

Vodacom Group Limited
(Incorporated in the Republic of South Africa)
Registration number: 1993/005676/06
Share code: VOD
ISIN: ZAE000132577
("Vodacom" or "the Company")

ACQUISITION OF A FURTHER 20% INTEREST IN SAFARICOM PLC

Highlights

- Vodacom has agreed to acquire a 15% shareholding in Safaricom from the Government of Kenya and a 5% shareholding from Vodafone, increasing its shareholding to 55%
- The total consideration for the 20% interest amounts to US\$2.1 billion (R36.0 billion) equivalent to KES34 per Safaricom share
- The Acquisition will result in the consolidation of Safaricom
- Safaricom's growth outlook is complementary to Vodacom's Vision 2030 growth objectives

1. Overview of the Acquisition

Vodacom is pleased to advise shareholders that it has agreed to acquire an effective interest in 20% of the issued share capital of Safaricom PLC ("**Safaricom**"), for an aggregate consideration of US\$2.1 billion (R36.0 billion), equivalent to KES34 per Safaricom share (the "**Acquisition**"). The Acquisition is comprised of the following:

- a. Vodacom has agreed to acquire 12.5% of the issued shares in Vodafone Kenya Limited ("**Vodafone Kenya**") (an effective 5% stake in Safaricom) from Vodafone International Holdings B.V ("**Vodafone**") for consideration of US\$0.5 billion (R9.0 billion), resulting in Vodacom owning 100% of Vodafone Kenya (the "**Vodafone Kenya Acquisition**");
- b. Vodacom, via Vodafone Kenya, has agreed to acquire 15% of the issued share capital of Safaricom from the Government of Kenya ("**GOK**") for a consideration of US\$1.6 billion (R27.0 billion) (the "**GOK Acquisition**"); and
- c. Vodafone Kenya has agreed to buy the right to receive future Safaricom dividends amounting to KES 55.7 billion (R7.4 billion), that would have accrued to the GOK on its remaining shares in Safaricom for an upfront payment of KES 40.2 billion (R5.3 billion) ("**GOK Dividend Rights**").

The Acquisition is conditional on certain conditions precedent, including, but not limited to, confirmation by the Capital Market Authority of Kenya that Vodacom is exempted from making an offer to the listed Safaricom minorities.

2. Nature of business of Vodafone Kenya and Safaricom

Vodafone Kenya, an 87.5% owned subsidiary of Vodacom, holds as its only asset a 39.9% interest in Safaricom. After completion of the Acquisition, Vodafone Kenya will be a wholly owned subsidiary of Vodacom and will hold a 54.9% interest in Safaricom.

Safaricom, established in 1997 and listed on the Nairobi Securities Exchange with a market capitalisation of KES1.1 trillion (R151 billion, US\$9 billion), provides a range of integrated telecommunications services, including mobile and fixed voice, SMS, data, internet and mobile money (M-Pesa) to over 62 million customers, including both consumer and enterprise.

Safaricom is the market leader in Kenya, with a 65% customer market share and achieving a return on capital employed (ROCE) exceeding 50%. Safaricom achieved an EBITDA margin of 57.3% in Kenya, for the six-month period ended 30 September 2025, and has a track record of excellent free cash flow generation. Additionally, Safaricom's M-Pesa is a world-leading fintech business, facilitating over 100 million daily transactions with 38 million M-Pesa customers in Kenya. The company is also the majority shareholder in Safaricom Ethiopia, the new mobile operator in Ethiopia, which has already attracted over 11 million customers.

After the Acquisition, the shareholders in Safaricom will be: Vodacom (55%), GOK (20%), with the remainder held by public investors on the Nairobi Securities Exchange listing (25%).

3. Strategic Rationale for the Acquisition

The Acquisition will consolidate Vodacom's capabilities in mobile payments, lending, and digital wallets, supporting its broader financial inclusion strategy across the region. It will allow both Vodacom and Safaricom to share best practices across both businesses, while deepening the integration of Safaricom into the Vodacom Group.

The Vodafone Kenya Acquisition is a simplification of the ownership structure within the broader group. This internal restructuring affords Vodacom maximum flexibility to implement the Acquisition in the most efficient manner.

Vodacom and its board of directors ("**Vodacom Board**") are confident in Safaricom's compelling investment case, and its ability to complement Vodacom's growth potential and Vision 2030 objectives. Safaricom's market leading position and constructive regulation in Kenya and green-field venture in Ethiopia, its differentiated growth outlook and its exposure to fintech, will further enhance Vodacom's geographic and fintech scale across its market-leading footprint.

4. Purchase Consideration for the Acquisition

The Acquisition will be funded through new term facilities.

Vodacom intends to raise funding for the Vodafone Kenya and GOK Acquisitions on attractive commercial terms through debt term facilities with Vodafone.

The funding of the consideration for the GOK Dividend Rights is expected to take the form of an externally sourced Kenyan shilling facility, guaranteed by Vodacom.

5. Financial Information and Dividend

The net asset value attributable to Safaricom is KES224.0 billion (R31.8 billion).

The profits attributable to Safaricom is KES45.8 billion (R6.4 billion).

The above financial information has been extracted from Safaricom's Audited results for the year ended 31 March 2025, which were prepared in accordance with International Financial Reporting Standards.

Subject to Vodacom Board approval, Vodacom expects to pay at least 75% of headline earnings for FY2026, consistent with the policy. The dividend will be announced together with the results for the year ended 31 March 2026, expected to be reported on or around 11 May 2026.

6. Conditions Precedent to the Acquisition

The Acquisition is subject to approvals from certain regulatory and governmental authorities in Kenya, Ethiopia and South Africa, including key bodies such as the Kenyan Cabinet, Central Bank of Kenya, Kenyan National Assembly, Kenyan and Ethiopian Communications Authority, COMESA Competition Commission and the Ethiopian Ministry of Trade. In addition, the Vodafone Kenya Acquisition is subject to Vodacom obtaining a favourable fairness opinion ("**Fairness Opinion**") in terms of the JSE Limited ("**JSE**") Listings Requirements, as referred to in paragraph 8 below. The Acquisition will be effective within 6 business days from the date on which the last of the conditions precedent to the Acquisition having been fulfilled and is expected to close in the first quarter of calendar year 2026.

7. Categorisation of the Acquisition

In terms of the JSE Listings Requirements, the Vodafone Kenya Acquisition constitutes a small related party transaction in terms of paragraph 10.7 of the JSE Listings Requirements, as Vodacom will be transacting with a related party, being Vodafone. Vodafone is a material shareholder by virtue of its c.65.1% shareholding in Vodacom.

The Acquisition is classified as a Category 2 transaction in terms of section 9 of the JSE Listings Requirements. Accordingly, no shareholder approval is required.

8. Independent Fairness Opinion

In compliance with paragraph 10.7(b) of the JSE Listings Requirements, Deloitte Consulting (Pty) Ltd (“**Deloitte**”) has been appointed by Vodacom as the independent expert. Based on the draft Fairness Opinion received from Deloitte, and subject to the final Fairness Opinion being issued and confirming that the purchase consideration for the Vodafone Kenya Acquisition is fair to shareholders in accordance with the JSE Listings Requirements, the Board is of the opinion that the Vodafone Kenya Acquisition is fair to shareholders.

The Fairness Opinion has been submitted to the JSE for approval. Shareholders will be advised further in this regard.

9. Investor and Analyst Conference Call

Vodacom will host a conference call at 16:15 (SA time), 14:15 (London time) and 09:15 (New York time) today, 4 December 2025, to discuss the Acquisition. For conference call details please email vodacomir@vodacom.co.za.

Vodacom CEO Quote

“This landmark transaction will mark a pivotal step in Vodacom’s journey to accelerate growth and deepen our impact across Africa. Acquiring a controlling stake in Safaricom strengthens our position as a market leader, while at the same time unlocks new opportunities to drive digital and financial inclusion at scale in Kenya and Ethiopia. Safaricom’s outstanding track record and differentiated growth outlook perfectly complement our Vision 2030 ambitions, empowering us to deliver sustainable value for all stakeholders and to connect millions more people for a better future. I look forward to working even closer with the Safaricom team and taking some of the learnings from their success in Kenya and leveraging it across the Group.”

Safaricom CEO Quote

“Vodacom has been a trusted partner in Safaricom’s journey from the very beginning, and we welcome their continued commitment and long-term investment in our business. Their confidence in Safaricom is a testament to the strength of our people, our strategy, and the opportunities ahead. We look forward to deepening our collaboration as we continue to scale innovation, expand regionally, and deliver transformative digital and financial services to our customers.”

Government of Kenya (Cabinet Secretary for the National Treasury) Quote

“This transaction is one of the first steps in the president’s stated agenda of innovatively unlocking capital, without increasing taxes or the countries debt burden, to allow additional investment in critical infrastructure to support future growth. Safaricom has been, and continues to be, a key strategic investment for us, as we are retaining a 20% stake as well as board representation.”

Midrand

4 December 2025

Financial Advisor to Vodacom:

The Standard Bank of South Africa Limited

South African Transaction Advisor, Sponsor and Corporate Broker to Vodacom:

Investec Bank Limited

Lead Legal Advisor to Vodacom:

Cliffe Dekker Hofmeyr Inc.