a)	384,433.4	345,893.4	373,492.5	335,330.8
Revenue from other sources	5(b)	4,255.5	3,553.8	6,985.8	4,386.5
Total revenue		388,688.9	349,447.2	380,478.3	339,717.3
Direct costs	6(a)	(101,081.3)	(97,046.9)	(95,716.2)	(89,261.9)
Expected credit losses on financial assets	6(b)	(11,146.0)	(5,807.4)	(11,206.4)	(6,073.4)
Other operating expenses	7	(104,310.7)	(83,300.3)	(68,627.3)	(59,146.1)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		172,150.9	163,292.6	204,928.4	185,235.9
Depreciation – property and equipment	18	(50,999.9)	(55,162.3)	(40,000.0)	(39,324.3)
Depreciation – indefeasible rights of use (IRUs)	19	(323.6)	(281.3)	(323.6)	(281.3)
Amortisation – intangible assets	21	(9,953.4)	(17,804.5)	(2,852.0)	(2,836.4)
Depreciation – right of use (RoU) assets	22(a)	(6,823.9)	(9,699.7)	(4,405.3)	(4,503.2)
Operating profit (Earnings before interest and tax) (EBIT)		104,050.1	80,344.8	157,347.5	138,290.7
Finance income	8	9,222.1	5,459.6	2,341.7	3,288.5
Finance costs	9	(30,131.5)	(22,101.1)	(17,241.0)	(16,395.0)
Fair value remeasurement on investment properties	20	25.0	–	25.0	–
Share of (loss)/profit of associates	23(b)	57.2	(2.9)	13.2	(2.9)
Share of loss of joint venture	23(b)	(1,234.7)	(1,376.2)	(1,234.7)	(1,376.2)
Hyperinflationary monetary gain	36	11,222.3	22,363.2	–	–
Profit before income tax		93,210.5	84,687.4	141,251.7	123,805.1
Income tax expense	12(a)	(47,453.3)	(42,029.0)	(46,297.6)	(41,151.3)
Profit for the year		45,757.2	42,658.4	94,954.1	82,653.8
Attributable to:					
Equity holders of the parent		69,798.7	62,991.7	94,954.1	82,653.8
Non-controlling interests		(24,041.5)	(20,333.3)	–	–
Profit for the year		45,757.2	42,658.4	94,954.1	82,653.8
Basic earnings per share (KShs per share)	13	1.7	1.6	2.4	2.1
Diluted earnings per share (KShs per share)	13	1.7	1.6	2.4	2.1
Profit for the year		45,757.2	42,658.4	94,954.1	82,653.8
Statement of other comprehensive income					
Items that will subsequently be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations*		(153,790.2)	(7,278.1)	–	–
Other comprehensive loss for the year		(153,790.2)	(7,278.1)	–	–
Total comprehensive (loss)/income for year		(108,033.0)	35,380.3	94,954.1	82,653.8
Attributable to:					
Equity holders of the parent		(9,668.2)	59,230.9	94,954.1	82,653.8
Non-controlling interests		(98,364.8)	(23,850.6)	–	–
Total comprehensive (loss)/income for year		(108,033.0)	35,380.3	94,954.1	82,653.8

*These components of other comprehensive income do not attract any tax.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	GROUP		COMPANY	
		2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Non-current assets					
Deferred income tax	17	18,882.0	15,643.1	18,881.3	15,605.0
Property and equipment	18	247,200.9	277,041.3	160,804.3	149,598.2
Indefeasible rights-of-use	19	3,210.6	2,001.7	3,210.6	2,001.7
Investment properties	20	960.0	935.0	960.0	935.0
Intangible assets	21	111,455.8	194,280.7	31,227.9	21,841.4
Right-of-use assets	22(a)	38,749.6	59,455.7	20,900.1	18,968.1
Investment in subsidiaries	23(a)	–	–	128,492.5	98,779.6
Investment in associates and joint venture	23(b)	7,046.7	3,542.5	6,934.6	3,461.9
Restricted cash	26(b)	998.6	1,019.9	998.6	1,019.9
Deferred restricted cash asset	26(c)	183.3	431.9	183.3	431.9
Contract assets	30(a)	2,547.5	1,607.9	1,242.9	954.0
Loans receivable from joint venture	32(x)(a)	–	2,661.3	–	2,661.3
Loan receivable from subsidiary	32(x)(b)	–	–	396.2	485.4
		431,235.0	558,622.4	374,232.3	316,743.4
Current assets					
Current income tax	12(b)	–	–	–	7.9
Inventories	24	2,937.0	4,526.0	2,208.0	2,639.0
Trade and other receivables	25	43,739.3	48,119.0	33,919.0	28,079.9
Net cash and cash equivalents	26(a)	29,995.7	22,868.2	15,908.3	19,072.1
Restricted cash – letter of credit	27	456.9	1,563.4	–	–
Other financial assets	28	–	–	–	–
Contract assets	30(a)	6,351.2	5,202.0	6,280.4	4,748.8
Mobile financial deposit	33	569.1	263.3	–	–
		84,049.2	82,541.9	58,315.7	54,547.7
Total assets		515,284.2	641,164.3	432,548.0	371,291.1
Equity					
Share capital	14	2,003.3	2,003.3	2,003.3	2,003.3
Share premium	14	2,200.0	2,200.0	2,200.0	2,200.0
Retained earnings		153,881.8	134,314.0	218,516.1	171,640.5
Other reserves		(6,432.3)	61,789.3	–	–
Proposed dividend	15	26,042.5	26,042.5	26,042.5	26,042.5
Equity attributable to equity holders of the parent		177,695.3	226,349.1	248,761.9	201,886.3
Non-controlling interests	23(a)	46,325.8	109,398.8	–	–
Total equity		224,021.1	335,747.9	248,761.9	201,886.3

STATEMENT OF FINANCIAL POSITION

As at 31 March 2025 (continued)

	Notes	GROUP		COMPANY	
		2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Non-current liabilities					
Borrowings	16	64,744.4	63,093.2	39,955.3	36,110.8
Lease liabilities	22(b)	45,626.2	48,474.3	20,890.8	18,409.1
Payables and accrued expenses	29(a)	20,464.5	19,458.6	2,878.5	–
Provisions	29(b)	3,874.6	5,087.0	3,170.4	3,629.7
Contract liabilities	30(b)	1,521.1	1,481.2	1,521.1	1,481.2
Financial guarantees liability	32(xi)	–	–	614.5	1,062.7
		136,230.8	137,594.3	69,030.6	60,693.5
Current liabilities					
Current income tax	12(b)	2,257.5	193.1	2,042.0	–
Dividend payable	15	1,499.9	6,649.2	1,499.9	6,649.2
Shareholder loan	32(c)	404.0	–	–	–
Borrowings	16	42,686.0	45,053.6	40,499.0	41,555.8
Lease liabilities	22(b)	6,336.8	6,411.0	5,780.6	5,163.1
Payables and accrued expenses	29(a)	84,571.5	94,919.5	48,962.1	41,822.5
Provisions	29(b)	5,220.1	2,938.9	5,220.1	2,938.9
Mobile financial payable	33	569.1	263.3	–	–
Contract liabilities	30(b)	11,487.4	11,393.5	10,751.8	10,581.8
		155,032.3	167,822.1	114,755.5	108,711.3
Total liabilities		291,263.1	305,416.4	183,786.1	169,404.8
Total equity and liabilities		515,284.2	641,164.3	432,548.0	371,291.1

The financial statements on pages 197 to 291 were approved for issue by the Board of Directors on 8 May 2025 and signed on its behalf by:



Adil Arshed Khawaja (MGH)
Chairman and Non-Executive Director



Dr. Peter Ndegwa (CBS)
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

GROUP

Attributable to the equity holders of the parent

Notes	Share capital Note 14 KShs'm	Share premium Note 14 KShs'm	Retained earnings KShs'm	Other reserves** KShs'm	Proposed dividend KShs'm	Total KShs'm	Non-controlling interests KShs'm	Total equity KShs'm
Year ended 31 March 2025								
At start of year	2,003.3	2,200.0	134,314.0	61,789.3	26,042.5	226,349.1	109,398.8	335,747.9
– Adjustment on application of IAS 29	–	–	(2,152.4)	11,245.3	–	9,092.9	8,504.4	17,597.3
As restated	2,003.3	2,200.0	132,161.6	73,034.6	26,042.5	235,442.0	117,903.2	353,345.2
Profit/(loss) for the year	–	–	69,798.7	–	–	69,798.7	(24,041.5)	45,757.2
Other comprehensive income								
Exchange differences on translation of foreign operations	–	–	–	(79,466.9)	–	(79,466.9)	(74,323.3)	(153,790.2)
Total comprehensive income for the year	–	–	69,798.7	(79,466.9)	–	(9,668.2)	(98,364.8)	(108,033.0)
Transactions with owners:								
Dividend:								
– 2024 final dividends paid	15	–	–	–	(26,042.5)	(26,042.5)	–	(26,042.5)
– 2025 interim dividend paid	15	–	(22,036.0)	–	–	(22,036.0)	–	(22,036.0)
– Proposed final dividend for 2025	15	–	(26,042.5)	–	26,042.5	–	–	–
– Capital contribution from NCI shareholders*	23(a)	–	–	–	–	–	26,787.4	26,787.4
		–	(48,078.5)	–	–	(48,078.5)	26,787.4	(21,291.1)
At end of year	2,003.3	2,200.0	153,881.8	(6,432.3)	26,042.5	177,695.3	46,325.8	224,021.1

* Capital contribution from NCI shareholders relates to the contribution of non-controlling shareholders towards investment in the equity of Safaricom Ethiopia PLC.

** Other reserves include foreign currency translation reserve representing the cumulative position of translation gains and losses arising from translation of net assets of foreign subsidiary companies to the presentation currency, adjustment on application of IAS 29 (Note 36) and redistribution of loss after shareholding change.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025 (continued)

GROUP

Attributable to the equity holders of the parent

Notes	Share capital Note 14 KShs'm	Share Note 14 premium KShs'm	Retained earnings KShs'm	Other reserves** KShs'm	Proposed dividend KShs'm	Total KShs'm	Non-controlling interests KShs'm	Total equity KShs'm
Year ended 31 March 2024								
At start of year	2,003.3	2,200.0	121,823.6	36,688.4	24,840.6	187,555.9	75,810.0	263,365.9
– Adjustment on application of IAS 29	–	–	(3,467.8)	31,311.1	–	27,843.3	26,041.2	53,884.5
As restated	2,003.3	2,200.0	118,355.8	67,999.5	24,840.6	215,399.2	101,851.2	317,250.4
Redistribution of loss after shareholding change	–	–	1,045.0	(2,449.4)	–	(1,404.4)	1,404.4	–
Total	2,003.3	2,200.0	119,400.8	65,550.1	24,840.6	213,994.8	103,255.6	317,250.4
Profit or (loss) for the year	–	–	62,991.7	–	–	62,991.7	(20,333.3)	42,658.4
Other comprehensive income								
Exchange differences on translation of foreign operations	–	–	–	(3,760.8)	–	(3,760.8)	(3,517.3)	(7,278.1)
Total comprehensive income for the year	–	–	62,991.7	(3,760.8)	–	59,230.9	(23,850.6)	35,380.3
Transactions with owners:								
Dividend:								
– 2023 final dividends paid	15	–	–	–	(24,840.6)	(24,840.6)	–	(24,840.6)
– 2024 interim dividend paid	15	–	(22,036.0)	–	–	(22,036.0)	–	(22,036.0)
– Proposed final dividend for 2024		–	(26,042.5)	–	26,042.5	–	–	–
– Capital contribution from NCI shareholders*	23(a)	–	–	–	–	–	29,993.8	29,993.8
		–	(48,078.5)	–	1,201.9	(46,876.6)	29,993.8	(16,882.8)
At end of year	2,003.3	2,200.0	134,314.0	61,789.3	26,042.5	226,349.1	109,398.8	335,747.9

* Capital contribution from NCI shareholders relates to the contribution of non-controlling shareholders towards investment in the equity of Safaricom Ethiopia Plc.

** Other reserves include foreign currency translation reserve representing the cumulative position of translation gains and losses arising from translation of net assets of foreign subsidiary companies to the presentation currency and adjustment on application of IAS 29 (Note 36).

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

COMPANY

	Notes	Share capital KShs'm	Share premium KShs'm	Retained earnings KShs'm	Proposed dividend KShs'm	Total equity KShs'm
Year ended 31 March 2025						
At start of year		2,003.3	2,200.0	171,640.5	26,042.5	201,886.3
Profit for the year		–	–	94,954.1	–	94,954.1
Transactions with owners:						
Dividend:						
– 2024 final dividends paid	15	–	–	–	(26,042.5)	(26,042.5)
– 2025 Interim dividends paid	15	–	–	(22,036.0)	–	(22,036.0)
– Proposed final dividend for 2025		–	–	(26,042.5)	26,042.5	–
		–	–	(48,078.5)	–	(48,078.5)
At end of year		2,003.3	2,200.0	218,516.1	26,042.5	248,761.9
Year ended 31 March 2024						
At start of year		2,003.3	2,200.0	137,065.2	24,840.6	166,109.1
Profit for the year		–	–	82,653.8	–	82,653.8
Transactions with owners:						
Dividend:						
– 2023 final dividends paid	15	–	–	–	(24,840.6)	(24,840.6)
– 2024 Interim dividends paid	15	–	–	(22,036.0)	–	(22,036.0)
– Proposed final dividend for 2024		–	–	(26,042.5)	26,042.5	–
		–	–	(48,078.5)	1,201.9	(46,876.6)
At end of year		2,003.3	2,200.0	171,640.5	26,042.5	201,886.3

STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	Notes	GROUP		COMPANY	
		2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Cash flows from operating activities					
Cash generated from operations	31(a)	183,648.6	149,469.2	200,014.5	178,939.7
Interest received		2,671.7	2,155.0	2,252.9	1,940.2
Income tax paid	12(b)	(48,626.4)	(43,700.6)	(47,524.0)	(41,618.4)
Net cash generated from operating activities		137,693.9	107,923.6	154,743.4	139,261.5
Cash flows from investing activities					
Purchase of property and equipment		(60,792.7)	(66,636.1)	(45,162.7)	(48,839.8)
Proceeds from disposal of property and equipment		46.4	290.0	40.8	261.0
Acquisition of intangible assets	21	(12,238.5)	(30,992.5)	(12,238.5)	(10,514.8)
Assets retirement obligations payments		(53.8)	(59.6)	(53.8)	(59.6)
Proceeds/investment in other financial assets	28	–	28.6	–	–
Movement in restricted cash		1,074.9	(796.0)	272.0	336.9
Dividends from subsidiaries		–	–	2,251.3	–
Dividends from associates		12.5	–	–	–
Repayment/(issue) of loans with joint ventures	32(x)(a)	239.5	(1,075.0)	239.5	(1,075.0)
Loans to subsidiaries	32(x)(b)	–	–	(90.1)	(9.2)
Investment in subsidiaries	23(a)	–	–	(30,161.1)	(20,663.9)
Acquisition of intangibles – (IRU)	19	(1,532.5)	–	(1,532.5)	–
Investment in associates and joint ventures	23(b)	(2,270.0)	(977.6)	(2,270.0)	(897.0)
Net cash used in investing activities		(75,514.2)	(100,218.2)	(88,705.1)	(81,461.4)
Cash flows from financing activities					
Dividends paid	15	(53,227.8)	(42,010.4)	(53,227.8)	(42,010.4)
Repayment of lease liabilities – principal	22(b)	(7,808.6)	(7,727.1)	(3,714.6)	(3,898.1)
Repayment of lease liabilities – interest	22(b)	(3,200.4)	(1,913.7)	(3,079.4)	(1,811.0)
Proceeds from shareholder loan		404.0	–	–	–
Interest paid on borrowings		(14,893.5)	(12,776.5)	(12,764.8)	(10,907.6)
Proceeds from borrowings	16	37,567.0	65,841.3	28,000.0	36,892.5
Repayment of borrowings	16	(26,305.2)	(41,103.9)	(24,415.5)	(35,055.3)
Capital contribution from NCI shareholders		26,787.4	29,993.8	–	–
Net cash used in financing activities		(40,677.1)	(9,696.5)	(69,202.1)	(56,789.9)
Increase/(decrease) in cash and cash equivalents		21,502.6	(1,991.1)	(3,163.8)	1,010.2
Movement in cash and cash equivalents:					
At start of year		22,868.2	22,098.1	19,072.1	18,061.9
Net foreign exchange differences		(4,409.6)	1,923.5	–	–
Net monetary (gain)/loss on cash and cash equivalents		(9,965.5)	837.7	–	–
Increase/(decrease) in cash and cash equivalents		21,502.6	(1,991.1)	(3,163.8)	1,010.2
At end of year	26(a)	29,995.7	22,868.2	15,908.3	19,072.1

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

1 General information

Safaricom Plc is incorporated in Kenya under the Kenyan Companies Act, 2015 as a public limited liability company and is domiciled in Kenya.

The Company's shares are listed on the Nairobi Securities Exchange.

For the Kenyan Companies Act, 2015, reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income, in these financial statements.

2 Summary of accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements, except for cashflow information have been prepared using the accrual accounting basis and in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The financial statements are presented in Kenya Shillings (KShs), which is also the functional currency of the Company, rounded to the nearest million (KShs'm), 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 directors 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 Note 3.

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 was 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.

New and amended standards

The following amendments became effective during the year:

New standards or amendments	Effective for annual period beginning on or after
Classification of Liabilities as Current or Non-current and Non-current Liabilities with covenants – Amendments to IAS 1	1 January 2024
Lease Liability in a Sale and Leaseback – IFRS 16	1 January 2024
Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

Classification of Liabilities as Current or Non-current and Non-current Liabilities with covenants – Amendments to IAS 1

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

2 Summary of accounting policies (continued)

(a) Basis of preparation (continued)

New and amended standards (continued)

Classification of Liabilities as Current or Non-current and Non-current Liabilities with covenants – Amendments to IAS (continued)

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments have not had a material impact on the classification of the Group's liabilities.

Lease Liability in a Sale and Leaseback – IFRS 16

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's financial statements.

Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments have not had a material impact on the classification of the Group's liabilities.

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods for both the Group and Company.

New standards and interpretations not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 March 2025 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and amendments is set out below

Amendments to IAS 21 – Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)

In August 2023, the IASB amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. The Group does not expect these amendments to have a material impact on its operations or financial statements.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group does not expect these amendments to have a material impact on its operations or financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

2 Summary of accounting policies (continued)

(a) Basis of preparation (continued)

New standards and interpretations not yet adopted (continued)

IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)

Issued in May 2024, IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements. The Group does not expect this standard to have an impact on its operations or financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements.

- Annual Improvements to IFRS Accounting Standards – Volume 11 (effective for annual periods beginning on or after 1 January 2026).
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS (effective for annual periods beginning on or after 1 January 2026).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective date postponed indefinitely).

(b) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2025. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it has power over the investee, when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date in which control is transferred to the Group. They are deconsolidated from the date that control ceases.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively. When the proportion of the equity held by non-controlling interests' changes, the Group adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The Group recognises directly in equity any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received, and attribute it to the owners of the parent.

(ii) Investment in associates

Associates are all entities over which the Group has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. This is generally the case where the Group holds between 20% and less than 50% of the voting rights of the entity. In assessing existence of significant influence, the Group considers among other parameters whether there is:

- Representation on the board of directors or equivalent governing body of the investee.
- Participation in the policy-making process and material transactions between the investor and the investee.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

2 Summary of accounting policies (continued)

(b) Basis of consolidation (continued)

(ii) Investment in associates (continued)

- Interchange of managerial personnel between the investor and the investee.
- Provision of essential technical information by the investor to the investee.

In certain instances, the requirement that significant influence arises from a 20% or more in investments can be invalidated where an entity can demonstrate that it does not have significant influence, or there is demonstrable presence of significant influence in an investment of less than 20% based on the above assessment criteria.

Investments in associates are accounted for using the equity method of accounting. The initial investment is recognised at cost of acquisition and any share of profit or loss from the investment is reflected as changes in the value of the investment. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income.

Dividend received or receivable from associates are recognised as a reduction in the carrying amount of the investment. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment. A gain on bargain purchase – is recognised through statement of profit or loss and other comprehensive income.

The carrying amount of investment in associates is tested for impairment in accordance with the policy described in Note 2(j).

(iii) Investment in joint ventures

The Group assesses its joint arrangements to determine whether they are joint ventures or joint operations. A joint venture arises from a joint arrangement where the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The resultant share of operational results, assets and liabilities of joint ventures are incorporated in the consolidated annual report and financial statements from the date on which the Group has joint control and derecognised on the date when the Group ceases to have such control.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Under the equity method, joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of the investment. Losses of a joint venture in excess of the Group's interest in that joint venture are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment. A gain on bargain purchase is recognised through statement of profit or loss and other comprehensive income.

The carrying amount of investment in joint ventures is tested for impairment in accordance with the policy described in Note 2(j).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

2 Summary of accounting policies (continued)

(b) Basis of consolidation (continued)

(iv) Separate financial statements

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment and investment in associates and joint venture are accounted for using the equity method. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Senior Leadership Team (SLT) which makes strategic decisions.

The SLT consider the Group to be comprised of two operating segments, namely Kenya and Ethiopia. The financial statements are presented on the basis that risks and rates of return are related to these two reportable segments. Entity wide segments information is the same as that presented in these financial statements. There are no revenues from transactions with a single external customer that amount to 10% or more of the Group's revenue. For further details, refer to Note 37.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Kenya Shillings (KShs), which is the Group's and Company's presentation currency. The Company's functional currency is Kenya Shillings.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Differences arising on settlement or translation of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation are recognised in other comprehensive income (OCI) until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

(iii) Translation of foreign operations

The results 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.
- Income and expenditure are translated at weighted average exchange rates for the period or translated at exchange rates at the date of the transaction, where applicable; and

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

2 Summary of accounting policies (continued)

(d) Foreign currency translation (continued)

(iii) Translation of foreign operations (continued)

- Foreign exchange translation differences are recognised in OCI and accumulated in the foreign currency translation reserve (FCTR), except to the extent the difference is allocated to non-controlling interests.

The results 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.

(e) 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 and revaluation surplus, are restated by applying a consumer price index from the dates the components were contributed or otherwise arose. Any revaluation surplus that arose in previous periods is eliminated. 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. For further details, refer to Note 36.

(f) Revenue recognition

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. Depending on whether certain criteria are met, revenue is recognised:

- Over time, in a manner that best reflects the delivery of the Group's performance obligations; or
- At a point in time, when control of the goods or services is transferred to the customer.

The Group applies the five-step model as per IFRS 15 – Revenue from contracts with customers, to determine when to recognise revenue and at what amount.

The following approach is used:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

2 Summary of accounting policies (continued)

(f) Revenue recognition (continued)

- Allocate the transaction price to the performance obligations in the contract and
- Recognise revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Group accounts for a contract with a customer only when;

- There is evidence of an arrangement
- The Group can identify each party's rights and obligations regarding the goods and services to be transferred
- The contract has commercial substance and collectability is reasonably assured.

The transaction price is allocated between performance obligations based on relative standalone selling prices as determined at contract inception.

Since the timing and classification of revenue recognised for a contract will often be dependent on the standalone selling prices that are identified for each performance obligation, the determination of standalone selling prices is critical.

The standalone selling price of a performance obligation is the observable price for which the good or service is sold by the Group in similar circumstances to similar customers. If a standalone selling price is not directly observable, then it is estimated. Estimations consider all relevant facts and circumstances and maximise the use of observable inputs.

Customers typically pay in advance for prepay mobile services and monthly for other communication services. Customers typically pay for handsets and other equipment either upfront at the time of sale or over the term of the related service agreement.

The Group's principal business has been the provision of telecommunication services. Airtime can be bought as scratch cards or PINless top ups through dealers and own-retail centres spread across the country. Customers can also buy airtime through M-PESA, emergency top up and direct top up for bulk purchases. Revenue from sale of the airtime is deferred and recognised as revenue on usage or expiry. Customers can use airtime to make voice calls, send SMS and browse the internet.

Voice and SMS revenue

Voice and SMS services enable both prepay and postpay customers to make calls and send text messages respectively within and outside the network. Prepay customers top up their phones by either buying prepay cards from dealers, other retail outlets, M-PESA or borrowing credit through emergency top up service (Okoa Jahazi). They can also receive airtime from other subscribers through Sambaza. Postpay customers subscribe to various tariffs and are billed at the end of the month based on a fixed charge or usage.

The headline voice tariff for prepay customers is called Uwezo and Advantage tariff for postpay customers. The on-net and off-net rate is KShs 4.67 per minute during the peak hours (08:00 to 22:00) and KShs 2.40 per minute during off-peak hours (22:00 to 08:00) applicable to both prepay and post-pay customers. Revenue from prepay voice customers is recognised on usage whereas postpay revenue is recognised at the end of every month based on a monthly charge.

In the spirit of giving value to the customers, the Group has introduced voice bundles including regional based offerings and Tunukiwa which have segmented price offerings for the customers. The Group also has in place the 'Stori Ibambe' bonus scheme where the subscribers are awarded 100% bonus airtime on achieving a daily target of usage, with the bonus valid until midnight daily. The bonus can be used for Safaricom-to-Safaricom voice calls and SMS, and revenue is recognised based on customers usage or upon expiry.

A non-expiry product named 'Milele Airtime' (Neo) is also available for use to either call or SMS at the normal rates. On purchase of Neo product, the billed amount is deferred and only revenues recognised when the service is rendered as either voice or SMS.

The Group has signed interconnect agreements with both local and foreign partners. This allows customers from either network to originate or terminate calls to each other's network. Revenue is earned and recognised when partners' calls are terminated to the Groups' network i.e., the service is rendered.

The Group has roaming agreements with roaming partners that enable customers to make and receive calls when travelling around the world. The agreed charges vary per partner. When visitors roam on Safaricom network, revenue is earned by billing the visiting customers' network while revenue from Safaricom customers is earned from customer billing for voice, SMS and data usage while roaming on other networks. Revenue is recognised on billing.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

2 Summary of accounting policies (continued)

(f) Revenue recognition (continued)

Voice and SMS revenue (continued)

Customers can send messages for KShs 1.20 per SMS on both on-net and off-net. There are also attractive SMS bundles which offer an effective price per SMS lower than KShs 1.20. Revenue from SMS service is recognised on earlier of usage or expiry of SMS bundle.

Data revenue

Mobile data enables both Prepay and Postpay customers access the internet. Prepay customers top up their lines by purchasing credit or bundles in advance whereas Postpay customers are availed credit based on the tariff subscribed.

Mobile data has a wide range of propositions available as per customers' requirements. These include, Pay as you Go, hourly bundles, daily bundles, 3-day, 7-day, 14-day, 30-day bundles and time-based billing.

The data bundles are deferred on purchase and recognised as revenue on the earlier of usage or expiry.

The validity of purchased but unutilised data bundles is extended upon additional purchase of the same data bundles and the Group prompts the subscriber in advance before unutilised bundles expire and are consequently unavailable for use.

The Group introduced no expiry data bundles dubbed Neo data that allows customers to buy data for any amount they wish. As a result, customers have the option of purchasing data packs with set expiry and higher value, or non-expiry packs.

The Group has in place, My Data Manager, a tool that gives subscribers power to control data bundle usage and allows them to restrict browsing out of bundle which enables them to take control of their browsing and internet usage.

The Group has rolled out its own home fibre to connect both households and businesses through Fibre to the Home (FTTH) and Fibre to the Building (FTTB) services that enable fast, reliable and unlimited internet access from the comfort of a customer's home/premises. This service is open and available to all customers residing within areas that have Safaricom fibre infrastructure ready and have applied to have their homes/premises connected to the Safaricom fibre grid.

The price charged is based on the bandwidth and speed contracted by the customer. The price is charged upfront for a standard period of 7 days and/or 30 days and the customer can renew the subscription by making a payment. The amount charged is deferred and recognised as revenue proportionately over the subscription period.

Integrated bundles

An integrated bundle is a one-stop package that offers subscribers freedom to choose their preferred resources in the form of voice minutes, SMS bundles and mobile data bundles.

The Group has in place All in One monthly bundles, Tunukiwa tariff, S-Hook, Postpay packs and Make Your bundle.

All in One monthly bundles are available to all Safaricom customers (prepay, postpaid and hybrid) and they have a simplified journey that seeks to offer the consumer the best choice for maximising their purchase, including free WhatsApp access once the customer exhausts their mobile data bundle and the expiry date has not yet elapsed. Customers can access these bundles on USSD *544#, *100#, *200# and *456#, select the amount they wish to spend and then view all data and integrated products and resources at the respective amounts. All in one monthly bundles have a validity of 30 days with the possibility of rolling over resources if the customer purchases the same bundle before expiry.

Tunukiwa tariff is a personalised offer that is based on an individual customer usage, network utilisation, capacity availability, device type and general location. Daily, upon dialing *444# from their Safaricom line, customers access a list of custom-made options being number and value of voice minutes, SMS bundles and mobile data bundles, to choose from. The customers can purchase multiple options of the personalised package depending on their preferences. The personalised options are subject to the validity as specified in the USSD (*444#) before purchase.

S-Hook is a platform that empowers the youth using mobile phones and targets the fast growing 16-24-year-old demographic group. The platform offers access to custom-made tariffs and product offerings that leverage Safaricom's extensive mobile network.

Make Your Bundle is an integrated proposition that allows customers across all segments to access voice and data propositions while choosing their preferred validity from hourly to monthly as well as choosing the amount of money/airtime they wish to spend for the pack. This gives flexibility to customers wishing to purchase an integrated pack that's shorter than 30-days in validity and allows them to access both products with their preferred product mix.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

2 Summary of accounting policies (continued)

(f) Revenue recognition (continued)

Integrated bundles (continued)

The price charged on these bundles is deferred on purchase and recognised as revenue on utilisation by the customers or on expiry in line with the validity period. Revenue from integrated bundles is recognised under the respective revenue stream i.e., voice, SMS and/ or mobile data revenue streams.

M-PESA revenue

M-PESA is a mobile money transaction service allowing customers to deposit, transfer and withdraw money or pay for goods and services (Lipa na M-PESA) using a mobile phone. M-PESA is available to all Safaricom subscribers (Prepay and Postpay). Registration is free and available at any M-PESA agent countrywide. The M-PESA application is installed on the sim-card and works on all makes of handsets.

Payment Products and Services

Revenue from the payment services is earned at a point in time and is largely from transfer and withdrawal transactions performed by customers. A graduated tariff depending on the funds being transacted is applied on all transactions which are cumulatively reported as M-PESA transaction revenue.

The Group has in place an M-PESA tariff dubbed 'M-PESA Kadogo' where transaction charges for single transaction amounts that are up to KShs 100 were waived. This allows subscribers to send as little as KShs 1 on the M-PESA platform with nil charges.

Lipa na M-PESA enables merchants to accept cashless payments for goods and services from customers. Revenue is earned on all the transactions based on a graduated tariff applied on the transacted values. Revenue is recognised at a point in time when the transactions occur.

'Pochi La Biashara' is a micro merchant service that allows small business owners such as food vendors, small kiosk owners, boda-boda operators, second-hand clothes dealers, etc., to receive and separate business funds from personal funds on their M-PESA line. A graduated tariff depending on the funds being transacted is applied on all transactions which are cumulatively reported as M-PESA transaction revenue.

The M-PESA Kadogo tariff has also been extended to merchant services where commission charges for single transaction amounts that are up to KShs 200 were waived for merchants. This allows for merchants to accept payments as little as KShs 1 on the M-PESA platform with nil charges.

Remittance Products and Services

Safaricom Plc through its fully owned subsidiary, Safaricom Money Transfer Services Limited (SMTSL), operates the 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. Revenues is earned from transaction fees charged to customers for international money transfers (inbound and outbound). The revenue is recognised at a point in time.

Global Payment Products and Services

In partnership with VISA the group operates a visa virtual card dubbed 'M-PESA GlobalPay' that is powering the ecommerce opportunities for M-PESA customers and make it easier for Kenyans when travelling abroad. The virtual card is linked to the M-PESA wallet and enables one to make payments to international online sites for goods and services through Visa's global network. Safaricom earns a proportion of the fee based on a prescribed revenue share matrix. The revenue is recognised at a point in time.

Digital Financial Services

In partnership with Kenya lenders, NCBA Bank Kenya Limited and KCB Bank Kenya Limited, consumers and businesses can access digital saving and lending products and services.

An Overdraft (OD) facility dubbed 'Fuliza', 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 Kenyan lenders, NCBA Bank Kenya Limited and KCB Bank Kenya Limited. 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. Safaricom earns a proportion of the fee based on a pre-determined revenue share matrix. The revenue is recognised at a point in time.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

2 Summary of accounting policies (continued)

(f) Revenue recognition (continued)

Digital Financial Services (continued)

In line with the financial inclusion strategy savings and loan services enables M-PESA customers to borrow money in times of need or to complement their savings dubbed M-shwari and KCB M-PESA. The services enable customers to save as little as KShs 1 (USD 0.008) and get loans from KShs 50 (USD 0.37) to KShs 1 million (USD 7,491). M-shwari loan is underwritten by Kenyan Lender NCBA Bank Kenya Limited while KCB M-PESA loan is underwritten by KCB Bank Kenya Limited. Customers who opt-in to the services are charged a predetermined one-time access fee. Safaricom earns a proportion of the fee based on a pre-determined revenue share matrix. The revenue is recognised at a point in time.

This has enabled more subscribers to get access to mobile banking services. There are no application forms, ledger fees, limits on the frequency of withdrawal and minimum operating. M-Shwari lock box product enables customers to make fixed deposit savings at a higher interest rate.

The Group in partnership with KCB Bank Kenya limited launched a merchant value proposition dubbed 'boost ya biashara' which is an overdraft business credit line for M-PESA Merchants. The facility allows business owners to complete transactions, by overdrawing their accounts, when they have insufficient funds in their M-PESA business tills. Boost ya Biashara is underwritten by a Kenyan Lender KCB Bank Kenya Limited and customers who opt-in are charged an access fee for every disbursement with a predetermined tiered matrix daily maintenance fee. Safaricom earns a proportion of the fee based on a prescribed revenue share matrix. The revenue is recognized at a point in time.

Super Apps, Mini Apps & Application Programming Interface (APIs)

M-PESA APIs & Super Apps powers Integrations & partnerships as M-PESA has evolved into an ecosystem technology platform. The Super App and Mini App ecosystem seamlessly connect to third party services to offer more value to customers while the API economy is reshaping the financial services sector by enabling more open, integrated, and customer-centric services. It provides opportunities for financial institutions to innovate, collaborate, and create new business models, making it a key driver of digital transformation in the sector. Safaricom earns subscription-based fees from the ecosystem partners. The revenue is recognised at a point in time.

Other service revenue

This includes access fees charged on emergency top up service when a customer borrows airtime (Okoa Jahazi) and data bundles (Okoa Data) with the debt being repayable within five days.

Revenue from Cloud and Software Services

The Group generates revenue from the provision of cloud computing solutions, including Infrastructure as a Service (IaaS) and Software as a Service (SaaS). Revenue is recognised either over time or at a point in time, depending on the Group's role in the arrangement and the nature of the contract. Where the Group acts as a principal, revenue is recognised over time in line with the delivery of services. Where the Group acts as an agent, typically in transactions involving third-party software services, revenue is recognised at a point in time on a net basis when control passes to the customer.

Loyalty programme

The Groups loyalty programme, 'Bonga Points', was introduced in January 2007 for both Prepay and Post-pay subscribers. Under this scheme, subscribers earn one Bonga point for every KShs 10 spent on voice calls, short messages service (SMS), data and KShs 100 for M-PESA services. These points can be redeemed for airtime, SMS or merchandise such as phones, modems and tablets at Safaricom retail outlets.

The Group has in place the 'Bonga everywhere' scheme where subscribers can utilise their Bonga points in appointed retail outlets e.g., Naivas Limited amongst others to purchase goods and services.

Management defers revenue for every point accumulated and recognises the revenue relating to the points earned on redemption either at a point in time (for merchandise or Bonga everywhere) or overtime based on the usage of acquired resources. Management also recognises revenue on the remaining loyalty points for churned sim cards at the point when the sim cards are churned.

In addition, Enterprise Business customers earn loyalty points upon achievement of their revenue targets and the accumulated amounts are only redeemable after the maturity of the underlying revenue contracts with the Group. Management defers revenue for amounts accumulated guided by a pre-determined matrix and recognises the revenue earned upon redemption.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

2 Summary of accounting policies (continued)

(f) Revenue recognition (continued)

Contract-related costs

Connection commissions paid to dealers and SIM activation costs are recognised as costs to fulfil a contract in the statement of financial position when the related payment obligation is extinguished through payments.

Deferred SIM costs are incurred prior to connecting customers to the network and are recognised as costs to obtain a contract in the statement of financial position when the SIM card is sold to the dealer. Contract cost are then amortised over the customer life as determined by the Group.

Other revenue

This includes, among others, site rentals. Site rental revenue is billed monthly and is based on the number of sites and equipment hosted per site. Revenue is recognised systematically over the lease period. Please refer to accounting policy 2(k) Accounting for leases, for the Group's lessor accounting policy in this regard.

Miscellaneous income

Miscellaneous income includes among others cash discounts received from vendors, donations from third parties utilised to fund Safaricom Foundation activities, and gains on disposal of property and equipment.

(g) Property and equipment

All categories of property and equipment are initially recorded at cost. Following initial recognition, property and equipment are carried at cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life as follows:

Network infrastructure	5 – 20 years
Equipment and motor vehicles	4 – 10 years
Fibre	25 years
Leasehold improvements	Shorter of life of lease or useful life of the asset
Network maintenance spares	4 – 10 years
Freehold buildings	50 years

Depreciation relating to the property and equipment of Safaricom Telecommunications Ethiopia Plc is based on the restated amounts, which have been adjusted for the effects of hyperinflation.

Spare parts, standby equipment and servicing equipment are recognised as property and equipment when they meet the definition of property, plant and equipment.

The assets residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each period end. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Property and equipment acquired in exchange for non-monetary assets, or a combination of monetary and non-monetary assets are measured at fair value of the new asset. If the fair value of the newly acquired asset cannot be determined reliably, then the newly acquired asset is measured at the carrying amount of the asset given up.

The carrying amount of an item of property and equipment is derecognised on disposal; or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property and equipment is included in profit or loss when the item is derecognised. The gain or loss from the derecognition is calculated as the net disposal proceeds (usually income from sale of item) less the carrying amount of the item.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

2 Summary of accounting policies (continued)

(g) Property and equipment (continued)

As the functional currency of Safaricom Telecommunication Ethiopia Plc is currency of hyperinflationary economies, property and equipment relating to the subsidiary are restated by applying the change in the consumer price indices from the date of acquisition to the current reporting date. Depreciation relating to property and equipment of Safaricom Telecommunication Ethiopia Plc is based on the restated amounts which have been adjusted for the effects of hyperinflation.

Asset Retirement Obligations (ARO)

The Group accounts for the costs associated with dismantling and removing network infrastructure assets and returning a network infrastructure site to its original condition upon termination of the network infrastructure site.

A restoration provision is recorded based on the best estimate of the average restoration costs (being the future costs relating to dismantling and removing property and equipment and restoring each site) multiplied by the number of sites for which the Company has a restoration obligation.

The best estimate of average restoration costs per site is determined using historical and current experience, adjusted where necessary for known factors which will impact the future. In the absence of such experience, the best estimate is based on quotations obtained from relevant suppliers or an equally rigorous internal costing process.

Upon recognition of a provision, a corresponding amount is recognised as part of the cost of the asset and depreciated over its useful life, which would normally be the period to the removal of the network infrastructure from the site. This period should not exceed the remaining lease term.

Where the impact is material, the provision, as originally established, should be discounted using the appropriate pre-tax discount rate. This discount should be unwound through the finance cost in the statement of profit or loss over the period to the lease termination date.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. The changes and adjustments to the provisions are made directly against the underlying asset to which the provision relates.

(h) Investment properties

Investment properties are properties held to earn rentals and/ or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. The Group reassess the fair value of its investment property annually.

An investment property is de-recognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is de-recognised.

(i) Intangible assets – network licenses

Separately acquired trademarks and licenses are measured on initial recognition at cost. Following initial recognition, they are carried at cost, net of accumulated amortisation and accumulated impairment losses, if any. Licenses acquired in a business combination are recognised at fair value at the acquisition date. Licenses that have a finite useful life are carried at cost less accumulated amortisation and assessed for impairment whenever there is indication that the licence may be impaired. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives of 10 to 15 years.

As the functional currency of Safaricom Telecommunication Ethiopia Plc is currency of hyperinflationary economies, intangible assets relating to the subsidiary are restated by applying the change in the consumer price indices from the date of acquisition to the current reporting date.

A telecommunication license is a requirement of the Communications Authority of Kenya (CA) for mobile telephone companies. The licence is renewable for an additional period upon its expiry. Currently Safaricom Plc is licensed under the Unified Licence Framework which is technology and service neutral.

Telecommunication license fees are capitalised at cost and amortised over the period of the license using the straight-line method from commencement of the service of the network.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

2 Summary of accounting policies (continued)

(i) Intangible assets – network licenses (continued)

Safaricom has the following licences:

- Network Facilities Provider licence Tier 1 (NFP) licence;
- Applications Services Provider (ASP) licence;
- Content Service Provider (CSP) licence;
- International Gateway Systems and service (IGSS) licence.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Amortisation relating to Safaricom Telecommunication Ethiopia Plc is based on the restated amounts, which have been adjusted for the effects of hyperinflation.

There are annual network licence fees associated with these licences which are expensed each year.

The following licences are also in place for subsidiaries:

- Subscription Broadcasting Licence issued by Communication Authority of Kenya on 16 July 2019 to Comtec Integration Systems Limited valid for 10 years.
- Unified Telecommunications Services License issued by Ethiopian Communications Authority (ECA) on 9 July 2021 to Safaricom Telecommunications Ethiopia Plc valid for 15 years.
- Payment Instrument issuer (PII) license for subsidiary MPESA launched in 15 August 2023 for a period of 14 years

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

(j) Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit fair value less costs of disposal and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's revenue generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

2 Summary of accounting policies (continued)

(j) Impairment of non-financial assets (continued)

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Accounting for leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, being the present value of the lease payments paid or payable at or before the commencement date, plus any initial direct costs incurred in entering the lease and dismantling & restoration costs, less any lease incentives received less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over of the lease term.

The right-of-use assets are also subject to impairment. Refer to Note 22(a).

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments included in the lease liability include fixed payments and in-substance fixed payments during the term of the lease less any lease incentives receivable, variable lease payments that depend on an index or a rate, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease and amounts expected to be payable by the lessee under residual value guarantees

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. The Group lease liabilities are shown in Note 22(b).

The Group is the lessor – operating leases

An operating lease is a lease in which substantially all of the risks and rewards of the leased assets remain with the lessor. Where the Group is the lessor, lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. The Group recognises leased assets on the statement of financial position as right-of-use assets.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

The Group acts as lessor of sites. These leases have an average life of between five and ten years with renewal options included in the contracts. There are no restrictions placed upon the lessee by entering into these leases. Rental income recognised by the Group during the year is KShs 3,432.8 million (2024: KShs 3,215.4 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

2 Summary of accounting policies (continued)

(k) Accounting for leases (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of sites, shops, facilities and secondees/expatriates houses (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of sites, shops, facilities and secondees/expatriates houses that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(l) Financial assets

Initial recognition

Financial instruments are recognised when, and only when, the Group becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the Group commits itself to the purchase or sale.

Initial measurement

On initial recognition

- Trade receivables are measured at their transaction price.
- All other financial assets are initially measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument, except for financial assets measured at fair value for which the directly attributable transaction costs are expensed in profit or loss.

Classification

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost.

Financial assets held during the year were classified as follows:

- Trade and other receivables, loan to subsidiary, loans and receivables due from related parties, cash and cash equivalents were classified as at amortised cost.
- Restricted cash was classified as amortised cost.

Subsequent measurement

After initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Impairment

The Group recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial assets for which:

- (a) the credit risk has increased significantly since initial recognition; or
- (b) there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

2 Summary of accounting policies (continued)

(l) Financial assets (continued)

Classification (continued)

For receivables, due from related parties and bank balances, the Group and Company applies a simplified approach in calculating ECLs. Therefore, the Group recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, and assessed forward-looking factors specific to the debtors, banks and the economic environment.

The Group considers a financial asset to be in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default and credit impaired when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Presentation

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the reporting date, those which directors has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

As the functional currency of Safaricom Telecommunications Ethiopia Plc is of hyperinflationary economy prepayments relating to this subsidiary are restated by applying the change in the general price indices from the date of payment to the current reporting date.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Write-off

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. During the year, receivables that are still subject to enforcement activities of KShs 983 million (2024: KShs 2,499.6 million) at Group and KShs 1,214.6 million (2024: KShs 2,219.2 million) were written off.

(m) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

2 Summary of accounting policies (continued)

(m) Financial liabilities (continued)

Initial recognition and measurement (continued)

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified as financial liabilities at amortised cost (loans and borrowings and payables).

Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Trade and other payables excluding deferred revenue as well as dividends payable are not interest bearing and are subsequently stated at their nominal values.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. No such arrangements were in place in the year under review.

(n) Indefeasible rights of use

The Group enters into long-term fibre contracts under which it purchases capacity from fibre networks. The purchase involves making prepayments to acquire indefeasible right of use (IRU) for a fixed period. The prepayment is amortised and recognised in the profit or loss on a straight-line basis over the life of the contract.

Provider	Inception	Contract period
The East African Marine Systems Limited (TEAMS)	1 May 2011	25 years
Kenya Power and Lighting Company (KPLC)	1 Feb 2010	20 years
SEACOM	1 July 2008	20 years

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of inventories comprises purchase price and other costs incurred in bringing each product to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Provisions for saleable inventories are made based on aged listing for items older than 180 days, damaged and unusable stocks. As the functional currency of Safaricom Telecommunications Ethiopia Plc is of hyperinflationary economy, inventories relating to this subsidiary are measured at the lower of the restated cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

2 Summary of accounting policies (continued)

(p) Payable and accrued expenses

Payables and accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables and accrued expenses are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables and accrued expenses are recognised initially at fair value net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Payables and accrued expenses are derecognised when the obligation under the liability is discharged or cancelled or expires or when an existing financial liability is replaced by another from the same lender on substantially different terms.

(q) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value (KShs 0.05) of the shares is classified as 'share premium' in equity.

Ordinary shares represent the residual economic value of a Company. They carry rights to distribution of profits through dividend, to the surplus assets of a Company on a winding up and to votes at general meetings of the Company.

There are no differences in the voting rights of the ordinary shares held by the shareholders of the Company.

(r) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

(s) Restricted cash

Restricted cash and cash equivalent balances are those which meet the definition of cash and cash equivalents but are not available for use by the group.

Restricted cash relates to deposits held with Housing Finance Group Limited, NCBA Bank Kenya Limited and KCB Bank Kenya Limited. The cash is used as a backup for the staff mortgage loans and its withdrawal is restricted, up to the point when the mortgage has been repaid.

The restricted cash is initially measured at fair value using discounted cash flow method. The discount rate used is based on 70% of the Central Bank of Kenya Rate (CBR). Subsequently, the restricted cash is measured at amortised cost. The difference between the actual cash held as deposits and the determined value (i.e. the deferred restricted cash asset) is amortised over the term of the deposit.

(t) Employees benefits

(i) Retirement benefit obligation

The Group has a defined contribution plan for its employees. The Group and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense when they are due.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

2 Summary of accounting policies (continued)

(t) Employees benefits (continued)

(i) Retirement benefit obligation (continued)

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iii) Other entitlements

The estimated monetary liability for employees accrued annual leave entitlement at the statement of financial position date is recognised as an expense accrual.

(iv) Short-term benefits

Short-term benefits consist of salaries, bonuses and any non-monetary benefits such as medical aid contributions and free services. They exclude equity-based benefits and termination benefits. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(u) Share-based payments

The Group operates an Employee Performance Share Award Plan (EPSAP) under which senior management and other qualifying staff are entitled to receive a predetermined number of shares at a predetermined price, subject to fulfilment of the vesting conditions.

The process of EPSAP includes the Group purchasing shares from the market pro-rata to vesting period and then issuing the same to eligible employees after a 3-year vesting period at no cost. The shares are purchased through a Trust and held until the end of the vesting period. The cost of purchase is charged to profit or loss statement.

(v) Taxes

The income tax expense for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity respectively.

Income tax expense

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated and separate financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

2 Summary of accounting policies (continued)

(v) Taxes (continued)

Deferred income tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Generally, the Group is unable to control the reversal of the temporary difference for associates except where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

As the functional currency of Safaricom Telecommunications Ethiopia Plc is of hyperinflationary economy, deferred tax relating to this subsidiary is recognised using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their restated carrying amounts.

Value added tax

Expenses and assets are recognised net of the amount of Value Added Tax (VAT) except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(w) Borrowings

Borrowings are recognised initially at fair value net of directly attributable transaction costs and subsequently stated at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Any differences between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings. Borrowings are derecognised when the obligation under the liability is discharged or cancelled or expires or when an existing financial liability is replaced by another from the same lender on substantially different terms.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates and accounted for as "finance cost within profit or loss. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after year end.

Capitalisation of borrowing cost

The Group from time to time capitalises borrowing costs as provided under IAS 23. In line with the standard, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and, therefore, will be capitalised. A qualifying asset is one which necessarily takes more than six months to get ready for its intended use or sale. A qualifying asset can either be tangible or intangible in nature.

Examples of qualifying assets include core network equipment, transmission and radio equipment for base station sites and computer software development. The rate used to determine the amount of borrowing costs eligible for capitalisation is the EIR of the specific borrowing. There were no borrowing costs capitalised during the year.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

2 Summary of accounting policies (continued)

(x) Dividend distribution

Dividend payable to the shareholders are recognised as a liability in the Group's financial statements in the period in which the dividend is approved by the Company's shareholders. Proposed dividend is shown as a separate component of equity until approved.

(y) Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. The details on specific provisions are outlined under Note 29(b).

(z) Dividend income

Dividend income is recognised when the Group's and Company's right to receive payment is established.

(aa) Mobile financial deposits and payables

The M-PESA service allows users to deposit money into an account stored to their cell phone number, to send balances using PIN-secured SMS text messages to other users, including sellers of goods and services, and to redeem deposits for regular money.

Mobile financial deposits are the deposits made by all customers in exchange for electronic mobile money and the unrestricted interest earned on the funds, which will be utilised upon approval if required. This cash is held in restricted accounts with reputable financial institutions and measured at amortised cost.

Upon recognition of the mobile financial deposits, the Group recognises a corresponding current liability, owed to the mobile financial customers for the deposits made. Mobile financial payables due to customers are primarily composed of saving deposits and amounts payable on demand.

(ab) Comparatives

Where necessary, comparatives have been adjusted to conform to changes in presentation in the current year.

3 Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(i) Significant accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Hyperinflation

The Group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiaries, associates or joint ventures is the currency of a hyperinflationary economy.

The directors have made judgements in the process of applying accounting policies that would have significant effects on the amounts recognised in the consolidated financial statements. Judgement was made in determining whether the economy of Ethiopia in which Safaricom Telecommunications Ethiopia Plc operates was hyper inflationary as at 31 March 2025 and 31 March 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

3 Significant accounting estimates and judgements (continued)

(i) Significant accounting estimates and assumptions (continued)

Income taxes

The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made (Note 12 and 17).

Property and equipment

Critical estimates are made by directors in determining depreciation rates and timing of capitalisation of the assets. The depreciation rates used are set out in Note 2 (g) above and Note 18.

IFRS 16 leases

The key areas where estimates and judgement were applied included the interpretation of the requirements to determine the contracts containing leases and separating the lease and the non-lease components of a contract, the determination of the incremental rate of borrowing and the decision to exercise the extension or termination options while determining the lease term. See further details under Note 2 (k), Note 22(a), and Note 22 (b).

Valuation of Bonga points

The price attributed to the awarded Bonga points is determined by historical redemption information. The length of historical period used to determine the price is set by directors and is based on previous redemptions rates on airtime, data, SMS or merchandise. These balances have been included under contract liabilities, Note 30(b).

Expected credit losses (ECL)

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., product type, customer type and rating, and coverage by letters of credit). The Group also considers forward-looking information at a customer level based on macroeconomics and microeconomics variables around the customer and level of effort utilised to collect the debt.

This estimate is therefore based on factors not in control by the Group and included in the financial statements (Note 6(b)).

Provisions

The Group faces exposure to claims and other liabilities arising from normal course of business. These claims and other liabilities normally take time to be determined and therefore significant judgement is required in assessing the likely outcome and the potential liability for such matters. Management in consultation with the legal, tax and other advisers estimates a provision based on exposure, precedents, and industry best practice. Further details can be found in Note 29(b).

Impairment of non-financial assets including subsidiaries

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset.

The value in use calculation is based on a Discounting Cash Flow (DCF) model. The cash flows are derived from the budget for the next five or 10 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to impairment assessment of the subsidiaries by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 2(j).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

3 Significant accounting estimates and judgements (continued)

(ii) Significant judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, directors has made judgements in determining:

- The classification of financial assets, contract costs and liabilities.
- Whether assets are impaired.
- The average customer life; Customer life is based on the average churn period of the customers from the network;
- Assessment of IFRS 16 – Leases;
- Assessment of IFRS 9 – Financial instruments
- Income taxes- Significant judgement is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.
- Assessment of significant influence over an associate - The Group considers that it has significant influence over Circle Gas Limited though it owns less than 20% of the voting rights of the company because of the following reasons:
 - (i) The Group has one non-executive directors' slot in Circle Gas board where Safaricom Plc has one reserved board seat so long as a Trademark Licence and Brand Management Co-operation Agreement made remains in force and Safaricom Plc remains a holder of ordinary shares.
 - (ii) The associate uses Safaricom Plc's trademarks as per agreement in return for a royalty fee agreement and interchange of managerial personnel between the entities.
 - (iii) The associate is riding on Safaricom's network to guarantee connectivity to its smart meters.

(iii) Significant judgement on going concern

The Group's current liabilities exceed its current assets by KShs 71.0 billion (2024 net current liabilities position: KShs 85.3 billion) at the statement of financial position. For items that significantly impact the net working capital, refer to Notes 24 to 30.

This net current liability position is expected to remain in the near future as a result of the nature of the Group's business. A significant portion of creditors relate to network infrastructure investments rather than on-going trading hence net working capital is typically a negative amount due to the mismatch of the financing (short term) and the investment (long term). Other significant portion of current liabilities is a result of how revenue is recognised. The related liabilities are all held in the statement of financial position and are explained below:

- Unused airtime and data bundles by prepaid customers of KShs 2.5 billion (2024: 2.6 billion). Prepaid airtime when sold to customers is held as a liability in the statement of financial position (deferred revenue) until the customer uses it, at which point revenue is recognised by reducing the liability and reporting revenue. Based on its nature, there are no expected cash outflow since its reduction is based on usage rather than actual cash outflow.
- Loyalty points earned by customers (Bonga points) of KShs 3.6 billion (2024: KShs 3.3 billion). Loyalty points are earned when a customer uses a Safaricom service including use of airtime, data or M-PESA. These points are valued and accumulated into the customer account until such a time when the customer opts to redeem the points against merchandise (devices including handsets, accessories, and merchandise from appointed Bonga everywhere outlets) or non-merchandise (free airtime and data bundles). Based on its nature, there are no expected cash outflow since its reduction is based on usage rather than actual cash outflow.
- Unutilised resources by the customers of KShs 6.9 billion (2024: KShs 7.0 billion). The Group applies IFRS 15 – Revenue from Contracts with Customers in accounting for bundled resources. The value of unutilised resources (customer balances) is reported as subscriber liability until the customers use the resources. Based on its nature, there are no expected cash outflow since its reduction is based on usage rather than actual cash settlement.

These amounts are included under contract liabilities in the statement of financial position. Management has accessed each of the items above and does not anticipate any cash outflow.

Further, the Group uses a broad mix of long-term and short debt to finance its operations. In the year ended 31 March 2025, the Group borrowed KShs 38.0 billion and repaid KShs 26.3 billion. Of the outstanding loan amount of KShs 107.4 billion, KShs 43.1 billion is short-term working capital.

Management is confident that sufficient funds will be available and accessible to meet all obligations as they fall due.

(iv) Significant judgement on hyperinflation

The Group applies IAS 29 in accounting for entities in hyperinflationary economies.

The Group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiaries, associates or joint ventures is the currency of a hyperinflationary economy.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

3 Significant accounting estimates and judgements (continued)

(iv) Significant judgement on hyperinflation (continued)

Various characteristics of the economic environment of each country are taken into account. These characteristics include, but are not limited to, whether:

- the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency.
- prices are quoted in a relatively stable foreign currency.
- sales or purchase prices take expected losses of purchasing power during a short credit period into account.
- interest rates, wages and prices are linked to a price index; and
- the cumulative inflation rate over three years is approaching, or exceeds, 100%.

The International Monetary Fund (IMF) World Economic Outlook (WEO), IMF WEO, reported a 3-year cumulative rate of inflation of 114% as of December 2022. In the WEO report issued in January 2025 shows that three-year cumulative inflation is expected to decrease significantly, from 125% in 2023/24 to 102% in 2024/25, and to 79% in 2025/26. Local data shows a decreasing year-on-year inflation trend. However, three-year cumulative inflation is still above 100%.

Therefore, directors believe that Ethiopia continues to be hyperinflationary as at 31 March 2025. Following directors' assessment, the Group's subsidiary, Safaricom Telecommunication Ethiopia Plc, and its operating company Safaricom M-PESA Mobile Financial Services Plc have been accounted for as entities operating in hyperinflationary economies.

The results, cash flows and financial positions of Safaricom Telecommunication Ethiopia Plc and Safaricom M-PESA Mobile Financial Services Plc have been expressed in terms of the measuring units current at the reporting date. Refer to Note 36.

4 Risk Management

(a) Financial Risk Management

The Group's activities expose it to a variety of financial risks that include: – market risks (including foreign exchange risks, interest rate risks, and price risk), credit risks and liquidity risks.

Financial risk management is carried out by the Group Treasury section in the Finance division of the Group under policies approved by the Board of Directors. The Group Treasury section identifies, evaluates, and manages financial risks.

The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and non-derivative financial instruments and investing excess liquidity. Financial assets and financial liabilities have been carried at amortised cost.

Market risks

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily, with respect to the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Group manages foreign exchange risk arising from future commercial transactions by holding adequate foreign currency reserves to meet future cash flow requirements. The Group does not have any derivative instruments/equity.

If there was a 20% change in the shilling against the US dollar during the year (2024: 20% change), with all other variables held constant, the consolidated pre- and post-tax profit/equity for the Group would change by KShs 2,111.7 million and KShs 1,478.2 million respectively (2024: KShs 1,564.5 million and KShs 1,095.2 million) and KShs 1,805.6 million and KShs 1,263.9 million respectively for Company (2024: KShs 1,473.3 million and KShs 1,031.3 million), mainly as a result of US dollar denominated cash and bank balances, borrowings, receivables and payables.

If there was a 20% change in the shilling against the Euro during the year (2024: 20% change), with all other variables held constant, the consolidated pre and post-tax profit/equity would change by KShs 1,743.7 million and KShs 1,220.6 million respectively for Group (2024: KShs 272.0 million and KShs 190.4 million) and KShs 1,734.5 million and KShs 1,214.2 million for Company respectively (2024: KShs 96.3 million and KShs 67.4 million), mainly as a result of increased Euro denominated creditors balances and bank balances.

The sensitivity of 20% applied in the current year has been informed by the changes in foreign currency during the year. As per IFRS 7 – Financial Instruments Disclosures, the exposure to foreign exchange risk for Ethiopia has not been aggregated in the Group analysis as Ethiopia has been consolidated in a hyperinflationary economy as at 31 March 2025 and 31 March 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

4 Risk Management (continued)

(a) Financial Risk Management (continued)

Market risks (continued)

(i) Foreign exchange risk (continued)

The Group's exposure to foreign currency changes for all other currencies is not material.

(ii) Interest rate risk

Interest rate risk arises from bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group regularly monitor financing options available to ensure optimum interest rates are obtained.

A 100-basis points fluctuation in interest during the year (2024: 100 basis points) would have resulted in a net decrease/increase in Group's pre- and post-tax profit/equity of KShs 621.0 million and KShs 434.7 million respectively (2024: KShs 829.4 million and KShs 580.6 million). This sensitivity is a fair and reasonable reflection of the Company's pre- and post-tax profit/equity.

The exposure to interest rate risk for Ethiopia has not been aggregated in the Group analysis as Ethiopia has been consolidated in a hyperinflationary economy as at 31 March 2025 and 31 March 2024.

(iii) Price risk

The Group and Company do not hold any financial instruments subject to price risk (2024: None).

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, other financial instruments, loans receivable from related parties, trade receivables, related parties' receivables, loans to subsidiaries and other receivables. The Group has no significant concentrations of credit risk. The Group assesses the expected credit losses for all financial assets and all changes in loss allowance are recognised in profit or loss as impairment gains or losses (expected credit losses (ECL) on financial instruments).

Cash at bank, government securities and deposits with financial institutions

For banks and financial institutions, only reputable well-established investment grade financial institutions are used, which are considered to have a low credit risk. The following table represents the cash and short-term fixed deposits held in financial institutions per category. Category 1 is made up of counterparties with international presence; Category 2 are counterparties who are subsidiaries of parents that have an international presence; Category 3 counterparties are local banks that are categorised as tiers 1 and 2 by the Central Bank of Kenya. These categories are reflective of the credit risks rating of the financial institutions.

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Category 1	3,385.7	7,653.8	3,369.3	7,638.6
Category 2	17,051.0	11,393.5	6,770.4	9,670.6
Category 3	9,587.9	3,830.0	5,772.9	1,766.0
Allowance for expected credit losses	(28.9)	(9.2)	(4.3)	(3.1)
	29,995.7	22,868.2	15,908.3	19,072.1

The Group has used the general approach for measuring the loss allowance for cash at bank, government securities and deposits with financial institutions. No collateral is held on any of the cash at bank, government securities and deposits with financial institutions.

Management has assessed the expected credit losses on cash at bank, government securities and deposits with financial institutions. The loss allowance as at 31 March 2025 is shown in Note 26(a). The ECL allowance calculated reflects the lifetime losses associated with events of default that are expected to occur within 12 months of the reporting date (12-month ECL). There has been no significant increase in credit risk within these financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

4 Risk Management (continued)

(a) Financial Risk Management (continued)

Other receivables

Management has assessed the expected credit losses on the other receivables. The loss allowance as at 31 March 2025 and 31 March 2024 are shown in Note 25.

The Group has used the simplified approach where applicable for measuring the loss allowance for other receivables. The Group has established a provision matrix that is based on its historical credit loss experience.

No collateral is held on any of the other receivables. The ECL allowance calculated reflects the lifetime losses associated with events of default that are expected to occur over the life of these receivables from the reporting date.

Amounts due from related parties

The Group has used the simplified approach where applicable for measuring the loss allowance for balances due from related parties. In the simplified approach, the Group has established a provision matrix that is based on its historical credit loss experience. The ECL allowance calculated reflects the lifetime losses associated with events of default that are expected to occur over the life of these receivables from the reporting date.

No collateral is held on any of the receivables from related parties. The loss allowance as at 31 March 2024 are disclosed in Note 25 and Note 32.

Trade receivables

For trade receivables, depending on the type of customer, the Group Credit Controller assesses the credit quality of each customer, taking into account their financial position, past experience and other factors including information from credit reference bureau to set individual risk limits. The utilisation of credit limits is regularly monitored.

The dealer channel comprises the largest distribution network for the Group. Dealers operate either on a cash basis or on credit following successful application of the credit facility. All credit limits are supported by a bank guarantee.

Postpay debtors comprise individuals as well as corporate customers. Postpay debtors have a 15-day credit period after which individual customers must pay within 10 days after due date, while business accounts have up to 30 days. The auto-bar feature ensures that once the limit has been reached the customer account is barred. This minimises the credit risk associated with these customers.

The Group has signed international roaming agreements. The roaming strategy is to have preferential partners in countries which historically have had the most visitors to Kenya, including United Kingdom, Italy, Spain, Sweden, South Africa, and Kenya's neighbouring countries. Roaming partners have entered into an agreement with the Group to terminate their calls on the Group's network for visitors travelling into Kenya. Amounts due from the contracted roaming partners are settled within 60 days unless a dispute arises. Disputes are handled by Comfone Financial Clearing, the current roaming clearing house.

The Group has also signed interconnect agreements with partners to terminate calls to and from other networks on the Group's network. Amounts due from interconnect partners are settled within 30 days of invoice unless a dispute arises. Disputes are handled in the first instance by the Regulatory Department of the Group. The Group's maximum exposure to credit risk is approximated by the carrying amounts.

The Group has a defined aging system for monitoring its receivables. Dealers' transactions and credit positions are closely monitored in line with existing credit policy.

Collateral is held for select trade receivables in the form of bank guarantees and deposits.

The Group applies the simplified approach to determine the expected credit losses (ECL) for trade receivables. This results in calculating lifetime expected credit losses (ECL) for these trade receivables. ECL for trade receivables is calculated using a provision matrix.

The Group segregates the trade receivables based on the aging of the receivables. The Group determines the expected loss rate per the categories based on a historical 24-month roll over model. The loss rate is computed based on the rate movement of the outstanding balances between categories and the recovery rate of past debtors for the respective debt categories.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

4 Risk Management (continued)

(a) Financial Risk Management (continued)

Trade receivables (continued)

The loss allowance as at year end was determined as shown below for trade receivables.

	GROUP			
	0-30 days KShs'm	31-90 days KShs'm	Over 91 days KShs'm	Total KShs'm
At 31 March 2025				
Trade receivables	21,845.1	4,478.1	20,392.1	46,715.3
Expected credit loss rate	7.6%	54.3%	97.0%	–
Loss allowance	1,667.3	2,432.8	19,773.1	23,873.2

	GROUP			
	0-30 days KShs'm	31-90 days KShs'm	Over 91 days KShs'm	Total KShs'm
At 31 March 2024				
Trade receivables	19,967.4	2,405.8	20,517.3	42,890.5
Expected credit loss rate	5.9%	61.3%	53.8%	–
Loss allowance	1,187.5	1,473.6	11,037.9	13,699.0

	COMPANY			
	0-30 days KShs'm	31-90 days KShs'm	Over 91 days KShs'm	Total KShs'm
At 31 March 2025				
Trade receivables	16,778.6	4,419.3	19,662.4	40,860.3
Expected credit loss rate	9.1%	55.0%	97.4%	–
Loss allowance	1,533.4	2,432.8	19,142.2	23,108.4
At 31 March 2024				
Trade receivables	16,661.4	2,400.1	12,068.9	31,130.3
Expected credit loss rate	5.8%	61.3%	91.5%	–
Loss allowance	969.1	1,470.1	11,043.3	13,482.5

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

4 Risk Management (continued)

(a) Financial Risk Management (continued)

Trade receivables (continued)

A detailed assessment of the trade receivables as shown below;

	GROUP		
	Gross carrying amount KShs'm	Expected credit loss KShs'm	Net carrying amount KShs'm
At 31 March 2025			
Dealers	227.8	(22.6)	205.2
Post-pay	4,610.2	(1,544.8)	3,065.4
Roaming and interconnect	3,825.9	(1,898.0)	1,927.9
Other trade receivables*	38,051.4	(20,407.8)	17,643.6
Total trade receivables	46,715.3	(23,873.2)	22,842.1
At 31 March 2024			
Dealers	171.4	(10.1)	161.3
Post-pay	5,004.2	(1,234.4)	3,769.8
Roaming and interconnect	3,766.7	(1,991.8)	1,774.9
Other trade receivables*	33,948.2	(10,462.7)	23,485.5
Total trade receivables	42,890.5	(13,699.0)	29,191.5
	COMPANY		
	Gross carrying amount KShs'm	Expected credit loss KShs'm	Net carrying amount KShs'm
At 31 March 2025			
Dealers	165.1	(22.6)	142.5
Post-pay	4,557.9	(1,535.0)	3,022.9
Roaming and interconnect	3,675.4	(1,858.9)	1,816.5
Other trade receivables*	32,461.9	(19,691.9)	12,770.0
Total trade receivables	40,860.3	(23,108.4)	17,751.9
At 31 March 2024			
Dealers	153.4	(10.1)	143.3
Post-pay	4,992.9	(1,234.4)	3,758.5
Roaming and interconnect	3,664.5	(1,991.8)	1,672.7
Other trade receivables*	22,319.6	(10,246.2)	12,073.4
Total trade receivables	31,130.4	(13,482.5)	17,647.9

* Other trade receivables mainly comprise of co-location receivables, commissions receivables, device financing receivables and sundry debtors.

Collateral held by the Group on the trade receivables as at 31 March 2025 is KShs 155.7 million. (2024: KShs 273.9 million). The collaterals relate to bank guarantees issued by dealers on dealer receivables. There is no concentration risk on trade receivables or revenue.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

4 Risk Management (continued)

(a) Financial Risk Management (continued)

Maximum credit exposure

The amounts on the statement of financial position represent the maximum credit exposure for financial assets not subject to credit risk and financial assets that are subject to credit risk. Below is a summary of the maximum credit exposure.

	GROUP		
	Gross carrying amount KShs'm	Expected credit loss KShs'm	Net carrying amount KShs'm
At 31 March 2025			
Cash at bank and deposits with financial institutions	30,024.6	(28.9)	29,995.7
Trade receivables	46,715.3	(23,873.2)	22,842.1
Due from related parties	248.6	(6.5)	242.1
Other receivables	9,307.4	(63.5)	9,243.9
Total	86,295.9	(23,972.1)	62,323.8
At 31 March 2024			
Cash at bank and deposits with financial institutions	22,877.4	(9.2)	22,868.2
Trade receivables	42,890.5	(13,699.0)	29,191.5
Due from related parties	307.9	(34.4)	273.5
Other receivables	7,487.1	(68.3)	7,418.8
Loans receivable from joint venture	2,663.7	(2.4)	2,661.3
Total	76,226.6	(13,813.3)	62,413.3
	COMPANY		
	Gross carrying amount KShs'm	Expected credit loss KShs'm	Net carrying amount KShs'm
At 31 March 2025			
Cash at bank and deposits with financial institutions	15,912.6	(4.3)	15,908.3
Trade receivables	40,860.3	(23,108.4)	17,751.9
Due from related parties	5,104.1	(1,785.7)	3,318.4
Other receivables	6,571.3	(63.5)	6,507.8
Loan receivable from subsidiary	959.3	(383.7)	575.6
Total	69,407.6	(25,345.6)	44,062.0
At 31 March 2024			
Cash at bank and deposits with financial institutions	19,075.2	(3.1)	19,072.1
Trade receivables	31,130.4	(13,482.5)	17,647.9
Due from related parties	3,573.5	(1,593.1)	1,980.4
Other receivables	4,312.3	(68.3)	4,244.0
Loans receivable from joint venture	2,663.7	(2.4)	2,661.3
Loan receivable from subsidiary	869.2	(383.7)	485.5
Total	61,624.3	(15,533.1)	46,091.2

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

4 Risk Management (continued)

(a) Financial Risk Management (continued)

Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group Finance. Group Treasury Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet its operational needs.

Such forecasting takes into consideration the entity's debt financing plans, prudent liquidity risk management includes maintaining sufficient cash, and the availability of funding from an adequate amount of committed credit facilities. (See Note 16 for undrawn bank facilities), covenant compliance, compliance with internal statement of financial position ratio targets. Surplus cash held by the entity over and above the amounts required for working capital management are invested in interest bearing current accounts and fixed deposit accounts and marketable securities.

The Group's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, without incurring unacceptable losses or risking damage to the Group's reputation.

Due to the dynamic nature of the underlying businesses, Group Treasury section maintains flexibility in funding by maintaining availability under committed credit lines. Liquidity position is monitored through daily cash position as well as monthly cash forecast that monitors debt structure and expected cash position.

The tables below analyse the Group's and the Company's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the tables below are the contractual undiscounted cash flows.

The table below summarises the maturity profile of the undiscounted cashflows of the Group's financial assets and liabilities as at 31 March 2025.

GROUP						
	Maturing within 1 month KShs'm	Maturing after one month but within 6 months KShs'm	Maturing after 6 months but within 12 months KShs'm	Maturing after 12 months but within 5 years KShs'm	Maturing after 5 years KShs'm	Total KShs'm
Non-derivative financial assets						
Cash and bank balances	29,995.7	–	–	–	–	29,995.7
Trade and other receivables	56,271.3	–	–	–	–	56,271.3
Other assets*	–	–	2,382.3	456.9	–	2,839.2
Total non-derivative financial assets	86,267.0	–	2,382.3	456.9	–	89,106.2
Non-derivative financial liabilities						
Payables and accrued expenses	4,081.0	73,539.6	–	20,464.5	–	98,085.1
Borrowings	–	28,475.5	15,250.3	29,444.5	77,497.2	150,667.5
Shareholder loan	–	404.0	–	–	–	404.0
Lease liabilities	–	–	10,528.2	–	61,056.6	71,584.8
Other liabilities**	–	569.1	–	–	–	569.1
Total non-derivative financial liabilities	4,081.0	102,988.2	25,778.5	49,909.0	138,553.8	321,310.5
Liquidity gap at 31 March 2025	82,186.0	(102,988.2)	(23,396.2)	(49,452.1)	(138,553.8)	(232,204.3)

Guarantees amounting to KShs 557.6 million (2024: KShs 557.6 million) have been issued by the banks to various suppliers for services provided to the Group (Note 34).

There are also undrawn bank facilities amounting to KShs 12.2 billion (2024: KShs 12.2 billion) that would be utilised to settle obligations as they fall due.

*Other assets includes restricted cash, deferred restricted cash assets, restricted cash-letter of credit and mobile financial deposit.

**Other liabilities includes mobile financial payable

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

4 Risk Management (continued)

(a) Financial Risk Management (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the undiscounted cashflows of the Group's financial assets and liabilities as at 31 March 2024.

GROUP						
	Maturing within 1 month KShs'm	Maturing after one month but within 6 months KShs'm	Maturing after 6 months but within 12 months KShs'm	Maturing after 12 months but within 5 years KShs'm	Maturing after 5 years KShs'm	Total KShs'm
Non-derivative financial assets						
Cash and bank balances	22,868.2	–	–	–	–	22,868.2
Trade and other receivables	50,685.3	–	–	–	–	50,685.3
Loans receivable from joint venture	–	–	–	–	2,663.7	2,663.7
Other assets*	–	–	2,599.2	1,563.4	–	4,162.6
Total non-derivative financial assets	73,553.5	–	2,599.2	1,563.4	2,663.7	80,379.8
Non-derivative financial liabilities						
Payables and accrued expenses	3,324.5	11,018.0	–	75,853.9	10,800.6	100,997.0
Borrowings	2,342.1	14,044.6	33,765.7	4,452.0	82,829.3	137,433.7
Lease liabilities	–	–	10,769.8	–	63,570.1	74,339.9
Other liabilities**	–	216.7	–	–	–	216.7
Total non-derivative financial liabilities	5,666.6	25,279.3	44,535.5	80,305.9	157,200.0	312,987.3
Liquidity gap at 31 March 2024	67,886.9	(25,279.3)	(41,936.3)	(78,742.5)	(154,536.3)	(232,607.4)

*Other assets includes restricted cash deferred restricted cash assets, restricted cash-letter of credit and mobile financial deposit.

**Other liabilities includes financial guarantee and dividend payable.

The table below summarises the maturity profile of the undiscounted cashflows of the Company's financial assets and liabilities as at 31 March 2025.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

4 Risk Management (continued)

(a) Financial Risk Management (continued)

Liquidity risk (continued)

	COMPANY					
	Maturing within 1 month KShs'm	Maturing after one month but within 6 months KShs'm	Maturing after 6 months but within 12 months KShs'm	Maturing after 12 months but within 5 years KShs'm	Maturing after 5 years KShs'm	Total KShs'm
Non-derivative financial assets						
Cash and bank balances	15,908.3	–	–	–	–	15,908.3
Trade and other receivables	52,535.7	–	–	–	–	52,535.7
Loans and receivable from related companies	–	–	–	–	575.5	575.5
Other assets*	–	–	1,813.2	–	–	1,813.2
Total non-derivative financial assets	68,444.0	–	1,813.2	–	575.5	70,832.7
Non-derivative financial liabilities						
Payables and accrued expenses	4,080.5	38,103.8	–	2,878.5	–	45,062.8
Borrowings	0.9	27,498.1	13,000.0	15,540.1	57,089.8	113,128.9
Lease liabilities	–	–	5,915.3	–	28,541.7	34,457.0
Other liabilities**	–	11,091.3	–	–	–	11,091.3
Total non-derivative financial liabilities	4,081.4	76,693.2	18,915.3	18,418.6	85,631.5	203,740.0
Liquidity gap at 31 March 2025	64,362.6	(76,693.2)	(17,102.1)	(18,418.6)	(85,056.0)	(132,907.3)

*Other assets includes restricted cash and deferred restricted cash assets.

**Other liabilities includes financial guarantee and dividend payable.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

4 Risk Management (continued)

(a) Financial Risk Management (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the undiscounted cashflows of the Group's financial assets and liabilities as at 31 March 2024.

COMPANY						
	Maturing within 1 month KShs'm	Maturing after one month but within 6 months KShs'm	Maturing after 6 months but within 12 months KShs'm	Maturing after 12 months but within 5 years KShs'm	Maturing after 5 years KShs'm	Total KShs'm
Non-derivative financial assets						
Cash and bank balances	19,072.1	–	–	–	–	19,072.1
Trade and other receivables	39,034.3	–	–	–	–	39,034.3
Loans and receivable from related companies	–	–	–	–	3,312.0	3,312.0
Other assets*	–	–	2,335.9	–	–	2,335.9
Total non-derivative financial assets	58,106.4	–	2,335.9	–	3,312.0	63,754.3
Non-derivative financial liabilities						
Payables and accrued expenses	3,230.1	11,326.9	–	8,385.4	6,540.7	29,483.1
Borrowings	–	13,581.3	27,974.5	–	58,864.4	100,420.2
Lease liabilities	–	–	5,292.4	–	25,164.4	30,456.8
Other liabilities**	–	20,412.2	–	–	–	20,412.2
Total non-derivative financial liabilities	3,230.1	45,320.4	33,266.9	8,385.4	90,569.5	180,772.3
Liquidity gap at 31 March 2024	54,876.3	(45,320.4)	(30,930.9)	(8,385.4)	(87,257.5)	(117,018.0)

*Other assets includes restricted cash and deferred restricted cash assets.

**Other liabilities includes financial guarantee and dividend payable.

(b) Capital risk management

The Group and Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital levels, the Group may adjust the amount of dividend paid to shareholders.

The Group has a dividend policy that permits dividend to be paid if the Board of Directors finds that the payments are sustainable, after taking into account the sufficiency of distributable reserves and liquidity in order to ensure the Group's operational needs and/or business growth are not limited by the unavailability of funds, as well as the Company's known contingencies and compliance with any funding facility covenants. The Group maintains to operate a progressive distribution policy based on what it assesses to be sustainable levels of dividend payments.

The first priority of the Group is to maintain sufficient liquidity to ensure that operational needs and/or business growth are not limited by the unavailability of funds and also that facilities are available to cover all known contingencies. There are no externally imposed capital requirements at end of year.

The Group's focus is to minimise funds tied up in working capital, whilst ensuring that it has sufficient financial ability to meet its liabilities as and when they fall due. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

4 Risk Management (continued)

(b) Capital risk management (continued)

Liquidity risk (continued)

The Group aims to maintain the gearing ratios within the industry standards with the optimal debt equity mix as demonstrated by the position below:

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Gearing ratio				
Net debt – Note 31 (b)	129,772.8	140,154.7	91,213.1	82,163.6
Total equity	224,021.1	335,747.9	248,761.9	201,886.3
Total capital	353,793.9	475,902.6	339,975.0	284,049.9
Gearing ratio	36.7%	29.4%	26.8%	28.9%

Fair value estimation

Financial instruments measured at fair value are measured using the following levels of fair value measurement hierarchy:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily NSE equity investments classified as trading securities.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying amounts of borrowings, loans to subsidiaries, cash and cash equivalents, trade and other receivables, loans receivable from related parties, restricted and deferred restricted cash asset, other financial assets, payables, and accrued expenses approximate their fair values due to the nature of these instruments. Investment properties are carried at fair value as disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

5 Revenue

(a) Revenue from contracts with customers

GROUP						
	31 March 2025			31 March 2024		
	At a point in time KShs'm	Over time KShs'm	Total KShs'm	At a point in time KShs'm	Over time KShs'm	Total KShs'm
M-PESA revenue	161,131.2	–	161,131.2	140,006.7	–	140,006.7
Voice revenue	–	81,958.9	81,958.9	–	80,541.1	80,541.1
Mobile data revenue	–	78,521.4	78,521.4	–	67,404.3	67,404.3
Fixed data revenue	–	16,798.7	16,798.7	–	14,962.2	14,962.2
Messaging revenue	–	12,559.4	12,559.4	–	12,319.2	12,319.2
Interconnect revenue	–	4,703.1	4,703.1	–	5,106.2	5,106.2
Mobile incoming	–	3,433.7	3,433.7	–	3,461.4	3,461.4
Other services revenues*	–	12,309.0	12,309.0	–	11,552.0	11,552.0
Service revenue	161,131.2	210,284.2	371,415.4	140,006.7	195,346.4	335,353.1
Handset revenue	11,001.5	–	11,001.5	8,453.6	–	8,453.6
Connection revenue	–	2,016.5	2,016.5	–	2,086.7	2,086.7
Total revenue	172,132.7	212,300.7	384,433.4	148,460.3	197,433.1	345,893.4

*Other services revenues include Okoa Jahazi fees, roaming revenues and bulk SMS service revenue.

The Group has two reportable operating segments whose revenue is presented below:

GROUP								
	Kenya			Ethiopia			Eliminations Total KShs'm	Consolidated Sub Total KShs'm
	At a point in time KShs'm	Over time KShs'm	Sub Total KShs'm	At a point in time KShs'm	Over time KShs'm	Sub Total KShs'm		
Service revenue	161,118.6	203,164.1	364,282.7	12.5	7,169.1	7,181.6	(48.9)	371,415.4
Handset revenue	10,700.2	–	10,700.2	301.3	–	301.3	–	11,001.5
Connection revenue	–	1,934.9	1,934.9	–	81.6	81.6	–	2,016.5
Total revenue	171,818.8	205,099.0	376,917.8	313.8	7,250.7	7,564.5	(48.9)	384,433.4

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

5 Revenue (continued)

(a) Revenue from contracts with customers (continued)

GROUP

	At 31 March 2024						Elimi- nations Total KShs'm	Consoli- dated Sub Total KShs'm
	Kenya			Ethiopia				
	At a point in time KShs'm	Over time KShs'm	Sub Total KShs'm	At a point in time KShs'm	Over time KShs'm	Sub Total KShs'm		
Service revenue	139,914.8	189,890.7	329,805.5	91.9	5,486.3	5,578.2	(30.7)	335,353.0
Handset revenue	6,780.1	–	6,780.1	1,673.5	–	1,673.5	–	8,453.6
Connection revenue	–	1,986.2	1,986.2	–	100.6	100.6	–	2,086.8
Total revenue	146,694.9	191,876.9	338,571.8	1,765.4	5,586.9	7,352.3	(30.7)	345,893.4

COMPANY

	31 March 2025			31 March 2024		
	At a point in time KShs'm	Over time KShs'm	Total KShs'm	At a point in time KShs'm	Over time KShs'm	Total KShs'm
M-PESA revenue	157,736.0	–	157,736.0	136,686.9	–	136,686.9
Voice revenue	–	80,784.7	80,784.7	–	79,511.7	79,511.7
Mobile data revenue	–	72,863.2	72,863.2	–	63,236.2	63,236.2
Fixed data revenue	–	17,065.0	17,065.0	–	15,111.3	15,111.3
Messaging revenue	–	12,477.4	12,477.4	–	12,277.0	12,277.0
Interconnect revenue	–	4,696.7	4,696.7	–	5,094.6	5,094.6
Mobile incoming	–	3,159.8	3,159.8	–	3,158.0	3,158.0
Other services revenues*	–	12,074.6	12,074.6	–	11,488.9	11,488.9
Service revenue	157,736.0	203,121.4	360,857.4	136,686.9	189,877.7	326,564.6
Handset revenue	10,700.2	–	10,700.2	6,780.1	–	6,780.1
Connection revenue	–	1,934.9	1,934.9	–	1,986.1	1,986.1
Total revenue	168,436.2	205,056.3	373,492.5	143,467.0	191,863.8	335,330.8

*Other services revenues include Okoa Jahazi fees, roaming revenues and bulk SMS service revenues.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

5 Revenue (continued)

(b) Revenue from other sources

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Site rental revenue	3,432.8	3,215.4	3,432.8	3,215.4
Other income:				
– Gain on disposal of property and equipment	23.0	268.4	35.7	250.4
– Dividend income	–	–	2,251.3	–
– Miscellaneous income*	799.7	70.0	1,266.0	920.7
	4,255.5	3,553.8	6,985.8	4,386.5

*Miscellaneous income includes cash discounts received from vendors and non-recurring revenue from partnership agreements.

6 (a) Direct costs

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
M-PESA commissions	(37,277.7)	(37,823.4)	(36,745.1)	(37,283.1)
Airtime commissions	(8,103.1)	(8,243.8)	(6,495.9)	(6,657.6)
License fees	(14,787.2)	(12,487.7)	(14,604.4)	(12,255.0)
Interconnect and roaming costs	(7,764.9)	(8,987.6)	(6,595.7)	(7,344.6)
Handset costs	(10,892.1)	(8,347.3)	(10,595.0)	(6,615.5)
Customer acquisition and retention	(13,208.9)	(14,048.1)	(11,653.3)	(12,042.5)
Promotions and value-added services costs (voice and SMS)	(6,868.8)	(5,982.6)	(6,858.4)	(5,947.7)
Other direct costs	(2,178.6)	(1,126.4)	(2,168.4)	(1,115.9)
	(101,081.3)	(97,046.9)	(95,716.2)	(89,261.9)

6 (b) Expected credit losses on financial assets

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Trade and other receivables (Note 25)	(11,124.8)	(5,806.5)	(11,028.3)	(5,906.3)
Loan receivables from related parties	2.4	(2.1)	(176.9)	(165.3)
Cash and cash equivalents	(23.6)	1.2	(1.2)	(1.8)
	(11,146.0)	(5,807.4)	(11,206.4)	(6,073.4)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

7 Other operating expenses

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Repairs and maintenance	(375.4)	(305.4)	(361.5)	(293.2)
Non-lease operating costs – buildings**	(123.8)	(201.4)	(45.6)	(74.5)
Non-lease operating costs – sites **	(3,063.2)	(2,643.1)	(3,068.3)	(2,635.3)
Inventory storage costs	(343.5)	(417.3)	(341.1)	(397.6)
Employee benefits expense (Note 10)	(29,055.0)	(30,537.0)	(25,383.2)	(23,727.4)
Auditor's remuneration***	(80.9)	(83.3)	(59.4)	(54.0)
Sales and advertising	(5,426.7)	(5,756.7)	(5,298.1)	(4,336.3)
Consultancy and legal fees	(3,306.7)	(596.1)	(2,943.6)	(239.8)
Network operating costs	(24,124.6)	(26,187.2)	(19,456.4)	(17,497.3)
Travel and accommodation	(1,085.8)	(1,547.2)	(722.7)	(602.0)
Computer maintenance	(5,067.3)	(4,478.9)	(3,003.8)	(2,492.7)
Office administration	(927.2)	(836.4)	(797.2)	(630.2)
Net foreign exchange gains/(losses), other than on borrowings and cash and cash equivalents	(20,871.3)	558.9	123.7	313.0
Other operating expenses*	(10,459.3)	(10,269.2)	(7,270.1)	(6,478.8)
	(104,310.7)	(83,300.3)	(68,627.3)	(59,146.1)

*Other operating expenses includes Vodafone Group procurement fees (Note 32(ii)), 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.

***The breakdown of auditors' remuneration for the year is as follows:

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Audit fees	(65.0)	(61.4)	(59.4)	(54.0)
Other fees charged to other affiliates	(15.9)	(21.9)	–	–
	(80.9)	(83.3)	(59.4)	(54.0)

Audit fees relate to amounts payable for the statutory audit of the financial statements during the year. Other audit fees charged to other affiliates relate to statutory audit services provided to Safaricom Telecommunications Ethiopia Plc and Vodafamily Ethiopia Limited during the same period.

8 Finance income

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Interest income*	2,384.0	2,467.5	1,919.3	2,257.4
Foreign exchange gain on cash and borrowings	6,836.0	2,962.9	420.3	1,001.9
Amortisation of deferred restricted cash asset	2.1	29.2	2.1	29.2
	9,222.1	5,459.6	2,341.7	3,288.5

*Interest income relates to income earned from fixed deposits and government securities and is calculated using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

9 Finance costs

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Interest expense*	(14,089.1)	(12,644.3)	(11,968.0)	(10,640.4)
Foreign exchange losses on cash and borrowings	(10,119.5)	(2,872.8)	(1,567.2)	(2,271.3)
Interest on asset retirement obligation (ARO)	(501.2)	(523.8)	(442.0)	(411.1)
Interest on lease liabilities*	(5,109.1)	(5,820.0)	(3,079.4)	(3,058.8)
Origination fee on credit facilities	(312.6)	(240.2)	(184.4)	(13.4)
	(30,131.5)	(22,101.1)	(17,241.0)	(16,395.0)

*The interest expense included within finance costs is calculated using effective interest method.

10 Employee benefits expense

The following items are included within employee benefits expense:

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Club membership	(86.2)	(153.4)	(86.0)	(153.4)
Employee other administrative costs	(108.1)	(174.6)	(18.5)	25.2
Secondees other administrative costs	(595.2)	(997.6)	(172.7)	(169.8)
Employee Performance Share Award Plan	(669.5)	(474.9)	(667.9)	(474.0)
Leave provision	224.5	(109.1)	226.5	(97.2)
National Social Security Fund (NSSF)	(157.9)	(79.5)	(157.6)	(79.3)
Defined pension contribution plan	(1,108.8)	(1,086.7)	(1,034.0)	(938.8)
Salaries	(22,341.5)	(21,572.8)	(21,328.2)	(19,609.4)
Seconded salaries	(2,130.2)	(3,751.0)	(157.0)	(373.7)
Staff medical and life insurance	(2,082.1)	(2,137.4)	(1,987.8)	(1,857.0)
	(29,055.0)	(30,537.0)	(25,383.2)	(23,727.4)

Number of employees

	GROUP		COMPANY	
	2025	2024	2025	2024
Permanent employees	6,462	6,425	5,564	5,547
Fixed-term contract employees	315	227	315	227
	6,777	6,652	5,879	5,774

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

11 Employee Performance Share Award Plan

On 1 July 2011, the Group implemented an Employee Performance Share Award Plan (the Trust) where shares are awarded to qualifying staff based on previous years' achieved performance ratings. Under the outright grant scheme, shares are purchased from the market and transferred to eligible staff at no cost after a three-year vesting period. The shares are purchased and held by the Trust until the end of the vesting period.

During the year, 27.6 million shares were bought by the Trust, at a cost of KShs 445.8 million (2024: 10 million shares at a cost of 163.3 million). Additionally, 15.4 million shares historically valued at KShs 257.0 million (2024: 17.5 million shares valued at 386.8 million) vested and were exercised by eligible staff.

The Trust currently holds 13.3 million shares at a total cost of KShs 206.8 million (2024: 1.1 million shares at a cost of KShs 18.1 million).

The Company has accounted for a receivable from the Trust in relation to shares purchased and payables to employees in these financial statements (Note 25 and Note 29 respectively).

12 (a) Income tax expense

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Current income tax	(50,166.7)	(43,559.4)	(49,050.0)	(42,642.4)
Adjustments in respect of current income tax of previous year	(524.1)	1,222.9	(523.9)	1,224.1
Deferred income tax (Note 17)	3,203.4	1,534.5	3,242.2	1,494.0
Adjustments in respect of deferred income tax of previous year	34.1	(1,227.0)	34.1	(1,227.0)
Income tax expense	(47,453.3)	(42,029.0)	(46,297.6)	(41,151.3)
Profit before income tax	93,210.5	84,687.4	141,251.7	123,805.1
Tax calculated at the applicable income tax rate of 30%	(27,963.2)	(25,406.22)	(42,375.5)	(37,141.5)
Tax effect of:				
– Income not subject to tax	3,266.4	6,842.6	687.1	11.2
– Expenses not deductible for tax purposes	(7,627.5)	(11,673.4)	(4,119.4)	(4,018.1)
Adjustments in respect of current income tax of previous year	(524.1)	(1,227.0)	(523.9)	(1,227.0)
Adjustments in respect of deferred income tax of previous year	34.1	1,222.9	34.1	1,224.1
Deferred income tax not recognised in the year	(14,639.0)	(11,787.9)	–	–
Income tax expense	(47,453.3)	(42,029.0)	(46,297.6)	(41,151.3)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

12 (b) Current income tax (payable)/receivable

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
At start of year	(193.1)	(1,557.2)	7.9	(192.2)
Current income tax (Note 12(a))	(50,166.7)	(43,559.4)	(49,050.0)	(42,642.4)
Adjustments in respect of current income tax of previous year (Note 12(a))	(524.1)	1,222.9	(523.9)	1,224.1
Tax paid during the year	48,626.4	43,700.6	47,524.0	41,618.4
At end of year	(2,257.5)	(193.1)	(2,042.0)	7.9
Current asset	–	–	–	7.9
Current liabilities	(2,257.5)	(193.1)	(2,042.0)	–
At end of year	(2,257.5)	(193.1)	(2,042.0)	7.9

13 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders by the weighted average number of ordinary shares in issue during the year.

	GROUP		COMPANY	
	2025	2024	2025	2024
Profit attributable to equity holders of the parent (KShs million)	69,798.7	62,991.7	94,954.1	82,653.8
Total number of ordinary shares in issue (million)	40,065.4	40,065.4	40,065.4	40,065.4
Basic earnings per share (KShs)	1.7	1.6	2.4	2.1
Diluted earnings per share (KShs)	1.7	1.6	2.4	2.1

There were no potentially dilutive shares outstanding as at 31 March 2025 and 31 March 2024. Diluted earnings per share are therefore the same as basic earnings per share.

14 Share capital and share premium

	Number of shares (million)	Ordinary shares KShs'm	Share premium KShs'm	Total KShs'm
As at 31 March 2025 and 31 March 2024	40,065.4	2,003.3	2,200.0	4,203.3

The authorised share capital of the Company is KShs 6,000,000,000 divided into 119,999,999,600 ordinary shares of KShs 0.05 each and 5 non-redeemable preference shares of KShs 4 each.

The issued share capital comprises 40,065,428,000 (2024: 40,065,428,000) ordinary shares with a par value of KShs 0.05 each. All issued shares are fully paid.

Share premium reserve was established on initial issuance of the Company's ordinary shares at premium.

Holders of ordinary shares are entitled to dividend as declared from time to time and are entitled to one vote per share at the general meetings of the Company.

15 Dividend

Proposed dividends are classified as a separate component of equity in the statement of changes in equity through a transfer from retained earnings. They are transferred to the dividend payable account once approved by shareholders in the annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

15 Dividend (continued)

During the year, an interim dividend of KShs 0.55 per ordinary share (2024: KShs 0.55) amounting to KShs 22.04 billion (2024: KShs 22.04 billion) was declared. The directors have proposed a final dividend in respect of the year ended 31 March 2025 of KShs 0.65 per ordinary share (2024: KShs 0.65) amounting to a total of KShs 26.04 billion (2024: KShs 26.04 billion) to be approved at the Annual general Meeting (AGM) to be held on 25 July 2025. This brings the total dividend for the year to KShs 48.08 billion (2024: KShs 48.08 billion) which represents KShs 1.20 per share in respect of the year ended 31 March 2025 (2024: KShs 1.20 per share).

The payment of dividend is subject to withholding tax at the rate of 10% for all non-residents, 5% for Kenyan residents and 0% for resident Kenyan companies with a shareholding of 12.5% or more in the Company. Total dividend payouts in the year were as follows:

Movement in the year

	GROUP AND COMPANY	
	2025 KShs'm	2024 KShs'm
At start of year	6,649.2	1,783.0
Final dividend declared	26,042.5	24,840.6
Interim dividend declared	22,036.0	22,036.0
Paid during the year	(53,227.8)	(42,010.4)
At end of year	1,499.9	6,649.2

16 Borrowings

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
At start of year	108,146.8	87,605.4	77,666.6	76,096.7
Additions	37,567.0	65,841.3	28,000.0	36,892.5
Interest charged	14,089.1	12,644.3	11,968.0	10,640.3
Interest paid	(14,893.5)	(12,776.5)	(12,764.8)	(10,907.6)
Repayments	(26,305.2)	(41,103.9)	(24,415.5)	(35,055.3)
Revaluation of foreign currency loans	10,493.6	(442.4)	–	–
Hyperinflation adjustment	491.4	(135.0)	–	–
Translation differences	(22,158.8)	(3,486.4)	–	–
At end of year	107,430.4	108,146.8	80,454.3	77,666.6
Split				
Short term borrowings	39,500.1	39,760.0	39,500.0	39,760.0
Bank overdraft	1,703.0	3,497.8	–	–
Interest payable	1,482.9	1,795.8	999.0	1,795.8
Total short-term borrowings	42,686.0	45,053.6	40,499.0	41,555.8
Long term borrowings	64,744.4	63,093.2	39,955.3	36,110.8
At end of year	107,430.4	108,146.8	80,454.3	77,666.6

Under the terms of the loan facilities, the Group is required to comply with certain covenants. The Group had complied with all the covenants as at 31 March 2025 and 31 March 2024.

The loan facilities are with Kenyan banks at an average interest rate of 16.3% (2024: average interest rate 13.6%).

Long-term facilities repayment period is seven years for the Kenya shilling denominated loans and three to five years for the Ethiopian Birr denominated term loans.

There are also undrawn bank facilities amounting to KShs 12.2 billion (2024: KShs 12.2 billion) that would be utilised to settle obligations as they fall due.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

17 Deferred income tax

The analysis of deferred income tax assets and deferred tax liabilities is as follows:

	GROUP	
	2025 KShs'm	2024 KShs'm
– Deferred income tax assets	31,819.7	29,654.8
– Deferred income tax liability	(12,937.7)	(14,010.3)
Net deferred income tax asset	18,882.0	15,644.5

Deferred income tax is calculated using an income tax rate of 30%

	GROUP	
	2025 KShs'm	2024 KShs'm
At start of year	15,644.5	15,337.0
Credit to statement of profit or loss (Note 12)	3,203.4	1,534.5
Adjustments in respect of deferred income tax of previous year (Note 12)	34.1	(1,227.0)
At end of year	18,882.0	15,644.5

Consolidated deferred income tax assets and liabilities and deferred income tax credit/ (charge) in the statement of profit or loss and other comprehensive income (SOCl) are attributable to the following items:

	GROUP		
	01-Apr-24 KShs'm	Credit/ (charged) to SOCl KShs'm	31-Mar-25 KShs'm
Year ended 31 March 2025			
Deferred income tax liabilities			
Unrealised foreign exchange gains	(1,624.0)	(3,934.0)	(5,558.0)
Right of use assets	(12,386.3)	5,006.6	(7,379.7)
	(14,010.3)	1,072.6	(12,937.7)
Deferred income tax assets			
Unrealised foreign exchange losses	324.8	7,983.9	8,308.7
Tax losses	19,700.4	3,418.4	23,118.8
Property and equipment	6,739.3	97.4	6,836.7
Lease liabilities	13,239.6	762.9	14,002.5
Other temporary differences*	8,774.4	4,541.3	13,315.7
	48,778.5	16,803.9	65,582.4
Deferred tax asset not recognised	(19,123.7)	(14,639.0)	(33,762.7)
Net deferred income tax asset	15,644.5	3,237.5	18,882.0

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

17 Deferred income tax (continued)

	GROUP		
	01-Apr-23 KShs'm	Credit/ (charged) to SOCI KShs'm	31-Mar-24 KShs'm
Year ended 31 March 2024			
Deferred income tax liabilities			
Unrealised foreign exchange gains	(502.4)	(1,121.6)	(1,624.0)
Right of use assets	(5,307.2)	(7,079.1)	(12,386.3)
	(5,809.6)	(8,200.7)	(14,010.3)
Deferred income tax assets			
Unrealised foreign exchange losses	220.5	104.3	324.8
Tax losses	7,250.2	12,450.2	19,700.4
Property and equipment	7,910.2	(1,170.9)	6,739.3
Lease liabilities	6,434.0	6,805.6	13,239.6
Other temporary differences*	6,667.5	2,106.9	8,774.4
	28,482.4	20,296.1	48,778.5
Deferred tax asset not recognised	(7,335.8)	(11,787.9)	(19,123.7)
Net deferred income tax asset	15,337.0	307.5	15,644.5

*Other temporary differences mainly relate to deferred income tax on expected credit losses on financial assets and provisions for liabilities.

In relation to Ethiopia, Federal Income Tax Proclamation 979/2016 Article 26 allows carry forward of a maximum of two years of losses. According to the proclamation, if the determination of taxable profits results in a loss in a tax period, the loss may base off against a future taxable income, but a taxpayer is not allowed to carry a loss forward for more than 5 tax years after the end of year in which the loss was incurred.

The Group has not recognised deferred income tax asset relating to tax losses carried forward and other deductible temporary differences amounting to Shs 33,762.7 million (2024: Shs 19,123.7 million) due to lack of certainty of availability of future taxable profits against which such deductible temporary differences and tax losses could be utilised.

The analysis of deferred income tax assets and deferred tax liabilities is as follows:

	COMPANY	
	2025 KShs'm	2024 KShs'm
– Deferred income tax assets	25,217.7	21,858.2
– Deferred income tax liability	(6,336.4)	(6,253.2)
Net deferred income tax asset	18,881.3	15,605.0

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

17 Deferred income tax (continued)

Deferred income tax is calculated using an income tax rate of 30%

	COMPANY	
	2025 KShs'm	2024 KShs'm
At start of year	15,605.0	15,337.9
Credit to statement of profit or loss (Note 12)	3,242.2	1,494.1
Adjustments in respect of deferred income tax of previous year (Note 12)	34.1	(1,227.0)
At end of year	18,881.3	15,605.0

Company deferred income tax assets and liabilities and deferred income tax credit/ (charge) in the statement of profit or loss and other comprehensive income (SOI) are attributable to the following items:

	COMPANY		
	01-Apr-24 KShs'm	Credit/ (charged) to SOI KShs'm	31-Mar-25 KShs'm
Year ended 31 March 2025			
Deferred income tax liabilities			
Unrealised foreign exchange gains	(562.8)	496.4	(66.4)
Right of use assets	(5,690.4)	(579.6)	(6,270.0)
	(6,253.2)	(83.2)	(6,336.4)
Deferred income tax assets			
Unrealised foreign exchange losses	452.9	(244.6)	208.3
Property and equipment	7,298.7	(1,831.3)	5,467.4
Lease liabilities	7,071.7	929.7	8,001.4
Other temporary differences*	7,034.9	4,505.7	11,540.6
	21,858.2	3,359.5	25,217.7
Net deferred income tax asset	15,605.0	3,276.3	18,881.3

*Other temporary differences mainly relate to deferred income tax on expected credit losses on financial assets and provisions for liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

17 Deferred income tax (continued)

Company deferred income tax assets and liabilities and deferred income tax credit/ (charge) in the statement of profit or loss and other comprehensive income (SOI) are attributable to the following items:

	COMPANY		
	01-Apr-23 KShs'm	Credit/ (charged) to SOI KShs'm	31-Mar-24 KShs'm
Year ended 31 March 2024			
Deferred income tax liabilities			
Unrealised foreign exchange gains	(190.8)	(372.0)	(562.8)
Right of use assets	(6,157.5)	467.1	(5,690.4)
	(6,348.3)	95.1	(6,253.2)
Deferred income tax assets			
Unrealised foreign exchange losses	(290.1)	743.0	452.9
Property and equipment	7,909.1	(610.4)	7,298.7
Lease liabilities	6,434.1	637.6	7,071.7
Other temporary differences*	7,633.1	(598.2)	7,034.9
	21,686.2	172.0	21,858.2
Net deferred income tax asset	15,337.9	267.1	15,605.0

*Other temporary differences mainly relate to deferred income tax on expected credit losses on financial assets and provisions for liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

18 Property and equipment

GROUP

	Network infra- structure KShs'm	Capital work in progress (CWIP)* KShs'm	Network mainte- nance spares KShs'm	Leasehold improve- ments KShs'm	Vehicles and equipment KShs'm	Fibre KShs'm	Freehold Property KShs'm	Total KShs'm
Year ended 31 March 2025								
Opening net carrying amount	121,152.2	62,373.1	310.3	459.3	56,441.9	36,096.9	207.6	277,041.3
Additions	–	79,896.6	–	–	311.5	–	–	80,208.1
Transfers from CWIP	36,019.9	(70,609.5)	93.5	215.2	25,766.6	6,649.7	1,864.6	–
Asset retirement obligations (ARO) – adjustment	(847.4)	–	–	–	–	–	–	(847.4)
Disposal – cost	–	–	–	–	(123.4)	–	–	(123.4)
Depreciation on disposals	–	–	–	–	118.1	–	–	118.1
Reclassifications cost	(66.3)	–	–	–	156.2	1.2	(91.1)	–
Depreciation on reclassifications	0.5	–	–	–	0.9	(1.7)	0.3	–
Asset retirement - cost	(4,417.1)	–	–	–	(10,404.0)	–	–	(14,821.1)
Asset retirement - depreciation	4,417.1	–	–	–	10,404.0	–	–	14,821.1
Depreciation charge	(22,196.0)	–	(101.6)	(224.6)	(26,417.0)	(2,042.6)	(18.1)	(50,999.9)
Hyperinflation adjustment	10,976.2	(3,736.6)	–	23.8	4,974.8	110.4	–	12,348.6
Translation differences	(34,773.5)	(26,052.2)	–	(77.8)	(9,213.8)	(427.2)	–	(70,544.5)
Closing net carrying amount	110,265.6	41,871.4	302.2	395.9	52,015.8	40,386.7	1,963.3	247,200.9
At 31 March 2025								
Cost	345,355.4	41,871.4	1,989.5	8,269.0	194,919.7	52,968.8	1,981.1	647,354.9
Accumulated depreciation	(235,089.8)	–	(1,687.3)	(7,873.1)	(142,903.9)	(12,582.1)	(17.8)	(400,154.0)
Net carrying amount	110,265.6	41,871.4	302.2	395.9	52,015.8	40,386.7	1,963.3	247,200.9

*Capital work-in-progress largely relates to self-constructed assets not yet completed. These mostly include network infrastructure, equipment and fibre that had not been brought to use as at year end.

Included in property and equipment are fully depreciated assets amounting to KShs 265,068.6 million (2024: KShs 236,148.6 million) which would have a notional depreciation of KShs 5,422.2 million (2024: KShs 4,271.4 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

18 Property and equipment (continued)

GROUP

	Network infra- structure KShs'm	Capital work in progress (CWIP)* KShs'm	Network mainte- nance spares KShs'm	Leasehold improve- ments KShs'm	Vehicles and equipment KShs'm	Fibre KShs'm	Freehold Property KShs'm	Total KShs'm
Year ended 31 March 2024								
Opening net carrying amount	53,344.0	94,563.6	318.0	583.3	40,810.7	32,160.4	207.6	221,987.6
Additions	–	87,118.4	–	–	368.8	–	–	87,487.2
Transfers from CWIP	22,943.5	(67,714.2)	118.3	72.5	38,834.8	5,745.1	–	0.0
Asset retirement obligations (ARO) – additions	236.7	–	–	–	–	–	–	236.7
Disposal – cost	(54.1)	–	(33.8)	–	(1,220.0)	–	–	(1,307.9)
Depreciation on disposals	51.6	–	33.0	–	1,201.7	–	–	1,286.3
Reclassifications cost	1,624.7	–	–	–	(1,621.5)	(3.2)	–	–
Depreciation on reclassifications	(319.3)	–	–	–	319.2	0.1	–	–
Asset retirement – cost	(1,022.1)	–	–	–	(5,482.6)	–	–	(6,504.7)
Asset retirement – depreciation	1,022.1	–	–	–	5,482.6	–	–	6,504.7
Depreciation charge	(23,948.3)	–	(125.3)	(277.2)	(28,887.8)	(1,923.7)	–	(55,162.3)
Hyperinflation adjustment	66,509.3	(51,594.7)	0.1	76.0	5,930.0	115.9	–	21,036.6
Translation differences	764.1	–	–	4.7	706.0	2.3	–	1,477.1
Closing net carrying amount	121,152.2	62,373.1	310.3	459.3	56,441.9	36,096.9	207.6	277,041.3
At 31 March 2024								
Cost	343,625.0	62,373.1	1,896.0	8,129.0	186,846.8	46,645.8	207.6	649,723.3
Accumulated depreciation	(222,472.8)	–	(1,585.7)	(7,669.7)	(130,404.9)	(10,548.9)	–	(372,682.0)
Net carrying amount	121,152.2	62,373.1	310.3	459.3	56,441.9	36,096.9	207.6	277,041.3

*Capital work-in-progress largely relates to self-constructed assets not yet completed. These mostly include network infrastructure, equipment and fibre that had not been brought into use as at year end.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

18 Property and equipment (continued)

COMPANY

	Network infra- structure KShs'm	Capital work in progress (CWIP)* KShs'm	Network mainte- nance spares KShs'm	Leasehold improve- ments KShs'm	Vehicles and equipment KShs'm	Fibre KShs'm	Freehold Property KShs'm	Total KShs'm
Year ended 31 March 2025								
Opening net carrying amount	58,399.1	15,335.8	310.2	319.1	39,703.9	35,322.5	207.6	149,598.2
Additions		51,870.5			188.3			52,058.8
Transfers from CWIP	23,439.7	(53,078.2)	93.6	172.3	21,090.5	6,417.5	1,864.6	–
Asset retirement obligations adjustments	(847.4)	–	–	–	–	–	–	(847.4)
Disposal – cost	–	–	–	–	(123.4)	–	–	(123.4)
Depreciation on disposals	–	–	–	–	118.1	–	–	118.1
Reclassifications cost	(66.3)	–	–	–	156.2	1.2	(91.1)	–
Depreciation on reclassifications	0.5	–	–	–	0.9	(1.7)	0.3	–
Asset retirement – cost	(4,417.1)	–	–	–	(10,404.0)	–	–	(14,821.1)
Asset retirement – depreciation	4,417.1	–	–	–	10,404.0	–	–	14,821.1
Depreciation charge	(16,827.8)	–	(101.6)	(201.2)	(20,843.2)	(2,008.1)	(18.1)	(40,000.0)
Closing net carrying amount	64,097.8	14,128.1	302.2	290.2	40,291.3	39,731.4	1,963.3	160,804.3
At 31 March 2025								
Cost	288,554.4	14,128.1	1,989.5	8,118.3	173,810.0	52,271.4	1,981.1	540,852.8
Accumulated depreciation	(224,456.6)	–	(1,687.3)	(7,828.1)	(133,518.7)	(12,540.0)	(17.8)	(380,048.5)
Net carrying amount	64,097.8	14,128.1	302.2	290.2	40,291.3	39,731.4	1,963.3	160,804.3

*Capital work-in-progress largely relates to self-constructed assets not yet completed. These mostly include network infrastructure, equipment and fibre that had not been brought into use as at year end.

Included in property and equipment are fully depreciated assets amounting to KShs 265,032.7 million (2024: KShs 236,148.6 million) which would have a notional depreciation of KShs 5,398.6 million (2024: KShs 4,271.4 million).

Included in property and equipment is KShs 4,225.8 million (2024: KShs 5,370.8 million) relating to expenditures recognised in the carrying amount of property and equipment during its construction.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

18 Property and equipment (continued)

COMPANY

	Network infra- structure KShs'm	Capital work in progress (CWIP)* KShs'm	Network mainte- nance spares KShs'm	Leasehold improve- ments KShs'm	Vehicles and equipment KShs'm	Fibre KShs'm	Freehold Property KShs'm	Total KShs'm
Year ended 31 March 2024								
Opening net carrying amount	54,545.8	13,038.7	318.0	586.4	40,946.7	32,160.3	207.6	141,803.5
Additions	–	46,893.4	–	–	368.8	–	–	47,262.2
Transfers from CWIP	18,493.5	(45,008.0)	118.3	(39.9)	21,367.7	5,068.4	–	–
Asset retirement obligations adjustments	(132.6)	–	–	–	–	–	–	(132.6)
Disposal – cost	(54.1)	–	(33.8)	–	(563.4)	–	–	(651.3)
Depreciation on disposals	51.6	–	33.0	–	556.1	–	–	640.7
Reclassifications cost	1,624.7	411.7	–	–	(2,029.7)	(6.7)	–	–
Depreciation on reclassifications	(319.3)	–	–	–	319.2	0.1	–	–
Asset retirement – cost	(1,022.1)	–	–	–	(5,482.6)	–	–	(6,504.7)
Asset retirement – depreciation	1,022.1	–	–	–	5,482.6	–	–	6,504.7
Depreciation charge	(15,810.5)	–	(125.3)	(227.4)	(21,261.5)	(1,899.6)	–	(39,324.3)
Closing net carrying amount	58,399.1	15,335.8	310.2	319.1	39,703.9	35,322.5	207.6	149,598.2
At 31 March 2024								
Cost	270,445.6	15,335.8	1,895.9	7,946.1	162,902.4	45,852.7	207.6	504,586.1
Accumulated depreciation	(212,046.5)	–	(1,585.7)	(7,627.0)	(123,198.5)	(10,530.2)	–	(354,987.9)
Net carrying amount	58,399.1	15,335.8	310.2	319.1	39,703.9	35,322.5	207.6	149,598.2

*Capital work-in-progress largely relates to self-constructed assets not yet completed. These mostly include network infrastructure, equipment and fibre that had not been brought into use as at year end.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

19 Indefeasible rights-of-use (IRU)

GROUP AND COMPANY

	SEACOM KShs'm	KPLC* KShs'm	TEAMS** KShs'm	SIMBA Gerra	Total KShs'm
Year ended 31 March 2025					
Opening carrying amount	459.8	244.8	1,297.1	–	2,001.7
Additions	–	–	–	1,532.5	1,532.5
Depreciation charge	(76.7)	(41.9)	(162.7)	(42.3)	(323.6)
Net carrying amount	383.1	202.9	1,134.4	1,490.2	3,210.6
At 31 March 2025					
Cost	1,535.0	838.4	3,252.8	1,532.5	7,158.7
Accumulated depreciation	(1,151.9)	(635.5)	(2,118.4)	(42.3)	(3,948.1)
Net carrying amount	383.1	202.9	1,134.4	1,490.2	3,210.6
Year ended 31 March 2024					
Opening carrying amount	536.5	286.7	1,459.8	–	2,283.0
Depreciation charge	(76.7)	(41.9)	(162.7)	–	(281.3)
Net carrying amount	459.8	244.8	1,297.1	–	2,001.7
At 31 March 2024					
Cost	1,535.0	838.4	3,252.8	–	5,626.2
Accumulated depreciation	(1,075.2)	(593.6)	(1,955.7)	–	(3,624.5)
Net carrying amount	459.8	244.8	1,297.1	–	2,001.7

*KPLC - Kenya Power and Lighting Company.

**TEAMS - The East African Marines Systems Limited.

20 Investment properties (Group and Company)

The investment properties relate to vacant parcels of land title No. 164259 and 164260 located in the Nairobi area. This land does not generate any rental income or direct operating costs. There are no restrictions attached to realisability of the investment properties or the remittance of income and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance, or enhancements.

GROUP AND COMPANY

	2025 KShs'm	2024 KShs'm
At start of year	935.0	935.0
Net gain from fair value remeasurement	25.0	–
At end of year	960.0	935.0

The fair value measurement of the investment property as at 31 March 2025 was performed by a registered and independent valuation firm who has valuation experience for similar properties in Kenya. They are members of the Institute of Surveyors of Kenya.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

20 Investment properties (Group and Company)

The fair value was determined by reference to market evidence of recent transactions for similar properties. In estimating the fair value of the properties, the highest and best use of those similar properties was assumed.

Details of the Group's and Company's investment properties and information about fair value hierarchy as at 31 March 2025 and 31 March 2024 is as follows:

Non- financial asset	Fair Value as at 31 March 2025 KShs'm	Fair Value as at 31 March 2024 KShs'm	Fair value hierarchy	Valuation technique (s) and key inputs	Significant unobservable inputs
Investment properties	960.0	935.0	Level III	Market comparison approach	Recent sale transactions for similar properties in the neighbourhood

Sensitivity analysis

If there was a 10% change in the selling prices of similar properties, with all other variables held constant, the fair value of the investment properties would have been KShs 96.0 million lower/higher (2024: KShs 93.5 million lower/higher)

21 Intangible assets - Network Licenses

The cost of Group intangible assets at end of March 2025 was KShs 146,754.3 million (Company KShs 48,911.2 million) and accumulated amortisation was KShs 35,298.5 million (Company: 17,683.3 million). Below is the movement of intangibles as at 31 March 2025 and 31 March 2024.

	GROUP	
	2025 KShs'm	2024 KShs'm
Opening carrying amount	194,280.7	150,198.8
Additions – cost	12,238.5	30,992.5
Hyperinflation adjustment	10,454.3	38,265.5
Translation differences	(95,564.3)	(7,371.6)
Amortisation charge	(9,953.4)	(17,804.5)
Net carrying amount	111,455.8	194,280.7
Cost	146,754.3	229,910.0
Accumulated amortisation	(35,298.5)	(35,629.3)
Closing net carrying amount	111,455.8	194,280.7

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

21 Intangible assets - Network Licenses (continued)

	COMPANY	
	2025 KShs'm	2024 KShs'm
Opening carrying amount	21,841.4	14,163.0
Additions – cost	12,238.5	10,514.8
Derecognition – cost	–	–
Derecognition – amortisation	–	–
Amortisation charge	(2,852.0)	(2,836.4)
Net carrying amount	31,227.9	21,841.4
Cost	48,911.2	36,672.7
Accumulated amortisation	(17,683.3)	(14,831.3)
Closing net carrying amount	31,227.9	21,841.4

Derecognition represents amounts de-recognised upon expiry of license. There was no de-recognition in the current year.

22 Leases

(a) Right of use (ROU) asset

	GROUP					
	Site KShs'm	Co-location KShs'm	Shops KShs'm	Facilities KShs'm	Seconddees houses KShs'm	Total KShs'm
Year ended 31 March 2025						
At start of year	13,985.1	41,402.6	952.8	3,032.2	83.0	59,455.7
Additions	1,090.6	5,322.3	82.8	151.0	–	6,646.7
Terminations and revisions - cost	286.9	(67.9)	(49.6)	0.2	(21.8)	147.8
Depreciation charge	(1,694.7)	(3,974.0)	(294.1)	(842.1)	(19.0)	(6,823.9)
Termination and revisions - depreciation	164.5	(783.5)	21.0	3.9	15.3	(578.8)
Hyperinflation adjustment	609.3	1,573.1	11.4	140.7	3.0	2,337.5
Translation differences	(4,536.2)	(16,524.2)	(97.4)	(1,250.3)	(27.3)	(22,435.4)
Net carrying amount	9,905.5	26,948.4	626.9	1,235.6	33.2	38,749.6
At 31 March 2025						
Cost	17,383.2	40,468.6	2,227.6	5,326.0	859.9	66,282.8
Accumulated depreciation	(7,477.7)	(13,520.2)	(1,600.7)	(4,090.4)	(826.7)	(27,533.2)
Closing net carrying amount	9,905.5	26,948.4	626.9	1,235.6	33.2	38,749.6

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

22 Leases (continued)

(a) Right of use (ROU) asset (continued)

	GROUP						
	Site KShs'm	Co-location KShs'm	Shops KShs'm	Facilities KShs'm	Secondees houses KShs'm	Equipment KShs'm	Total KShs'm
Year ended 31 March 2024							
At start of year	9,744.0	20,823.7	816.7	1,803.1	38.0	1.0	33,226.5
Additions	3,293.5	17,861.4	394.9	1,656.8	366.2	0.6	23,573.4
Terminations and revisions – cost	30.4	325.2	(31.0)	(366.7)	(241.0)	1.1	(282.0)
Depreciation charge	(2,403.7)	(5,184.8)	(319.7)	(1,218.7)	(570.1)	(2.7)	(9,699.7)
Termination and revisions – depreciation	301.2	937.3	–	148.5	(2.9)	–	1,384.1
Hyperinflation adjustment	2,912.9	6,367.0	86.6	957.2	440.2	–	10,763.9
Translation differences	106.8	272.8	5.3	52.0	52.6	–	489.5
Net carrying amount	13,985.1	41,402.6	952.8	3,032.2	83.0	–	59,455.7
At 31 March 2024							
Cost	20,753.8	51,681.9	2,324.4	6,697.6	1,626.6	17.5	83,101.8
Accumulated depreciation	(6,768.7)	(10,279.3)	(1,371.6)	(3,665.4)	(1,543.6)	(17.5)	(23,646.1)
Closing net carrying amount	13,985.1	41,402.6	952.8	3,032.2	83.0	–	59,455.7

	COMPANY					
	Site KShs'm	Co-location KShs'm	Shops KShs'm	Facilities KShs'm	Secondees houses KShs'm	Total KShs'm
Year ended 31 March 2025						
At start of year	5,799.0	11,584.0	776.7	775.0	33.4	18,968.1
Additions	754.4	5,322.3	77.2	2.6	0.0	6,156.5
Terminations and revisions cost	182.1	652.9	(49.6)	0.2	(21.8)	763.8
Depreciation charge	(1,208.2)	(2,388.8)	(270.2)	(528.8)	(9.3)	(4,405.3)
Terminations and revisions – depreciation	163.6	(783.5)	21.20	0.4	15.3	(583.0)
Net carrying amount	5,690.9	14,386.9	555.3	249.4	17.6	20,900.1
At 31 March 2025						
Cost	11,842.4	24,777.8	2,087.3	3,601.3	95.6	42,404.4
Accumulated depreciation	(6,151.5)	(10,390.9)	(1,532.0)	(3,351.9)	(78.0)	(21,504.3)
Closing net carrying amount	5,690.9	14,386.9	555.3	249.4	17.6	20,900.1

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

22 Leases (continued)

(a) Right of use (ROU) asset (continued)

COMPANY							
	Site	Co-location	Shops	Facilities	Secondtees houses	Equipment	Total
	KShs'm	KShs'm	KShs'm	KShs'm	KShs'm	KShs'm	KShs'm
Year ended 31 March 2024							
At start of year	6,148.1	10,387.7	712.8	431.5	10.2	1.0	17,691.3
Additions	798.0	2,837.8	358.1	1,414.8	343.9	0.6	5,753.2
Terminations and revisions cost	(122.2)	288.5	(31.1)	(505.9)	(305.6)	1.1	(675.2)
Depreciation charge	(1,268.0)	(2,290.4)	(263.1)	(666.8)	(12.2)	(2.7)	(4,503.2)
Terminations and revisions – depreciation	243.1	360.4	–	101.4	(2.9)	–	702.0
Net carrying amount	5,799.0	11,584.0	776.7	775.0	33.4	–	18,968.1
At 31 March 2024							
Cost	10,905.9	18,802.7	2,059.7	3,598.5	117.3	17.5	35,501.6
Accumulated depreciation	(5,106.9)	(7,218.7)	(1,283.0)	(2,823.5)	(83.9)	(17.5)	(16,533.5)
Closing net carrying amount	5,799.0	11,584.0	776.7	775.0	33.4	–	18,968.1

(b) Lease liabilities

The lease liabilities balance at the end of the year was as follows:

GROUP			
	Current KShs'm	Non-current KShs'm	Total KShs'm
Year ended 31 March 2025			
At start of year	6,411.0	48,474.3	54,885.3
Additions	6,207.6	439.1	6,646.7
Interest charge	5,109.1	–	5,109.1
Payments	(11,009.0)	–	(11,009.0)
Terminations and revisions	(166.5)	–	(166.6)
Foreign exchange revaluation	–	18,864.2	18,864.2
Translation differences	(215.4)	(22,151.4)	(22,366.8)
At end of year	6,336.8	45,626.2	51,963.0
Year ended 31 March 2024			
At start of year	5,354.9	29,984.0	35,338.9
Additions	3,439.3	20,273.6	23,712.9
Interest charge	5,820.0	–	5,820.0
Payments	(7,240.3)	–	(7,240.3)
Terminations and revisions	(682.2)	–	(682.2)
Foreign exchange revaluation	–	1,270.8	1,270.8
Translation differences	(280.7)	(3,054.1)	(3,334.8)
At end of year	6,411.0	48,474.3	54,885.3

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

22 Leases (continued)

(a) Right of use (ROU) asset (continued)

Included in the direct costs and reported in the statement of profit or loss in the year is an amount of KShs 2,535.8 million (2024: KShs 2,707.2 million) for Group and KShs 1,704.7 million (2024: KShs 1,803.3 million) for Company relating to short term leases of less than one year which were not accounted for under IFRS 16.

	COMPANY		
	Current KShs'm	Non-current KShs'm	Total KShs'm
Year ended 31 March 2025			
At start of year	5,163.1	18,409.1	23,572.2
Additions	3,564.9	2,591.6	6,156.5
Interest charge	3,079.4	–	3,079.4
Payments	(6,794.0)	–	(6,794.0)
Terminations and revisions	767.2	–	767.2
Foreign exchange revaluation	–	(109.9)	(109.9)
At end of year	5,780.6	20,890.8	26,671.4
Year ended 31 March 2024			
At start of year	4,376.6	17,070.1	21,446.7
Additions	4,395.6	1,357.4	5,753.0
Interest charge	3,058.8	–	3,058.8
Payments	(5,986.3)	–	(5,986.3)
Terminations and revisions	(681.6)	–	(681.6)
Foreign exchange revaluation	–	(18.4)	(18.4)
At end of year	5,163.1	18,409.1	23,572.2

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Payments split				
Repayment of lease liabilities- principal	7,808.6	5,326.6	3,714.6	4,175.3
Repayment of lease liabilities- interest	3,200.4	1,913.7	3,079.4	1,811.0
Total payments	11,009.0	7,240.3	6,794.0	5,986.3

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

22 Leases (continued)

(c) Maturity analysis of undiscounted lease liabilities

The lease payment split is as follows:

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Less than 1 year	10,528.2	10,769.8	5,915.3	5,292.4
Greater than 1 year	61,056.6	63,570.1	28,541.7	25,164.4
Total	71,584.8	74,339.9	34,457.0	30,456.8

23 Investments

From time to time the Group invests in various entities in the form of subsidiaries, associates and joint arrangements and ventures for strategic reasons in order to achieve its overall objective of transforming lives.

(a) Investment in subsidiaries

All subsidiaries are unlisted and have the same year end as the Company except for Safaricom Money Transfer Services Limited and Safaricom Insurance Agency Limited which have a 31 December year-end because of Central Bank of Kenya's reporting guidelines and The Insurance Act respectively. The investments relate to cost of shares held in the subsidiaries.

	COMPANY	
	2025 KShs'm	2024 KShs'm
At start of year	98,779.6	78,012.5
Additional investment:		
– Safaricom Ventures Limited (formerly Instaconnect Limited)*	(0.3)	80.6
– Vodafamily Ethiopia Holding Limited – cash ¹	30,161.4	20,583.3
– Vodafamily Ethiopia Holding Limited – non-cash	(448.3)	103.2
– M-PESA Holding Co. Limited ²	–	–
– Safaricom Insurance Agency Limited ³	0.1	–
At end of year	128,492.5	98,779.6

* On 17 February 2025, the directors of Instaconnect Limited changed the name of the company to Safaricom Ventures Limited.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

23 Investments (continued)

(a) Investment in subsidiaries (continued)

¹In April 2021, Safaricom Plc in partnership with Vodacom Group Limited, Sumitomo Corporation, and British International Investment Plc (BII) formerly (CDC Group Plc) partnered to invest in Ethiopia. Safaricom Plc and Vodacom Group through the Vodafamily Ethiopia Holding Company Limited (a private limited company incorporated under the laws of England and Wales, United Kingdom), Sumitomo and British International Investment (BII) formerly (CDC) incorporated the Global Partnership for Ethiopia(GPE) B.V. (a private limited company incorporated in the Netherlands), as the investment vehicle to Ethiopia with the respective shareholding into the company being Vodafamily Ethiopia Holding 61.9% (Safaricom Plc 55.71%, Vodacom Group 6.19%), Sumitomo Corporation 27.2% and British International Investment (BII) formerly (CDC) Group Plc 10.9%. The intention was to bid for one of the telecommunications licenses in Ethiopia.

On 26 April 2021, the Global Partnership for Ethiopia B.V. (the "GPE") submitted a response to the Request for Proposals (the "RFP") by the Government of Ethiopia (the "GoE") that was issued by the Ethiopian Communications Authority (the "ECA"). On 24 May 2021, the ECA formally notified the GPE of its decision to award it one of the two telecommunication licenses that were available in the bid process. License fee paid was USD 850 million to Government of Ethiopia. In addition, a transaction fees of USD 4 Million was paid to International Finance corporation (IFC). The total cost was distributed proportionate to each consortium partner shareholding in GPE.

GPE thereafter incorporated a fully owned subsidiary in Ethiopia- Safaricom Telecommunication Ethiopia Plc (STE) and the certificate of operation was issued on 6th July 2021 as per the requirements of Ethiopia regulation. The indirect shareholding of Safaricom Plc in STE is 55.71%. STE's primary purpose is to hold and operate a full-service telecommunications license granted to GPE by the Federal Republic of Ethiopia. The subsidiary was established within the FY2021 financial reporting period and has been consolidated in the Group's 31 March 2025 financial statements.

In August 2023, International Financial Corporation (IFC), invested 7.25% in Ethiopia through the Global Partnership for Ethiopia (GPE) B.V. This changed the respective shareholdings in Ethiopia to; Vodafamily Ethiopia Holding 57.41% (Safaricom Plc 51.67%, Vodacom Group 5.74%), the Global Partnership for Ethiopia (GPE) B.V. Holding 42.59% (Sumitomo Corporation 25.23%, British International Investment, BII 10.11% and International Financial Corporation (IFC), 7.25%).

During the financial year, the Company invested 230.9 million US dollar equivalent to KShs 30,161.4 million (2024: 156.2 million US dollar equivalent to KShs 20,583.3 million), in Vodafamily Ethiopia Holding Limited and in 2024 KShs 80.6 million in Instaconnect Limited (now known as Safaricom Ventures Limited).

²Acquisition of M-PESA Holding Co. Limited

Following the regulatory approvals and ratification by shareholders at the Annual General Meeting held on 28 July 2023, Safaricom Plc acquired the entire issued share capital of M-PESA Holding Co. Limited (MPHCL) from Vodafone International Holdings BV for \$1. The acquisition of MPHCL marks the Safaricom's increased control of the major aspects of the mobile money services which was deemed to be necessary given that it is the licensed payment provider. Safaricom oversees the operations of the Trust, with the overall responsibility of the Trust being held by the appointed directors.

The results of MPHCL have not been consolidated in these financial statements.

³Safaricom Insurance Agency Limited

Following the regulatory approvals in May 2024, Safaricom Plc, was licensed to offer insurance intermediary services via Safaricom Insurance Agency Limited (SIAL). This will allow Safaricom to offer solutions to customers by co creating insurance products with insurance companies in the market, such as health, motor, business, travel and accident insurance policies.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

23 Investments (continued)

(a) Investment in subsidiaries (continued)

Below is the contribution for Non-Controlling Interest (NCI) arising from their ownership in GPE and STEP;

Name	Non-controlling Interest (NCI) percentage	At start of year KShs'm	Contribution by NCI shareholders KShs'm	Loss allocated to NCI KShs'm	Other reserves KShs'm	Totals non-controlling interest (NCI) KShs'm
At 31 March 2025						
Vodacom Group Limited	5.74%	12,996.5	3,350.7	(2,858.6)	(7,817.7)	5,670.9
Sumitomo Corporation	25.23%	57,106.2	13,883.7	(12,548.3)	(34,358.6)	24,083.0
British International Investment (formerly CDC Group Plc)	10.11%	22,884.5	5,563.4	(5,028.5)	(13,768.7)	9,650.7
International Financial Corporation (IFC)	7.25%	16,411.6	3,989.6	(3,606.1)	(9,873.9)	6,921.2
Total	48.33%	109,398.8	26,787.4	(24,041.5)	(65,818.9)	46,325.8

Name	Non-controlling Interest (NCI) percentage	At start of year KShs'm	Contribution by NCI shareholders KShs'm	Loss allocated to NCI KShs'm	Other reserves KShs'm	Redistribution of loss after change in shareholding KShs'm	Totals non-controlling interest (NCI) KShs'm
At 31 March 2024							
Vodacom Group Limited	5.74%	10,595.3	2,288.3	(2,417.1)	2,530.0	–	12,996.5
Sumitomo Corporation	25.23%	46,557.5	10,055.5	(10,613.2)	11,106.4	–	57,106.2
British International Investment (formerly CDC Group Plc)	10.11%	18,657.2	4,029.6	(4,253.1)	4,450.8	–	22,884.5
International Financial Corporation (IFC)	7.25%	–	13,620.4	(3,049.9)	4,436.7	1,404.4	16,411.6
Total	48.33%	75,810.0	29,993.8	(20,333.3)	22,523.9	1,404.4	109,398.8

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

23 Investments (continued)

(a) Investment in subsidiaries (continued)

The Company's interest in its subsidiaries was as follows:

			COMPANY	
	Year end	% Interest held	2025 KShs'm	2024 KShs'm
One Communications Limited and its subsidiaries ¹	31 March	100	–	–
Digifarm Kenya Limited ²	31 March	100	0.1	0.1
Safaricom Ventures Limited (formerly Instaconnect Limited) ³	31 March	100	491.5	491.7
Vodafamily Ethiopia Holding Limited	31 March	90	127,980.8	98,267.8
Safaricom Money Transfer Services Limited	31 December	100	20.0	20.0
East Africa Tower Company Limited ⁴	31 March	100	–	–
M-PESA Holding Co. Limited	31 March	100	–	–
Safaricom Insurance Agency Limited	31 December	100	0.1	–
			128,492.5	98,779.6

¹ The subsidiaries are Comtec Training Management Services Limited, Comtec Integrations System Limited and Flexible Bandwidth Service Limited. The investment in One Communications Limited and its subsidiaries were written down in the year ended 31 Mar 2017.

² In October 2019, Digifarm Kenya Limited was incorporated as a 100% owned subsidiary by Safaricom Plc. The nominal share capital of the Company is KShs 100,000 divided into 1,000 ordinary shares of KShs 100 each. The entity is primarily designed to offer agribusiness technology support services to Kenyan farmers linking the entire production chain by connecting producers to buyers and cushioning farmers from middlemen. Other expected value additions to the Digifarm model will be filling the gaps below:

- Access to financial services – credit and insurance
- Access to quality inputs
- Knowledge on best farming practices through extension services
- Access to market and post-harvest loss management.

³ Safaricom Plc repurposed its existing subsidiary, Instaconnect Limited (now known as Safaricom Ventures Limited) to invest in East Africa Device Assembly Kenya Limited (EADAK), a company set up to spearhead mobile phone assembly in Kenya. Together with other shareholders. As at 31 March 2025, Safaricom Ventures Limited shareholding in EADAK is 25% (2024: 25%).

⁴ The investment in East Africa Tower Company Limited was written down in the year ended 31 Mar 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

23 Investments (continued)

(a) Investment in subsidiaries (continued)

The summarised financial information of Vodafamily Ethiopia Holding Limited consolidated is provided below. The subsidiary is incorporated in United Kingdom and the principal place of business is London, United Kingdom. This information is based on amounts before inter-company eliminations.

Vodafamily Ethiopia Holding Limited consolidated summarised statement of profit or loss and other comprehensive income for year ended 31 March 2025 and 31 March 2024:

	2025 KShs'm	2024 KShs'm
Total revenue	7,529.0	7,379.8
Total expenses	(41,221.1)	(31,079.5)
Loss before interest, tax, depreciation and amortisation	(33,692.1)	(23,699.7)
Depreciation and amortisation	(20,464.1)	(35,895.9)
Financing costs	(12,703.4)	(5,268.4)
Finance income	5,863.1	409.1
Hyperinflationary monetary gain (Note 36)	11,222.3	22,363.2
Loss after tax	(49,774.2)	(42,091.7)
Other comprehensive loss		
Exchange differences on translation of foreign operations	(153,790.2)	(7,278.1)
Total comprehensive loss	(203,564.4)	(49,369.8)
Attributable to non-controlling interests	(98,484.5)	(23,860.4)

Vodafamily Ethiopia Holding Limited consolidated summarised statement of financial position as at 31 March

	2025 KShs'm	2024 KShs'm
Equity attributable to;		
Equity holders of parent	55,896.4	129,968.8
Non-controlling interest	41,463.3	96,409.3
Non-current liabilities	70,693.0	77,963.3
Total equity and non-current liabilities	168,052.7	304,341.4
Non-current assets	185,641.4	340,883.4
Current assets		
Cash and cash equivalents	11,534.4	1,561.1
Other current assets	10,698.8	22,031.8
Total current assets	22,233.2	23,592.9
Current liabilities	39,821.9	60,134.9
	168,052.7	304,341.4

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

23 Investments (continued)

(a) Investment in subsidiaries (continued)

Vodafamily Ethiopia Holding Limited Consolidated Summarised cashflow information for year ended 31 March

	2025 KShs'm	2024 KShs'm
Cash flows from operating activities	(6,074.5)	(11,365.3)
Cash flows from investing activities	(14,860.7)	(59,985.3)
Cash flows from financing activities	70,551.0	67,676.6
Net increase/(decrease) in cash and cash equivalents	49,615.8	(3,674.0)
Movement in cash and cash equivalents		
At start of year	1,561.1	3,806.4
Net foreign exchange difference	(4,810.7)	1,923.5
Net monetary gain on cash and cash equivalents	(34,831.8)	(494.8)
Decrease in cash and cash equivalents	49,615.8	(3,674.0)
Closing cash and cash equivalents	11,534.4	1,561.1

(b) Investment in associates and joint ventures - Group and Company

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Investment in associates				
The East African Marines Systems Limited (TEAMS)	156.5	143.3	156.5	143.3
East Africa Device Assembly of Kenya (EADAK)	112.1	80.6	–	–
Total investment in associates	268.6	223.9	156.5	143.3
Investment in joint venture				
M-PESA Africa Limited*	6,778.1	3,318.6	6,778.1	3,318.6
Total investment in joint venture	6,778.1	3,318.6	6,778.1	3,318.6
Total investment in associates and joint venture	7,046.7	3,542.5	6,934.6	3,461.9
The movement in investment in associates and joint venture is as follows:				
TEAMS				
At start of year TEAMS	143.3	135.6	143.3	135.6
Share of profit/(loss) from TEAMS	13.2	(2.9)	13.2	(2.9)
Additional investment in the year	–	10.5	–	10.6
At end of year TEAMS	156.5	143.3	156.5	143.3
Circle Gas				
At start of year Circle Gas	–	–	–	–
Share of profit/(loss) from Circle Gas	–	–	–	–
At end of year Circle Gas	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

23 Investments (continued)

(b) Investment in associates and joint ventures – Group and Company (continued)

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
EADAK				
At start of year EADAK	80.6	–	–	–
Share of profit/(loss) from EADAK	44.0	–	–	–
Additional investment in the year	–	80.6	–	–
Dividends received	(12.5)	–	–	–
At end of year EADAK	112.1	80.6	–	–
Total share of profit/(loss) of associates	57.2	(2.9)	13.2	(2.9)
Total (reduction)/additional investment in associates	(12.5)	91.1	–	–
M-PESA Africa Limited				
At start of year M-PESA Africa Limited	3,318.6	3,797.8	3,318.6	3,797.8
Share of loss from M-PESA Africa Limited	(1,234.7)	(1,376.2)	(1,234.7)	(1,376.2)
Additional investment in the year (non-cash)**	2,424.2	–	2,424.2	–
Additional investment in the year (cash)	2,270.0	897.0	2,270.0	897.0
At end of year M-PESA Africa Limited	6,778.1	3,318.6	6,778.1	3,318.6
At end of year – investment in associates and joint venture	7,046.7	3,542.5	6,934.6	3,461.9

In December 2019, Safaricom completed a purchase of 18.96% of the issued shares capital of Circle Gas Limited (KShs 385 million), a company incorporated in England. Principal place of business for Circle Gas Limited is London, United Kingdom. Strategically, the investment in Circle Gas Limited solution is a digital service offering leveraging Internet of Things (IoT) and M-PESA, that will drive our ambition to be the leading digital services on Kenya whilst driving financial inclusion through technology by offering customers an affordable, clean energy source for cooking.

In 2022 Circle Gas Limited subsequently issued ordinary shares which were used in settlement of debt. This led to a dilution of the Safaricom's shareholding to 14.648%.

The investment in Circle Gas Limited has been treated as an investment in associate as per IAS 28.6 where the existence of significant influence by an investor is usually evidenced if one or more of the following exists;

- Representation on the board of directors or equivalent governing body of the investee
- Participation in the policy-making process material transactions between the investor and the investee
- Interchange of managerial personnel
- Provision of essential technical information

Circle Gas Limited has a 31 December year end and derives its revenues from the provision of affordable, clean energy source for cooking. Changes in the risk and fluctuation of the results of the associate is not expected to have a significant impact on the results of the Group. Initial Investment on Circle Gas Limited were fully written off by the reported losses.

** On 15 April 2024, the conversion of the shareholder loan to equity was concluded with a total of KShs 2,424.2 million converted to equity and an additional 932 shares issued to Safaricom Plc.

* In the year ended 31 March 2024, Safaricom Plc repurposed its existing subsidiary, Instaconnect Limited (now known as Safaricom Ventures Limited) to invest in East Africa Device Assembly Kenya Limited (EADAK), a company set up to spearhead mobile phone assembly in Kenya.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

23 Investments (continued)

(b) Investment in associates and joint ventures – Group and Company (continued)

Circle Gas Limited summarised statement of profit or loss and other comprehensive income

	12 months ended 31 December 2023 KShs'm	12 months ended 31 December 2022 KShs'm
Revenue	2,566.2	1,092.2
Expenses	(9,338.2)	(5,536.7)
Loss before tax	(6,772.0)	(4,444.5)
Income tax expense	364.7	18.4
Loss after tax	(6,407.3)	(4,426.1)
Share of loss after tax	–	–
Share of loss of associate- reported	–	–
Share of loss of associate- unrecognised	(938.7)	(648.4)

Circle Gas Limited summarised statement of financial position

	As at 31 December 2023 KShs'm	As at 31 December 2022 KShs'm
Total equity	(14,167.8)	(6,179.3)
Current liabilities	7,179.6	2,564.6
Non-current liabilities	18,198.5	13,090.3
Total liabilities & equity	11,210.3	9,475.6
Non-current assets	7,020.9	6,536.4
Current assets	4,189.4	2,939.2
Total assets	11,210.3	9,475.6

At the time of the report the financial statements for Circle Gas Limited as at 31 March had not been received. The investment is fully impaired.

Included in the investment in associate is the investment of 32.5% (2024: 32.5%) of the ordinary shares of The East African Marines Systems Limited (TEAMS). TEAMS is a private company and there is no quoted market price available for its shares. TEAMS' place of business and country of incorporation is Kenya. There are no contingent liabilities relating to the Group's interest in the associate.

TEAMS has a 30 June year end and derives its revenues from the provision of submarine fibre optic cable system. Changes in the risk and fluctuation of the results of the associate is not expected to have a significant impact on the results of the Group. As such, the unaudited nine months results for the associate have been incorporated in the Group's financial statements. Set out below is the summarised financial information for TEAMS as at 31 March 2025, which is accounted for using the equity method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

23 Investments (continued)

(b) Investment in associates and joint ventures – Group and Company (continued)

TEAMS summarised statement of financial position as at 31 March

	2025 KShs'm	2024 KShs'm
Total equity	424.3	412.5
Current liabilities	123.1	386.6
Non-current liabilities	–	–
Total liabilities & equity	547.4	799.1
Non-current assets	16.9	20.5
Current assets	530.5	778.6
Total assets	547.4	799.1

TEAMS summarised statement of profit or loss and other comprehensive income for the 9 months period ended 31 March

	2025 KShs'm	2024 KShs'm
Revenue	221.9	243.8
Other income	13.0	16.2
Total Income	234.9	260.0
Establishment expenses	(191.6)	(186.6)
Administrative expenses	(27.8)	(39.7)
Total expenses	(219.4)	(226.3)
Profit before tax	15.5	33.7
Income tax expense	(4.7)	(10.1)
Profit after tax	10.8	23.6
Share of profit of associate (32.5%)	3.5	7.6
Total share of profit of associate reported in the year	13.2	2.9
Share of profit overbooked in previous year	(9.7)	(2.0)

The information above reflects the amounts presented in the management accounts of the associate and not Safaricom Plc's share of those amounts, adjusted for differences in accounting policies between the Company and associate. The results of TEAMS do not have a material impact on the Group's results.

In March 2020, Safaricom Plc and Vodacom Group Limited completed the acquisition of the M-PESA brand, product development and support services from Vodafone Group Plc through the Joint Venture (JV), M-PESA Africa Limited. The new objective of the JV is to strategically help accelerate M-PESA growth in Africa and giving both Safaricom Plc and Vodacom Group Limited full control of the M-PESA brand in Africa. Safaricom Plc owns 50% of the issued share capital of the JV with Vodacom Group Limited owning the remaining 50%.

The JV is registered in Kenya and has a 100% owned subsidiary, K2019102008 (South Africa) (Proprietary) Limited registered in South Africa.

The joint venture is accounted for using equity method in these consolidated and separate financial statements. Summarised financial information in respect of Safaricom Plc investment in joint venture as at year end is set out below:

There are no significant restrictions on the ability of the JV to transfer funds to Safaricom Plc in the form of a cash dividend or repayment of loans. Decisions by the JV to declare and/or pay any dividend or make any capital distribution to shareholders must have prior written consent of the existing shareholders.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

23 Investments (continued)

(b) Investment in associates and joint ventures – Group and Company (continued)

M-PESA Africa Limited summarised statement of financial position as at 31 March

	2025 KShs'm	2024 KShs'm
Total equity	14,399.2	7,636.8
Non-current liabilities		
Deferred income tax	2,458.9	2,312.1
Other non-current financial liabilities	3,654.5	9,761.6
Total non-current liabilities	6,113.4	12,073.7
Total equity and non-current liabilities	20,512.6	19,710.5
Non-current assets	20,636.4	20,981.8
Current assets		
Cash and cash equivalents	1,677.0	792.9
Other current assets	1,672.5	1,639.2
Total current assets	3,349.5	2,432.1
Current liabilities		
Payables and accrued expenses	2,926.8	3,099.7
Other current financial liabilities	546.5	603.7
Total current liabilities	3,473.3	3,703.4
Net current assets	(123.8)	(1,271.3)
	20,512.6	19,710.5

M-PESA Africa Limited summarised statement of profit or loss and other comprehensive income for year ended 31 March

	2025 KShs'm	2024 KShs'm
Revenue	6,695.6	6,369.0
Total expenses	(4,008.3)	(4,139.0)
Profit before interest, tax, depreciation and amortisation	2,687.3	2,230.0
Depreciation and amortisation	(3,695.0)	(3,844.8)
Financing cost	(721.4)	(1,194.6)
Income tax (expense)/credit	(741.0)	57.1
Loss after tax	(2,470.1)	(2,752.3)
Share of loss from joint venture (50%)	(1,234.7)	(1,376.2)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

24 Inventories

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Handsets and accessories	3,052.8	3,795.5	2,412.1	2,371.5
Scratch cards	39.3	74.9	30.1	41.4
Starter packs	583.2	1,088.5	431.1	513.8
Stationery and other stocks	2.8	1.7	2.8	1.6
Less:				
– Provision for obsolescence	(741.1)	(442.4)	(668.1)	(289.3)
	2,937.0	4,518.2	2,208.0	2,639.0
Farm stocks	–	7.8	–	–
	2,937.0	4,526.0	2,208.0	2,639.0

The cost of inventories recognised as an expense during the year was KShs 12,827.8 million (2024: KShs 10,446.1 million) reported under direct costs Note 6. The cost of inventories written down during the year is KShs 413.9 million (2024: KShs 344.9 million). This cost is included under direct costs Note 6.

25 Trade and other receivables

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Current:				
Trade receivables	46,715.3	42,890.5	40,860.3	31,130.4
Less: Allowance for expected credit losses	(23,873.2)	(13,699.0)	(23,108.4)	(13,482.5)
	22,842.1	29,191.5	17,751.9	17,647.9
Receivable from related parties (Note 32 (viii))	248.6	307.9	5,104.1	3,573.5
Less: Allowance for expected credit losses	(6.5)	(34.4)	(1,785.7)	(1,593.1)
	242.1	273.5	3,318.4	1,980.4
Other receivables*	9,514.2	7,505.1	6,778.1	4,330.4
Less: Allowance for expected credit losses	(63.5)	(68.3)	(63.5)	(68.3)
	9,450.7	7,436.8	6,714.6	4,262.1
Prepayments	11,204.4	11,217.2	6,134.1	4,189.5
	43,739.3	48,119.0	33,919.0	28,079.9

* Other receivables include deposit, interest receivable and EPSAP share receivable.

The carrying amounts of the above receivables approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

25 Trade and other receivables (continued)

Movements on the allowance for expected credit losses on trade receivables, other receivables and related parties' receivables are as follows:

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
At start of year	13,801.7	10,494.9	15,143.9	11,456.9
Allowance for expected credit losses for the year				
– Trade and other receivables	11,969.2	7,340.7	11,696.9	7,295.9
– Related parties	–	–	175.8	162.3
Release of prior year allowance	(844.4)	(1,534.2)	(844.4)	(1,551.9)
Provision for expected credit losses	11,124.8	5,806.5	11,028.3	5,906.3
Receivables written off during the year as uncollectible	(983.3)	(2,499.6)	(1,214.6)	(2,219.2)
Recovered from third parties	–	–	–	–
Allowance for expected credit losses at year end	23,943.2	13,801.7	24,957.6	15,143.9
Provision for trade receivables	23,873.2	13,699.0	23,108.4	13,482.5
Provision for related parties	6.5	34.4	1,785.7	1,593.1
Provision for other receivables	63.5	68.3	63.5	68.3
Allowance for expected credit losses at year end	23,943.2	13,801.7	24,957.6	15,143.9

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

26 Cash and cash equivalents and restricted cash

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
(a) Cash and cash equivalents				
Cash at bank	30,024.6	22,877.4	15,912.6	19,075.2
Allowance for expected credit losses	(32.8)	(9.2)	(4.3)	(3.1)
Hyperinflation adjustment	3.9	–	–	–
	29,995.7	22,868.2	15,908.3	19,072.1
b) Restricted cash				
Restricted cash	1,405.9	1,677.9	1,405.9	1,677.9
Discounting adjustment at inception	(407.3)	(658.0)	(407.3)	(658.0)
	998.6	1,019.9	998.6	1,019.9
c) Deferred restricted cash asset				
Discounting adjustment at inception (Note 26(b))	407.3	658.0	407.3	658.0
Accumulated amortisation	(224.0)	(226.1)	(224.0)	(226.1)
Net deferred restricted cash asset	183.3	431.9	183.3	431.9
d) Restricted cash asset movement				
At start of year	1,451.8	1,759.6	1,451.8	1,759.6
Repayments	(272.0)	(337.0)	(272.0)	(337.0)
Amortisation of deferred restricted cash asset	2.1	29.2	2.1	29.2
Net deferred restricted cash asset at end of year	1,181.9	1,451.8	1,181.9	1,451.8

Restricted cash relates to deposits held with Housing Finance Group Limited, NCBA Bank Kenya Plc and KCB Bank Kenya Limited. The cash is used as a backup to the staff mortgage loans and its withdrawal is restricted.

The restricted cash has a significant timing difference due to the contractual period of the mortgage loans, therefore the fair value of the restricted cash upon initial recognition includes the effect of discounting taking the impact of time value of money into consideration. The fair value of the restricted cash on initial recognition was determined using the discounted cash flow method. The difference between the actual cash held as deposits and the fair value (i.e., the deferred restricted cash asset) is amortised over the term of the deposit. Subsequently, the restricted cash is carried at amortised cost.

The fair value adjustment at inception is amortised over the period of the staff's mortgage.

27 Restricted cash – letter of credit

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
At start of year	1,563.4	615.1	–	–
Foreign exchange differences	(303.6)	184.5	–	–
(Repayment)/addition in the year	(802.9)	763.8	–	–
At end of year	456.9	1,563.4	–	–

The restricted cash-letter-of credit balance relates to cash deposited by Group and held by the Bank as security to the letters of guarantee issued by the Bank to external suppliers as a guarantee for payment once goods have been delivered. As at 31 March 2025, a guarantee of KShs 542.0 million for the Group had been issued by the Bank to external suppliers, (2024: KShs 557.6 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

28 Other financial assets

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
At start of year	–	28.6	–	–
Addition in the year	–	–	–	–
Proceeds in the year	–	(28.6)	–	–
At end of year	–	–	–	–

Safaricom Foundation invested in Government securities during the year 31 March 2023. There were no investments held in Government securities at end of 31 March 2025.

29 (a) Payables and accrued expenses

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Trade payables	17,062.5	10,617.6	15,191.7	7,807.8
Due to related companies (Note 32 (ix))	4,044.1	3,145.5	1,656.5	1,396.6
Accrued liabilities:				
– Network infrastructure	57,594.1	57,640.2	9,285.2	6,540.7
– Inventory	565.8	2,672.4	460.1	2,122.3
– Other expenses	15,274.2	19,485.4	12,809.1	12,095.8
Other payables:				
– Indirect and other taxes payable	6,950.9	8,010.1	6,777.8	7,488.6
– M-PESA agent accrual	3,152.8	3,324.5	3,152.3	3,230.1
– Other accrued payables*	391.6	9,482.4	2,507.9	1,140.6
Total payables and accrued expenses	105,036.0	114,378.1	51,840.6	41,822.5
Current	84,571.5	94,919.5	48,962.1	41,822.5
Non-current	20,464.5	19,458.6	2,878.5	–
At end of year	105,036.0	114,378.1	51,840.6	41,822.5

* Other accrued payables include accruals for items such as dealer commissions, roaming, signaling and data clearing.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

29 (b) Provisions

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
At start of year	8,025.9	8,986.9	6,568.6	7,934.8
Charge for the year	3,107.4	734.9	3,048.2	622.2
(Release)/addition of ARO provision	(844.4)	289.8	(844.4)	(132.6)
Payments and release for the year	(397.1)	(1,855.8)	(381.9)	(1,855.8)
Translation differences	(778.0)	(121.4)	–	–
Hyperinflation adjustment	(19.1)	(8.5)	–	–
At end of year	9,094.7	8,025.9	8,390.5	6,568.6
Current	5,220.1	2,938.9	5,220.1	2,938.9
Non-current	3,874.6	5,087.0	3,170.4	3,629.7
At end of year	9,094.7	8,025.9	8,390.5	6,568.6

Legal contingencies

The Group is currently involved in various legal disputes and has, in consultation with its legal advisors, assessed the possible outcomes in these cases and has determined that adequate provision has been made in respect of all these cases as at 31 March 2025.

Due to the nature and uncertainty of the outcomes of the various litigation cases, management exercises judgement to determine the quantum and adequacy of the provision carried. Settlement only happens when a case is closed either through court rulings or out of court agreement between parties involved. The impact of discounting on the provision is not considered to be material.

Tax matters

The Group is subjected to regular compliance audits by Kenya Revenue Authority (KRA) mainly around direct and indirect tax, capital allowances, withholding taxes and transfer pricing. Disputes may arise with tax authorities over the interpretation or application of certain tax rules to the Group's business. To address and manage this tax environment uncertainty, good governance is fundamental to the Group's business sustainability. The Group employs multiple approaches in tax self-assessment in order to arrive at the final Group's tax position. This includes internal reviews and periodic consulting with external tax experts in addition to periodic reviews by our external auditors. Tax decisions are always subject to review by management and are periodically reported to the Board. The Group has considered all tax matters, including ongoing tax audits by KRA within the knowledge of management and has accounted for them appropriately.

Asset restoration provision (ARO)

The Group accounts for the costs associated with dismantling and removing network infrastructure assets and returning a network infrastructure site operated under a lease to its original condition upon termination of the network infrastructure site lease. The associated cash outflows are substantially expected to occur at the dates of decommissioning of the assets.

A restoration provision is recorded based on the best estimate of the average restoration costs (being the future costs relating to dismantling and removing property and equipment and restoring each site) multiplied by the number of sites for which the Company has a restoration obligation. This is then discounted to the present value of the obligation using a pre-tax discount rate.

The adjustment in ARO provision is mainly attributed to roll out of the network by Group and Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

30 (a) Contract assets

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Costs to fulfil a contract:				
Dealer connection commissions	4,144.7	3,178.9	2,992.1	2,776.7
Link lease costs	343.8	246.3	343.8	246.3
SIM activation cost	1,240.0	1,301.4	1,088.0	1,049.7
Other contract costs	715.4	–	715.4	–
	6,443.9	4,726.6	5,139.3	4,072.7
Costs to obtain a contract:				
Deferred SIM cost	2,302.5	1,973.1	2,231.7	1,519.9
Deferred financing cost	152.3	110.2	152.3	110.2
	2,454.8	2,083.3	2,384.0	1,630.1
Total contract costs	8,898.7	6,809.9	7,523.3	5,702.8
The movement of the contract costs is as below:				
At start of year	6,809.9	6,247.7	5,702.8	5,814.6
Additions in the year	11,151.0	10,047.3	9,714.6	8,355.7
Amortised as costs in the year	(9,062.2)	(9,485.1)	(7,894.1)	(8,467.5)
At end of year	8,898.7	6,809.9	7,523.3	5,702.8
Current	6,351.2	5,202.0	6,280.4	4,748.8
Non-current	2,547.5	1,607.9	1,242.9	954.0
At end of year	8,898.7	6,809.9	7,523.3	5,702.8

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

30 (b) Contract liabilities

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Customer loyalty programmes	3,600.5	3,272.9	3,600.5	3,272.9
Deferred airtime revenue	2,486.0	2,646.0	2,084.9	2,162.4
Deferred connection revenue	2,064.8	2,316.7	1,846.5	2,178.5
Deferred integrated products	1,798.4	1,983.3	1,682.3	1,838.4
Deferred neo voice and data	1,208.6	1,472.9	1,208.6	1,472.9
Deferred fixed data	395.6	836.7	395.6	791.7
Deferred fibre and site rental revenue	291.4	178.0	291.4	178.0
Deferred bulk SMS	192.4	161.1	192.4	161.1
Deferred bundled handset resources	–	3.1	–	3.1
Deferred emergency top up access fee	3.3	4.0	3.3	4.0
Deferred device financing revenue	967.5	–	967.4	–
Total contract liabilities	13,008.5	12,874.7	12,272.9	12,063.0

The movement of the contract liabilities is as below:

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
At start of year	12,874.7	11,733.7	12,063.0	11,295.3
Additions in the year	256,297.0	234,913.0	244,611.7	220,502.9
Recognised as revenue in the year	(256,163.2)	(233,772.0)	(244,401.8)	(219,735.2)
At end of year	13,008.5	12,874.7	12,272.9	12,063.0
Current	11,487.4	11,393.5	10,751.8	10,581.8
Non-current	1,521.1	1,481.2	1,521.1	1,481.2
At end of year	13,008.5	12,874.7	12,272.9	12,063.0

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

31 (a) Cash generated from operations

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Profit before income tax	93,210.5	84,687.4	141,251.7	123,805.1
Adjustments for:				
Hyperinflationary monetary gain	(11,222.3)	(22,363.2)	–	–
Interest income (Note 8)	(2,384.0)	(2,467.5)	(1,919.3)	(2,257.4)
Interest expense (Note 9)	14,089.1	12,644.3	11,968.0	10,640.4
Interest on lease liabilities	5,109.1	5,820.0	3,079.4	3,058.8
Depreciation on property and equipment (Note 18)	50,999.9	55,162.3	40,000.0	39,324.2
Depreciation of right of use (ROU) asset (Note 22(a))	6,823.9	9,699.7	4,405.3	4,503.2
Amortisation of intangible assets (Note 21)	9,953.4	17,804.5	2,852.0	2,836.4
Depreciation of indefeasible rights of use (Note 19)	323.6	281.3	323.6	281.3
Share of (profit)/loss from associate (Note 23 (b))	(57.2)	2.8	(13.2)	2.8
Share of loss of joint venture (M-PESA Africa Limited) (Note 23 (b))	1,234.7	1,376.2	1,234.7	1,376.2
Fair value adjustment to investment properties (Note 20)	(25.0)	–	(25.0)	–
Gain on disposal of property and equipment (Note 5 (b))	(23.0)	(268.3)	(35.7)	(250.4)
Fair valuation of restricted cash (Note 8)	(2.1)	(29.2)	(2.1)	(29.2)
Interest on ARO liability	501.2	523.8	442.0	411.1
Gain on lease termination	(0.3)	(1,047.8)	(14.6)	(986.8)
Revaluation of lease liabilities	18,864.2	1,270.8	(109.9)	(18.4)
Asset retirement obligations non-cash additions	–	(289.9)	–	132.5
Expected credit loss on receivables and loans	11,122.4	5,808.6	11,205.2	6,071.6
Dividends from subsidiary	–	–	(2,251.3)	–
Foreign exchange loss on borrowings	10,487.6	–	–	–
Change in operating assets and liabilities:				
– Movement in accrual for other liabilities (Note 29(b))	2,281.2	(943.5)	2,281.2	(1,717.7)
– Movement in contract liabilities	737.9	1,141.0	210.0	767.7
– Movement in contract costs	(2,778.8)	(562.2)	(1,820.5)	111.8
– Movement in receivables and prepayments	(40,773.5)	(17,926.3)	(17,200.9)	(9,880.9)
– Movement in inventories	750.5	(870.4)	430.9	(407.5)
– Movement in payables and accrued expenses	14,425.6	14.8	3,723.0	1,164.9
Cash generated from operations	183,648.6	149,469.2	200,014.5	178,939.7

As 31 March 2025, other non-cash items included in the finance income (Note 8) were foreign exchange gains on cash and borrowings and amortisation of deferred restricted cash asset of KShs 6,838.1 million and KShs 422.4 million for the Group and Company, respectively (2024:KShs 2,992.1 million and KShs 5,123.0 million for the Group and Company, respectively).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

31 (b) Net cash/(debt) reconciliation

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Cash and cash equivalents (Note 26 a)	30,024.6	22,877.4	15,912.6	19,075.2
Shareholder loan (Note 32 (x)(c))	(404.0)	–	–	–
Borrowings (Note 16)	(107,834.4)	(108,146.8)	(80,454.3)	(77,666.6)
Lease liabilities (Note 22)	(51,963.0)	(54,885.3)	(26,671.4)	(23,572.2)
Net debt	(129,772.8)	(140,154.7)	(91,213.1)	(82,163.6)
Cash and cash equivalents (Note 26 a)	30,024.6	22,877.4	15,912.6	19,075.2
Gross debt	(159,797.4)	(163,032.1)	(107,125.7)	(101,238.8)
Net debt	(129,772.8)	(140,154.7)	(91,213.1)	(82,163.6)

31 (c) Liabilities from financing activities and net debt

	GROUP					
	Borrowings KShs'm	Shareholder loan KShs'm	Lease liabilities KShs'm	Sub total KShs'm	Cash KShs'm	Net debt KShs'm
Movement in net debt						
At 1 April 2024	(108,146.8)	–	(54,885.3)	(163,032.1)	22,877.4	(140,154.7)
Receipts	(37,567.0)	(404.0)	(6,646.7)	(44,617.7)	11,957.9	(32,659.8)
Payments	26,305.2	–	11,009.0	37,314.2	–	37,314.2
Terminations and revisions	–	–	166.5	166.5	–	166.5
Interest charged	(14,089.1)	–	(5,109.1)	(19,198.2)	–	(19,198.2)
Interest paid	14,893.5	–	–	14,893.5	–	14,893.5
Foreign exchange revaluation	11,665.2	–	(18,864.2)	(7,199.1)	–	(7,199.1)
Translation differences	–	–	22,366.8	22,366.8	(4,810.7)	17,556.1
Hyperinflation adjustment	(491.4)	–	–	(491.4)	–	(491.4)
At 31 March 2025	(107,834.4)	(404.0)	(51,963.0)	(159,797.4)	30,024.6	(129,772.8)

	GROUP				
	Borrowings KShs'm	Lease liabilities KShs'm	Sub total KShs'm	Cash KShs'm	Net debt KShs'm
Movement in net debt					
At 1 April 2023	(87,605.4)	(35,338.9)	(122,944.3)	22,108.5	(100,835.8)
Receipts	(65,841.3)	(23,712.9)	(89,554.2)	(1,154.6)	(90,708.8)
Payments	41,103.9	7,240.3	48,344.2	–	48,344.2
Terminations and revisions	–	682.2	682.2	–	682.2
Interest charged	(12,644.3)	(5,820.0)	(18,464.3)	–	(18,464.3)
Interest paid	12,776.5	–	12,776.5	–	12,776.5
Foreign exchange revaluation	3,928.8	(1,270.8)	2,658.0	–	2,658.0
Translation differences	–	3,334.8	3,334.8	1,923.5	5,258.3
Hyperinflation adjustment	135.0	–	135.0	–	135.0
At 31 March 2024	(108,146.8)	(54,885.3)	(163,032.1)	22,877.4	(140,154.7)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

31 (c) Liabilities from financing activities and net debt (continued)

COMPANY					
Movement in net debt	Borrowings KShs'm	Lease liabilities KShs'm	Sub total KShs'm	Cash KShs'm	Net debt KShs'm
At 1 April 2024	(77,666.6)	(23,572.2)	(101,238.8)	19,075.2	(82,163.6)
Receipts	(28,000.0)	(6,156.5)	(34,156.5)	(3,162.6)	(37,319.1)
Payments	24,415.5	6,794.0	31,209.5	–	31,209.5
Terminations and revisions	–	(767.2)	(767.2)	–	(767.2)
Interest charged	(11,968.0)	(3,079.4)	(15,047.4)	–	(15,047.4)
Interest paid	12,764.8	–	12,764.80	–	12,764.8
Foreign exchange revaluation	–	109.9	109.9	–	109.9
At 31 March 2025	(80,454.3)	(26,671.4)	(107,125.7)	15,912.6	(91,213.1)
At 1 April 2023	(76,096.7)	(21,446.7)	(97,543.4)	18,063.2	(79,480.2)
Receipts	(36,892.5)	(5,753.0)	(42,645.5)	1,012.0	(41,633.5)
Payments	35,055.3	5,986.3	41,041.6	–	41,041.6
Terminations and revisions	–	681.6	681.6	–	681.6
Interest charged	(10,640.3)	(3,058.8)	(13,699.1)	–	(13,699.1)
Interest paid	10,907.6	–	10,907.6	–	10,907.6
Foreign exchange revaluation	–	18.4	18.4	–	18.4
At 31 March 2024	(77,666.6)	(23,572.2)	(101,238.8)	19,075.2	(82,163.6)

32 Related party transactions

Vodafone Kenya Limited incorporated in Kenya, whose ultimate parent is Vodafone Group Plc, incorporated in the United Kingdom (UK), is the largest single shareholder of the Company. There are other companies in the Vodafone Group that are related to the Company through common shareholdings or common directorships.

In addition, the Government of Kenya is a significant shareholder in the Company, holding a 35% equity interest. There are other government related entities that are related to the Company through common shareholdings or common directorships.

The following are the significant arrangements that exist and form the basis of various transactions within the Group:

- The Group has interconnection and roaming agreements with Vodafone affiliated companies in many countries around the world, including the UK.
- The Group operates the M-PESA business which offers integrated financial services. M-PESA is an innovative mobile payment solution that enables users to complete money transfer transactions and pay for goods and services by use of mobile phone for which the Company earns a commission which is based on the amounts transacted. The Company also uses the M-PESA platform to sell airtime to M-PESA account holders as well as run the M-Shwari and KCB M-PESA products as detailed out in Note 2(f).

M-PESA Africa Limited is a joint venture between Safaricom Plc and Vodacom Group (SA). The Company has entered into a managed services agreement with the Safaricom Plc to provide technical and product-based M-PESA solutions against which a fee is charged monthly. The fee is based on 2% of the M-PESA transaction revenue effective 1 April 2020.

Safaricom Plc acquired the entire issued share capital of M-PESA Holding Co. Limited (MPHCL) from Vodafone International Holdings BV. Safaricom has the overall responsibility for the entire payment service system including operations of the Trust.

MPHCL undertakes and carries on the office and duties of corporate trustee for the funds held in trust for M-PESA account holders in Kenya. The funds held in MPHCL are due to customers and agents and relate to M-PESA units not yet redeemed. MPHCL holds these amounts in cash, deposits, and treasury bills in its bank accounts (Trust accounts).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

32 Related party transactions (continued)

- (c) The Group has signed an agreement with Vodacom Group for commercial services support. The agreement is effective from April 2023 to March 2026. Under the agreement, Safaricom Plc will have access to Vodacom's support for purposes of access to technology materials and thought leadership, digital marketing acceleration, logistics and warehousing strategy and transformation, big data and data science among others. The contract provides for a fixed participation fee up to a maximum of EUR 3 million payable in two equal instalments.
- (d) The Group has signed an agreement with Vodafone Group for participation in the Vodafone procurement company services. The agreement is effective from April 2023 to March 2026. Under the agreement, Safaricom Plc will have access to Vodafone's support for purposes of procurement.
The contract provides for a variable procurement fee at 4.5% calculated as a percentage of the actual purchase order value.
- (e) The Group has employees who are seconded from Vodafone affiliate companies. The payroll cost for the secondees is managed by Vodafone Group Services Limited and recharged (invoiced) to the Company for payment on a monthly basis.
- (f) The Group second its staff to other Vodafone affiliate companies. The payroll cost for these secondees is managed by Vodafone Group Enterprises (VGE) and recharged (invoiced) by the Company for payment on a monthly basis.
- (g) The Group has entered into several transactions with various government departments and entities. These transactions primarily relate to the provision of goods and services. The total value of these transactions for the year ended 31 March 2025 is collectively not significant in relation to the Group's total revenues (31 March 2024: Not significant).

The following relationships exist within Safaricom Plc:

Subsidiaries	Held by	Percentage of interest held as at	
		March 2025	March 2024
One Communications Limited	Safaricom Plc	100%	100%
Safaricom Ventures Limited (formerly Instaconnect Limited)	Safaricom Plc	100%	100%
Safaricom Money Transfer Services Limited	Safaricom Plc	100%	100%
East Africa Tower Company Limited	Safaricom Plc	100%	100%
Safaricom Foundation*	Safaricom Plc	–	–
Flexible Bandwidth Services Limited	One Communications Limited	100%	100%
Comtec Training and Management Services Limited	One Communications Limited	100%	100%
Comtec Integration Systems Limited	One Communications Limited	100%	100%
Digifarm Kenya Limited	Safaricom Plc	100%	100%
Safaricom Insurance Agency Limited	Safaricom Plc	100%	–
M-PESA Holding Co. Limited	Safaricom Plc	100%	100%
Vodafamily Ethiopia Holding Company Limited	Safaricom Plc	90%-1share	90%-1share
Global Partnership for Ethiopia B.V	Vodafamily Ethiopia Holding Company Limited	57.41% (Safaricom indirectly owns 51.67%)	61.9% (Safaricom indirectly owns 55.71%)
Safaricom Telecommunications Ethiopia Plc (STEP)	Global Partnership for Ethiopia B.V (GPE)	100 % (Safaricom indirectly owns 51.67%)	100 % (Safaricom indirectly owns 55.71%)
Associates			
The East African Marines Systems Limited (TEAMS)	Safaricom Plc	32.5%	32.5%
Circle Gas Limited	Safaricom Plc	14.648%	14.648%
East Africa Device Assembly Kenya Limited (EADAK)	Safaricom Ventures Limited (formerly Instaconnect Limited)	25%	–
Joint venture			
M-PESA Africa Limited	Safaricom Plc	50%	50%

*Safaricom Foundation was established by Safaricom Plc as a public charitable trust by a Declaration of Trust dated 14 August 2003 and is domiciled in Kenya.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

32 Related party transactions (continued)

The following transactions were carried out with related parties:

(i) Sale of goods and services

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Other related parties				
Vodafone Roaming Services S.à r.l	124.2	139.0	124.3	139.0
Vodacom Tanzania Public Limited Company	29.0	52.9	29.0	52.9
Vodacom (Pty) Limited	179.4	436.5	179.4	436.5
Vodacom Business (Kenya) Limited	1.1	9.2	1.1	9.2
Vodafone Egypt Telecom. S.A.E.	1.3	1.3	1.3	1.3
Vodafone Network PTY Limited	1.3	2.7	1.3	2.7
Vodafone Sverige AB	0.7	0.5	0.7	0.5
Vodafone Qatar Q.S.C.	5.3	35.2	5.3	35.2
Vodafone Enterprise Global Limited	146.0	163.6	146.0	163.6
Vodacom Group Limited	84.3	69.6	84.3	69.6
Vodafone Sales & Services Limited	–	25.5	–	25.5
Mtc Vodafone Bahrain	0.2	0.1	0.2	0.1
Vodacom Business Africa Group Services Limited	5.3	9.0	5.3	9.0
M-Pesa Foundation	–	–	43.6	63.0
East Africa Device Assembly Kenya Limited	–	–	0.5	0.2
M-Pesa Holdings Company Limited	–	–	87.5	2.1
Joint venture				
M-PESA Africa limited	1,209.1	1,092.8	1,209.1	1,092.8
Subsidiaries				
Safaricom Money Transfer Services Limited	–	–	571.9	986.9
East Africa Tower Company Limited	–	–	0.7	0.3
Digifarm Kenya Limited	–	–	117.6	123.2
Safaricom Ventures Limited (formerly Instaconnect Limited)	–	–	2.0	1.8
Safaricom Telecommunication Ethiopia Plc	–	–	1,771.6	1,898.9
Safaricom Foundation	–	–	139.1	120.9
Comtec Integration Systems Limited	–	–	0.5	0.6
One Communications Limited	–	–	3.6	3.0
	1,787.2	2,037.9	4,525.9	5,238.8

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

32 Related party transactions (continued)

(ii) Purchase of goods and services

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Other related parties				
Vodafone Sales and Services Limited	–	109.6	–	109.6
Vodafone Global Enterprise Limited	107.4	218.8	107.4	218.8
Vodafone Roaming Services S.à r.l	223.8	211.8	134.9	187.0
Vodafone UK	17.0	75.4	17.0	75.4
Vodacom Tanzania Public Limited Company	45.4	133.2	35.7	100.6
Vodacom Service Provider Company (Pty) Limited	41.9	106.7	41.9	106.7
Vodafone Egypt Telecom. S.A.E.	0.9	0.8	0.9	0.8
Vodafone Network PTY Limited	1.3	2.0	1.3	2.0
Vodafone Qatar Q.S.C.	36.4	44.9	36.4	44.9
Vodacom Group Limited	1,055.2	584.5	1,039.7	514.9
Vodacom International	1,188.2	86.5	1,188.2	–
Vodafone Innovus S.A.	–	76.5	–	76.5
Vodacom Business (Kenya) Limited	0.6	25.5	0.6	21.1
Mtc Vodafone Bahrain	1.0	1.3	1.0	1.3
The East African Marine System Limited	100.7	118.8	100.7	118.8
Sumitomo Corporation Group	277.6	396.8	–	–
Vodafone Mobile Services Limited	0.4	0.4	0.4	0.4
Vodafone Procurement Company S.A.R.L	246.6	3,245.5	20.4	822.9
Vodafone Group Services Limited	393.3	341.6	51.2	119.6
Vodacom Lesotho Proprietary Limited	12.2	11.6	12.2	–
Vodacom Mozambique S.A.	24.1	36.8	–	–
Vodacom Congo (RDC) S.A.	–	14.7	–	–
Vodacom Proprietary Limited	41.8	317.0	–	–
Vodafone Ghana Limited	–	10.8	–	–
Vodacom Pty Limited	59.8	102.4	59.8	102.4
Mtc-Vodafone Kuwait	0.7	0.1	0.7	0.1
Vodafone Dağıtım Servis Ve İcerik Hizm. A.S.	–	7.9	–	7.9
East Africa Device Assembly Kenya Limited	–	2,092.4	8,879.9	2,092.4
Mezzanine Ware	188.5	147.4	188.5	147.4
M-PESA Holding Company Limited	0.4	–	–	–
Joint venture				
M-PESA Africa Limited	3,007.8	2,594.3	3,007.8	2,594.3
Subsidiary				
Safaricom Money Transfer Services Limited	–	–	–	–
Digifarm Kenya Limited	–	–	–	29.0
Safaricom Telecommunication Ethiopia Plc	–	–	48.6	30.8
	7,073.0	11,116.0	14,975.2	7,525.6

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

32 Related party transactions (continued)

(iii) Directors' remuneration

	GROUP AND COMPANY	
	2025 KShs'm	2024 KShs'm
Fees for services as Director	82.4	93.5
Salaries	162.0	153.2
Bonuses	159.9	155.0
Value for non-cash benefits	55.0	48.0
Employee Performance Share Award Plan	52.1	14.2
	511.4	463.9

(iv) Key management compensation

	GROUP AND COMPANY	
	2025 KShs'm	2024 KShs'm
Salaries and other short-term employment benefits	918.3	975.2
Employee Performance Share Award Plan	73.5	27.9
Pension, housing levy & NSSF contribution	44.7	38.1
Termination benefits	106.3	25.2
	1,142.8	1,066.4

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of the entity.

(v) Loans from shareholders

There are no loans from shareholders outstanding as at 31 March 2025 (2024: Nil).

(vi) Loans to Directors of the Company

There are no loans to Directors of the Company as at 31 March 2025 (2024: Nil).

(vii) Donations to Safaricom Foundation

Donations made by the Group during the year amounted to KShs 520.5 million (2024: KShs 548.7 million). The donations mainly include annual committed funding of KShs 510 million, pass on grant for brand marketing to Faith Kipyegon's Women Empowerment Projects and Shine Kenya Shinda Mamili CSR Project of KShs 2 million and KShs 8.5 million respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

32 Related party transactions (continued)

(viii) Outstanding receivable balances arising from sale of goods/ services

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Other related parties	2.6	9.9	2.6	9.9
Vodafone Roaming Services S.à r.l	–	–	103.9	2.4
M-PESA Holding Co. Limited	2.8	3.9	2.8	3.9
Vodacom Tanzania Public Limited Company	1.1	3.8	1.1	3.8
Vodacom Business (Kenya) Limited	17.4	17.1	17.4	17.1
Vodafone Egypt Telecom. S.A.E.	–	1.9	–	1.9
Vodafone Qatar Q.S.C.	0.1	0.2	0.1	0.2
Vodafone Sverige Ab	17.5	43.0	17.5	43.0
Vodacom Group Limited	49.0	16.0	49.0	16.0
Vodacom (Pty) Limited	1.5	1.2	1.5	1.2
Vodafone Network PTY Limited	4.1	85.1	4.1	85.1
Vodafone Sales & Services Limited	15.0	27.2	15.0	27.2
Vodafone Enterprise Global Limited	–	–	4.2	19.7
M-pesa Foundation	1.3	6.2	1.3	6.2
Vodacom Business Africa Group Services Limited				
Joint venture				
M-PESA Africa Limited	136.2	92.4	136.2	92.4
Subsidiaries				
East African Towers Company Limited	–	–	17.0	16.3
One Communications Limited	–	–	9.0	5.2
Safaricom Ventures Limited (formerly Instaconnect Limited)	–	–	93.8	92.0
Safaricom Money Transfer Services Limited	–	–	14.2	–
Safaricom Telecommunication Ethiopia Plc	–	–	2,922.7	1,577.7
Digifarm Kenya Limited	–	–	1,653.9	1,516.1
Safaricom Foundation	–	–	–	1.7
Comtec Integrated Services Limited	–	–	36.9	34.5
	248.6	307.9	5,104.2	3,573.5

The receivables arise mainly from trading, are unsecured and bear no interest. An allowance of KShs 6.5 million and KShs 1,785.7 million for the Group and Company respectively (2024: KShs 34.4 million and KShs 1,593.1 million for the Group and Company respectively) is held against receivables from related parties as indicated in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

32 Related party transactions (continued)

(ix) Outstanding payable balances arising from purchases of goods/ services

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Other related parties				
Vodafone Sales and Services Limited	–	15.3	–	15.3
Vodafone Roaming Services S.à r.l	51.1	13.5	10.8	13.5
Vodacom Tanzania Public Limited Company	47.0	46.0	3.5	4.6
Vodafone Group Services Limited	221.6	169.3	33.9	3.7
Vodafone UK	0.3	11.5	0.3	11.5
Vodafone Qatar Q.S.C.	3.0	3.0	3.0	3.0
Vodafone Egypt Telecom. S.A.E.	0.1	0.1	0.1	0.1
Vodacom Business (Kenya) Limited	–	–	–	–
MTC Vodafone Bahrain	0.1	–	0.1	–
M-PESA Holding Co. Limited	3.9	–	1.1	–
Vodacom Mozambique S.A.	141.5	41.4	–	–
Vodafone Network PTY limited	0.2	–	0.2	–
Vodafone Services LLC Oman	33.9	0.2	33.9	0.2
Vodafone Innovus S.A.	11.2	12.2	11.2	12.2
Vodacom Group Limited	583.1	394.6	511.2	348.8
Sumitomo Corporation Group	556.5	314.8	–	–
Vodacom Proprietary Limited	305.2	321.8	–	–
Vodafone Ghana Limited	–	–	–	–
Vodacom Lesotho Proprietary Limited	6.2	80.0	–	–
Vodacom International Limited	162.3	41.4	–	–
Vodacom Service Provider Company (Pty) Limited	1.3	8.7	1.3	8.7
Vodacom Congo (RDC) S.A.	–	43.6	–	–
Vodacom Pty Limited	22.1	31.5	22.1	31.5
Vodafone Global Enterprise Ltd	88.8	23.8	88.8	23.8
Vodafone Procurement Company S.A.RI.	1,457.2	1,245.8	204.9	185.6
Mtc-Vodafone Kuwait	0.2	–	0.2	–
Mezzanine Ware	26.7	45.0	26.7	45.0
Joint ventures				
M-PESA Africa Limited	320.6	282.0	320.6	282.0
Subsidiaries				
One Communications Limited	–	–	316.5	316.5
Safaricom Money Transfer Services Limited	–	–	59.2	68.0
Digifarm Kenya Limited	–	–	1.5	4.3
Safaricom Telecommunication Ethiopia Plc	–	–	5.4	18.3
	4,044.1	3,145.5	1,656.5	1,396.6

The payables arise mainly from trading, are unsecured and bear no interest.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

32 Related party transactions (continued)

(x) Loan to related companies

The Group has a 50% shareholding in M-PESA Africa Limited and owns 100% of Digifarm Kenya Limited. During the year under review, the Group issued intragroup loans to the two entities to support their operations as per shareholders agreement and Board approvals.

The Digifarm Kenya Limited loan will be channelled towards financing both operating and capital expenditure activities. The facility has a principal and interest repayment moratorium until the business moves to positive returns.

(x)(a) Loans receivable from joint venture

	GROUP AND COMPANY	
	2025 KShs'm	2024 KShs'm
M-PESA Africa Limited		
At start of the year	2,661.3	1,588.4
Additions in the year	–	1,075.0
Conversion to equity	(2,424.2)	–
Cash repayment	(239.5)	–
Less: Allowance for expected credit losses in the year	2.4	(2.1)
At end of year	–	2,661.3

On 15 April 2024, the conversion of the shareholder loan to equity was concluded with a total of KShs 2,424.2 million converted to equity and an additional 932 shares issued to Safaricom Plc.

(x)(b) Loan receivable from subsidiary

	COMPANY	
	2025 KShs'm	2024 KShs'm
Digifarm Kenya Limited		
At start of the year	485.4	639.4
Additions in the year	90.1	9.2
Less: Allowance for expected credit losses in the year	(179.3)	(163.2)
At end of year	396.2	485.4

(x)(c) Shareholder loan

	GROUP	
	2025 KShs'm	2024 KShs'm
At start of the year	–	–
Additions in the year	404.0	–
At end of year	404.0	–

The shareholder loan represents the non-controlling interest portion of the financing provided to Global Partnership for Ethiopia B.V. by its shareholders. In February 2025, pursuant to the Shareholders' Agreement, the Company received USD 18 million in funding from its shareholders. Of this amount, the non-controlling interests contributed USD 1.3 million, provided by the International Finance Corporation, and USD 1.8 million, provided by British International Investment Plc.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

32 Related party transactions (continued)

(xi) Financial guarantees

The Group has issued parental guarantees to Safaricom Telecommunication Ethiopia Plc vendors (Huawei and Nokia) for the supply of network rollout equipment in Ethiopia on credit terms of up to 24 months from the date of equipment receipt. This enables the parent to spread the funding requirement to the subsidiary over a longer period of time. There are no restrictions on title, property and equipment of the Group.

The fair value of a financial guarantees contract is calculated as the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee. The present value is calculated using a risk-free rate calculated from the average of the last 3 two-year Kenyan treasury bonds yield.

As at 31 March 2025, the Company had recognised KShs 614.5 million in relation to parental guarantee (2024: KShs 1,062.7 million).

33 Mobile financial deposits and payables

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Mobile financial deposit	569.1	263.3	–	–
Mobile financial payable	(569.1)	(263.3)	–	–
At end of year	–	–	–	–

34 Contingent liabilities

The Group has contingent liabilities arising from normal course of business. This includes outstanding matters with Kenya Revenue Authority and various ongoing legal cases from trade and contractual disputes.

As at 31 March 2025, a guarantee of USD 600,000 equivalent to KShs 77.6 million (2024: 79.1 million) had been given to Citibank NA against credit cards for use by senior staff during travel and other ordinary business function. The Group has also issued a guarantee of KShs 542.0 million (2024: KShs 557.6 million) to various suppliers of goods and services regularly provided by the Company.

The Directors have assessed the status of the contingent liabilities and as a result do not anticipate any additional material liabilities that may have a significant impact on these financial statements.

35 Capital commitments

Capital expenditure contracted for at the statement of financial position date but not recognised in the financial statements is as follows:

	GROUP		COMPANY	
	2025 KShs'm	2024 KShs'm	2025 KShs'm	2024 KShs'm
Property and equipment	31,053.1	33,407.3	19,938.5	13,509.4

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

36 Gain on monetary position

The consumer price index (CPI) used in the restatement of the balances are indicated on the table below:

Month	Consumer price index
Opening CPI - April 2024	452.8
Closing CPI – March 2025	514.4
Movement	(61.6)

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 2025 was KShs 11,222.3 million, (2024: KShs 22,363.2 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.

31 March 2025	Monetary *Etb'm	Non-monetary *Etb'm	Total *Etb'm
Assets	31,466.7	180,599.7	212,066.4
Liabilities	(108,035.2)	(712.5)	(108,747.7)
	(76,568.5)	179,887.2	103,318.7
Equity			186,086.4
Retained earnings			(93,638.2)
			92,448.2
Net monetary gain (Etb)			10,870.5
Exchange rate (USD/KShs)			129.3
Exchange rate (USD/Etb)			125.3
Exchange rate (Etb/KShs)			1.03
Hyperinflationary monetary gain as at 31 March 2025 (KShs million)			11,222.3

*Ethiopian Birr (Etb) is the national currency of the Federal Democratic Republic of Ethiopia.

31 March 2024	Monetary *Etb'm	Non-monetary *Etb'm	Total *Etb'm
Assets	20,875.6	148,424.6	169,300.2
Liabilities	(59,046.4)	(350.4)	(59,396.8)
	(38,170.8)	148,074.2	109,903.4
Equity			139,563.2
Retained earnings			(38,956.7)
			100,606.5
Net monetary gain (Etb)			9,296.9
Exchange rate (USD/KShs)			136.8
Exchange rate (USD/Etb)			56.9
Exchange rate (Etb/KShs)			2.41
Hyperinflationary monetary gain as at 31 March 2024 (KShs million)			22,363.2

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

37 Segment information

The following tables present revenue and profit information for the Group's operating segments for the year ended 1 March 2025.

	Kenya KShs'm	Ethiopia KShs'm	Total segments KShs'm	Intersegment KShs'm	Consolidated KShs'm
Revenue from contracts with customers	376,917.8	7,564.5	384,482.3	(48.9)	384,433.4
Revenue from other sources	4,278.9	(35.6)	4,243.3	12.2	4,255.5
Total revenue	381,196.7	7,528.9	388,725.6	(36.7)	388,688.9
Direct costs	(96,266.9)	(4,863.3)	(101,130.2)	48.9	(101,081.3)
Expected credit losses on financial assets	(11,059.0)	(147.4)	(11,206.4)	60.4	(11,146.0)
Other expenses	(68,088.3)	(36,210.2)	(104,298.5)	(12.2)	(104,310.7)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	205,782.5	(33,692.0)	172,090.5	60.4	172,150.9
Depreciation – property and equipment	(40,055.8)	(10,944.1)	(50,999.9)	–	(50,999.9)
Amortisation – Indefeasible rights of use (IRUs)	(323.6)	–	(323.6)	–	(323.6)
Amortisation – Intangible assets	(2,852.0)	(7,101.4)	(9,953.4)	–	(9,953.4)
Depreciation – Right-of-use (RoU) assets	(4,405.3)	(2,418.6)	(6,823.9)	–	(6,823.9)
Operating profit	158,145.8	(54,156.1)	103,989.7	60.4	104,050.1
Finance income	3,359.0	5,863.1	9,222.1	–	9,222.1
Finance costs	(17,428.1)	(12,703.4)	(30,131.5)	–	(30,131.5)
Fair value gain in investment property	25.0	–	25.0	–	25.0
Share of profit of associates	57.2	–	57.2	–	57.2
Share of loss of joint venture	(1,234.7)	–	(1,234.7)	–	(1,234.7)
Hyperinflationary monetary gain	–	11,222.3	11,222.3	–	11,222.3
Profit before income tax	142,924.2	(49,774.1)	93,150.1	60.4	93,210.5
Income tax expense	(47,453.3)	–	(47,453.3)	–	(47,453.3)
Profit for the year	95,470.9	(49,774.1)	45,696.8	60.4	45,757.2

There is no single customer with revenue above 10% (2024: None).

Total revenues include M-PESA, voice, mobile data, fixed data, messaging, interconnect, mobile incoming, other service revenue, handset and connection revenue. Refer to Note (5a) for the detailed breakdown on total revenue.

The intersegment is a result of eliminating transactions between the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

37 Segment information (continued)

The following tables present revenue and profit information for the Group's operating segments for the year ended 31 March 2024.

	Kenya KShs'm	Ethiopia KShs'm	Total segments KShs'm	Intersegment KShs'm	Consolidated KShs'm
Revenue from contracts with customers	338,571.8	7,352.3	345,924.1	(30.7)	345,893.4
Revenue from other sources	3,526.2	27.6	3,553.8	–	3,553.8
Total revenue	342,098.0	7,379.9	349,477.9	(30.7)	349,447.2
			0.0		0.0
Direct costs	(89,824.9)	(7,252.7)	(97,077.6)	30.7	(97,046.9)
Expected credit losses on financial assets	(5,775.7)	(42.3)	(5,818.0)	10.6	(5,807.4)
Other expenses	(59,515.8)	(23,784.5)	(83,300.3)	–	(83,300.3)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	186,981.6	(23,699.6)	163,282.0	10.6	163,292.6
Depreciation – property and equipment	(39,430.9)	(15,731.4)	(55,162.3)	–	(55,162.3)
Amortisation – Intangible rights of use (IRUs)	(281.3)	–	(281.3)	–	(281.3)
Amortisation – Intangible assets	(2,836.4)	(14,968.1)	(17,804.5)	–	(17,804.5)
Depreciation – Right-of-use (RoU) assets	(4,503.2)	(5,196.5)	(9,699.7)	–	(9,699.7)
Operating profit	139,929.8	(59,595.6)	80,334.2	10.6	80,344.8
Finance income	5,050.5	409.1	5,459.6	–	5,459.6
Finance costs	(16,832.7)	(5,268.4)	(22,101.1)	–	(22,101.1)
Share of profit of associates	(2.9)	–	(2.9)	–	(2.9)
Share of loss of joint venture	(1,376.2)	–	(1,376.2)	–	(1,376.2)
Hyperinflationary monetary gain	–	22,363.2	22,363.2	–	22,363.2
Profit before income tax	126,768.5	(42,091.7)	84,676.8	10.6	84,687.4
Income tax expense	(42,029.0)	–	(42,029.0)	–	(42,029.0)
Profit for the year	84,739.5	(42,091.7)	42,647.8	10.6	42,658.4

There is no single customer with revenue above 10% (2024: None).

Total revenues include M-PESA, voice, mobile data, fixed data, messaging, interconnect, mobile incoming, other service revenue, handset and connection revenue. Refer to Note (5a) for the detailed breakdown on total revenue.

The intersegment is a result of eliminating transactions between the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025 (continued)

37 Segment information (continued)

The following tables present asset and liabilities information for the Group's operating segments as at 31 March 2025 and 31 March 2024.

	Kenya KShs'm	Ethiopia KShs'm	Total segments KShs'm	Eliminations KShs'm	Consolidated KShs'm
Assets					
31 March 2025	307,829.7	207,874.8	515,704.5	(422.4)	515,282.1
31 March 2024	277,619.2	364,476.3	642,095.5	(931.2)	641,164.3
Liabilities					
31 March 2025	(181,362.9)	(110,515.0)	(291,877.9)	614.4	(291,263.5)
31 March 2024	(168,380.9)	(138,098.2)	(306,479.1)	1,062.7	(305,416.4)
Equity					
31 March 2025	(126,466.8)	(97,359.8)	(223,826.6)	(192.0)	(224,018.6)
31 March 2024	(109,238.3)	(226,378.1)	(335,616.4)	(131.5)	(335,747.9)

38 Events after the reporting period

The Directors are not aware of any other events (as defined by IAS – 10 Events after the Reporting Period) after the reporting date of 31 March 2025 and the date of authorisation of these consolidated and separate annual report and financial statements.

APPENDIX 1 – PRINCIPAL SHAREHOLDERS

The 10 largest shareholders in the Company (ordinary shares only) and the respective number of shares held as at 31 March 2025 were as follows:

	Name of shareholder	Number of shares
1	VODAFONE KENYA LIMITED	16,000,000,000
2	CABINET SECRETARY TO THE NATIONAL TREASURY	14,022,572,580
3	STANDARD CHARTERED KENYA NOMINEES LTD A/C KE004667	380,658,806
4	KENYA COMMERCIAL BANK NOMINEES LIMITED A/C 1019D	365,227,900
5	KENYA COMMERCIAL BANK NOMINEES LIMITED A/C 915B	345,582,886
6	STANBIC NOMINEES LIMITED NR7522171	245,596,200
7	STANBIC NOMINEES LTD A/C NR1030824	224,513,900
8	STANDARD CHARTERED NOMINEES RESD A/C KE11401	201,930,759
9	STANBIC NOMINEES LIMITED R6631578	188,160,853
10	STANDARD CHARTERED NOMINEES RESD A/C KE11443	163,458,207
11	OTHERS	7,927,725,909
	Total	40,065,428,000

Distribution of shareholders

Range (number of shares)	Number of shareholders	Number of shares	% Shareholding
1 to 1,000	351,094	206,218,612	0.51%
1,001 – 10,000	160,420	458,887,987	1.15%
10,001 – 100,000	19,400	502,878,750	1.26%
100,001 – 1,000,000	2,019	546,056,523	1.36%
1,000,001 – 10,000,000	444	1,402,545,075	3.50%
10,000,001 – 100,000,000	158	4,313,223,759	10.77%
100,000,001 – 1,000,000,000	12	2,613,044,714	6.52%
1,000,000,001 – 100,000,000,000	2	30,022,572,580	74.93%
Total	533,549	40,065,428,000	100.00%







OTHER INFORMATION

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NOTICE AND AGENDA OF THE 2025 ANNUAL GENERAL MEETING (AGM)

TO ALL SHAREHOLDERS

NOTICE is hereby given that the Annual General Meeting of Safaricom PLC for the year ended 31 March 2025 will be held via electronic communication on Friday, 25 July 2025 at 11:00 a.m. to conduct the following business: -

ORDINARY BUSINESS

- 1) To receive, consider and adopt the audited Financial Statements for the year ended 31 March 2025 together with the Chairman's, Directors' and Auditors' reports thereon.
- 2) Dividend
 - a) To note the payment of an interim dividend of KShs 0.55 per share which was paid to shareholders on or about 31 March 2025.
 - b) To approve a final dividend of KShs 0.65 per share for the Financial Year ended 31 March 2025
- 3) Directors
 - a) To re-appoint Mr. Edward Okaro who retires at this meeting having been appointed in the financial year, and being eligible, offers himself for re-election.
 - b) To re-appoint Ms. Rita Kavashe, who retires at this meeting having been appointed in the financial year, and being eligible, offers herself for re-election.
 - c) To re-appoint Mr. James Wambugu who retires at this meeting having been appointed in the financial year and being eligible, offers himself for re-election.
- 4) In accordance with the provisions of Section 769 of the Companies Act, 2015, the following Directors, being members of the Board Audit Committee be elected to continue to serve as members of the said Committee subject to the re-election of the Directors mentioned in Agenda 3 above: -
 - Mr. Edward Okaro
 - Ms. Rita Kavashe
 - Ms. Raisibe Morathi
 - Mr. Lawrence Kibet (EBS)
- 5) Directors' Remuneration
 - a) To approve the Directors' Remuneration Policy contained in the Directors' Remuneration Report for the year ended 31 March 2025.
 - b) To approve the Directors' Remuneration Report (other than the part relating to the Directors' Remuneration Policy) and the remuneration paid to the Directors, for the year ended 31 March 2025.
- 6) To re-appoint Messrs. Ernst & Young as Auditors of the Company in accordance with the provisions of Section 721 (2) of the Companies Act, 2015 and to authorise the Directors to fix their

remuneration for the ensuing financial year in accordance with the provisions of Section 724 (1) of the Companies Act, 2015.

- 7) Any other business of which due notice has been given.

SPECIAL BUSINESS

- 8) Approval of Company Policies
To consider and if thought fit, to pass the following resolution as an Ordinary Resolution;
To generally authorise the Board to formulate, approve and implement the following Company policies and procedures in accordance with the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023, Thirteenth Schedule (r.53) Continuing Obligations Clause 8.21;
 - a) Remuneration Policy
 - b) Stakeholder Communication Policy
 - c) Dispute Resolution Policy
 - d) Corporate Disclosures policies and procedures; and
 - e) Retention and attraction of Board Members policy

By order of the Board



Linda Wambani
Acting Company Secretary
4 July 2025

NOTICE AND AGENDA OF THE 2025 ANNUAL GENERAL MEETING (AGM) (continued)

- 1) Safaricom PLC has convened and is conducting this virtual annual general meeting in line with the provisions of the Company's Articles of Association.
- 2) Shareholders wishing to participate in the meeting should register for the AGM by doing the following: -
 - a) Dialing the numbers below and following the registration prompts; *717# for Safaricom telephone networks, *483*812# for all Kenyan telephone networks, *284*32# for Ugandan telephone networks, *149*46*10# for Tanzania networks, *801*40# for Rwanda networks, *120*2477*10# for South Africa networks *384*12# for Zambia networks, or
 - b) Send an email request to be registered to safaricomshares@image.co.ke
 - c) Shareholders with email addresses will receive a registration link via email through which they can use to register.

To complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance shareholders should either dial the following helpline number: (+254) 709 170 041 from 9:00 a.m. to 3:00 p.m. from Monday to Friday. Any shareholder outside Kenya should dial the helpline number to be assisted to register or send an email as per 2(b) above to be assisted to register.

- 3) Registration for the AGM opens on Friday, 4 July 2025 at 9:00 am and will close on Wednesday 23 July, 2025 at 11:00 am.
- 4) In accordance with Section 283 (2) (c) of the Companies Act, the following documents may be viewed on the Company's website www.safaricom.co.ke
 - i. a copy of this Notice and the proxy form;
 - ii. the Company's audited financial statements for the year ended 31 March 2025.

The reports may also be accessed upon request by dialing the USSD code above and selecting the Reports option. The reports and agenda can also be accessed on the livestream link.

- 5) Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:
 - a) Sending their written questions by email to agmquestions@image.co.ke; or
 - b) Shareholders who will have registered to participate in the meeting shall be able to ask questions via SMS by dialing the USSD code above and selecting the option (ask Question) on the prompts or dial in and ask questions during the AGM by choosing the option (Request to Speak); or
 - c) To the extent possible, physically delivering their written questions with a return physical address or email address to the registered office of the Company at Safaricom House, or

- d) Sending their written questions with a return physical address or email address by registered post to the Company Registrars address: Image Registrars, P O Box 9287, 00100 Nairobi.

Shareholders must provide full details (full names, ID/Passport Number/CDSC Account Number) when submitting their questions and clarifications.

Questions and/or clarifications must reach the Company on or before Wednesday 23 July, 2025 at 11:00 am. Some questions will also be answered at the Annual General Meeting.

Following receipt of the questions and clarifications, the directors of the Company shall provide written responses to the questions received at the return physical address or email address provided by the Shareholder at the general meeting. A full list of all questions received, and the answers thereto will be published on the Company's website not later than 24 hours following conclusion of the Annual General Meeting.

- 6) In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf.

A proxy need not be a member of the Company. If the Proxy appointed is not the Chairman of the AGM, the appointed proxy should have access to a mobile telephone.

A proxy form is available on the Company's website via this link: www.safaricom.co.ke. Physical copies of the proxy form are also available at Safaricom House, Waiyaki Way, Westlands, Nairobi, or from any of the Safaricom Shops countrywide or from Image Registrars Limited offices, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street.

A proxy must be signed by the appointor or his attorney duly authorized in writing. If the appointor is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate.

A completed form of proxy should be emailed to safaricomshares@image.co.ke or delivered to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287 – 00100 GPO, Nairobi, to be received not later than 48 hours before the time of holding the meeting i.e. Wednesday 23 July 2025 at 11:00 a.m. Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than Wednesday 23 July 2025 at 11:00 a.m. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than Thursday 24 July, 2025 to allow time to address any issues.

NOTICE AND AGENDA OF THE 2025 ANNUAL GENERAL MEETING (AGM) (continued)

- 7) The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies will receive a short message service (SMS) prompt on their registered mobile numbers and/or email, 24 hours prior to the AGM acting as a reminder of the AGM and providing a link to the live stream. A second SMS/email prompt shall be sent one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hour's time and provide a link to the live stream.
- 8) Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform and may access the agenda and the Company's audited financial statements for the year ended 31 March 2025. Duly registered shareholders and proxies may vote (when prompted by the Chairman) either via the USSD platform or on the livestream page by clicking on the Resolutions tab.
- 9) A poll shall be conducted for all the resolutions put forward in the notice.
- 10) Results of the poll shall be published within 48 hours following conclusion of the AGM, in two newspapers of national circulation and on the Company's website.
- 11) The preferred method of paying dividends which are below KShs 250,000/- is through M-PESA. Shareholders who wish to receive their dividend through M-PESA and who have not registered for this mode of payment can opt to receive future dividends via M-PESA when registering for the AGM via the USSD or contact Image Registrars Tel: +254 709 170000/ +254 709 170041, Email: safaricomshares@image.co.ke or Safaricom PLC's Investor Relations Team Email: investorrelations@safaricom.co.ke).
- 12) Shareholders are encouraged to continuously monitor the Company's website www.safaricom.co.ke for updates relating to the AGM.

Shareholders are encouraged to update their contact information, and dividend payment details to switch to receiving payments via either M-PESA or through bank transfers. To do this, shareholders can update their information online via <https://contactsir.azurewebsites.net/>

PROXY

I/WE _____

Share A/c No _____

Of (Address) _____

Being a member (s) of Safaricom PLC, hereby appoint: _____ of mobile no./email _____

Or failing him/her, the duly appointed Chairman of the Meeting, to be my/our proxy, to vote for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Friday, 25th July 2025 at 11:00 a.m. and at any adjournment thereof.

As witness I/We lay my/our hand (s) this _____ day of _____ 2025.

Signature _____

Signature _____

Please clearly mark the box below to instruct your proxy how to vote

Resolution	For	Against	Abstain
1) To receive, consider and adopt the audited Financial Statements for the year ended 31 March 2025 together with the Chairman's, Directors' and Auditors' reports thereon.			
2) To note the payment of an interim dividend of KShs 0.55 per share which was paid to shareholders on or about 31 March 2025 and approve a final dividend of KShs 0.65 per share for the financial year ended 31 March 2025 as recommended by the Directors. The dividend will be payable on or about 31 August 2025 to the Shareholders on the Register of Members as at the close of business on 31 July 2025.			
3) To re-appoint Mr. Edward Okaro who retires at this meeting having been appointed in the financial year, and being eligible, offers himself for re-election.			
4) To re-appoint Ms. Rita Kavashe, who retires at this meeting having been appointed in the financial year, and being eligible, offers herself for re-election.			
5) To re-appoint Mr. James Wambugu who retires at this meeting having been appointed in the financial year and being eligible offers himself for re-election.			
6) To elect the following Directors, being members of the Board Audit Committee to continue to serve as members of the said Committee: Mr. Edward Okaro, Ms. Rita Kavashe, Ms. Raisibe Morathi and Mr. Lawrence Kibet (EBS)			
7) To approve the Directors' Remuneration Policy contained in the Directors' Remuneration Report for the year ended 31 March 2025.			
8) To approve the Directors' Remuneration Report (other than the part relating to the Directors' Remuneration Policy) and the remuneration paid to the Directors, for the year ended 31 March 2025.			
9) To re-appoint Messrs. Ernst & Young as Auditors of the Company in accordance with the provisions of Section 721 (2) of the Companies Act, 2015 and to authorise the Directors to fix their remuneration for the ensuing financial year in accordance with the provisions of Section 724 (1) of the Companies Act, 2015.			
10) To generally authorise the Board to formulate, approve and implement the following Company policies and procedures in accordance with the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023, Thirteenth Schedule (r.53) Continuing Obligations Clause 8.21; a) Remuneration Policy b) Stakeholder Communication Policy c) Dispute Resolution Policy d) Corporate Disclosures policies and procedures; and e) Retention and attraction of Board Members policy			

ELECTRONIC COMMUNICATIONS CONSENT FORM

Please complete in BLOCK CAPITALS

Full name of Proxy(s): _____

Address: _____

Mobile Number

Date: _____

Signature: _____

Please tick ONE of the boxes below and return to Image Registrars at P.O. Box 9287- 00100 Nairobi
5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street:

Approval of Registration

I/WE approve to register to participate in the virtual Annual General Meeting to be held on Friday, 25th July 2025.

Consent for use of the Mobile Number provided

I/WE would give my/our consent for the use of the mobile number provided for purposes of voting at the AGM.

Notes

- 1) If a member is unable to attend personally, this Proxy Form should be completed, signed and delivered (together with a power of attorney or other authority (if any) under which it is assigned or a notarized certified copy of such power or authority) to reach the Company's share registrar, Image Registrars Limited, 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287, GPO 00100, Nairobi, or via email to safaricomshares@image.co.ke to arrive not later than 11:00 a.m. on Wednesday 23 July, 2025 i.e. 48 hours before the meeting or any adjournment thereof or, in the case of a poll taken subsequent to the date of the meeting, or any adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll which is taken more than 48 hours after the day of the meeting or adjourned meeting.
- 2) In case of a member being a corporate body, the Proxy Form must be under its common seal or under the hand of an officer or duly authorised attorney of such body corporate.
- 3) As a shareholder you are entitled to appoint one or more proxies to exercise all or any of your shareholder rights to attend and to speak and vote on your behalf at the meeting. The appointment of the Chairman of the meeting as proxy has been included for convenience. To appoint as a proxy any other person, delete the words "the Chairman of the Meeting or" and insert the full name of your proxy in the space provided. A proxy need not to be a shareholder of the Company.
- 4) Completion and submission of the form of proxy will not prevent you from attending the meeting and voting at the meeting in person, in which case any votes cast by your proxy will be excluded.
- 5) In the case of a company being a shareholder then this proxy form must be executed under its common seal or signed on its behalf by an officer of that company or an authorised attorney for that company.
- 6) A vote "abstain" option has been included on the form of proxy. The legal effect of choosing this option on any resolution is that you will be treated as not having voted on the relevant resolution. The number of votes in respect of which votes are withheld will, however, be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.

CORPORATE INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

L.R. No. 209 / 15029
Safaricom House, Waiyaki Way
P.O Box 66827-00800
Nairobi, Kenya

PRINCIPAL BANKERS

Citibank NA
Citibank House
Upper Hill Road
P.O Box 30711 - 00100
GPO Nairobi, Kenya

Standard Chartered Bank Kenya Limited
Standard Chartered Building
Westlands road, Chiromo Lane
Westlands
P.O Box 30003 - 00100
Nairobi, Kenya

REGISTRARS

Image Registrars Limited
5th Floor, Absa Plaza, Loita Street
P.O. Box 928-00100, Nairobi
Telephone: +254 709 170 000
Email: Info@image.co.ke
Website: www.image.co.ke

ACTING COMPANY SECRETARY

Linda Mesa Wambani
L.R. No. 209 / 15029
Safaricom House, Waiyaki Way
P.O Box 66827 – 00800
Nairobi, Kenya

INDEPENDENT AUDITOR

Ernst & Young LLP
Kenya Re Towers, Upper Hill
P.O. Box 44286-00100
Nairobi, Kenya

INVESTOR RELATIONS

Safaricom House, Waiyaki Way, Westlands
P.O. Box 66827-00800, Nairobi
Telephone: +254 722 00 6218/4233/4746
Email: investorrelations@safaricom.co.ke
Website: www.safaricom.co.ke/investor-relations



 **Safaricom**