A GENIE CAPITAL FORESIGHT REPORT

SAFARICOM PLC

Stepping Into the Future?

A Structural Economic Diagnosis, and Six Possible Futures

Prepared for: Shareholders · Management · The Public

Prepared by Genie Capital Ltd

Framework: Strategic Foresight Protocol

geniecapital.co · info@geniecapital.co

September 2026

Contents

Executive Summary

Safaricom is one of the most successful companies ever built in Africa. It created M-Pesa, which changed how money moves in Kenya. The platform now serves 41 million active customers in Kenya alone and moved KES 41.68 trillion over the year to March 2026. In May 2026 the company was granted a 25-year operating licence by the Communications Authority of Kenya — an extraordinary vote of confidence, and one of the longest tenures the regulator has ever issued. Revenue, profit, and dividends are all at record highs. On the surface, there is nothing to worry about.

Look closer and three things stand out.

First, the company's ownership changed in a way that has not yet been absorbed. On 30 June 2026, Vodacom Group completed a $2.1 billion transaction lifting its effective stake in Safaricom from 35% to approximately 55% — buying 15% directly from the Government of Kenya and consolidating a further effective 5% from its own parent, Vodafone Group. The government's stake fell from 35% to 20%; the Kenyan public's free float remains around 25%. A month later, at the 31 July 2026 Annual General Meeting, shareholders approved fourteen special resolutions rewriting Safaricom's constitution to match the new ownership: for as long as Vodafone Kenya holds more than half the company, Safaricom's board must appoint its chief executive from a shortlist Vodafone Kenya supplies. Safaricom is now majority-owned by a South African company that is itself two-thirds owned by a British one. The brand remains Kenyan. The ownership, and now the governing rulebook, does not.

Second, Kenya is paying for Ethiopia. Safaricom entered Ethiopia in 2022 and has since committed around $2.65 billion to the venture. Ethiopian customer numbers have grown quickly — 13.6 million active customers at the March 2026 year-end, 14.7 million three months later — and losses have narrowed by half. But M-Pesa in Ethiopia contributes only about 2% of Ethiopian service revenue, against 45.6% in Kenya. The company is building scale in Ethiopia faster than it is building the trust and transaction habit that would make that scale pay. The Kenyan business is funding the gap.

Third, the standard tools cannot see any of this clearly. Revenue, profit, subscriber counts, market share, and credit ratings all measure size. None of them measure direction — whether the thing behind the number is strengthening or weakening. Safaricom's Ethiopian and Kenyan subscriber charts can look similarly upward-sloping. What sits behind the two lines is completely different. That is the blind spot this report addresses.

> *A company can grow in every reported number and still be quietly changing hands, quietly changing owners of its own trust. Safaricom is not failing. It is transitioning — and the transition is being managed as though it were only operational, when part of it is structural.*

The report sets out six possible futures. Two matter most: continue as now, or deliberately broaden Kenyan ownership on the Nairobi Securities Exchange while repositioning the Ethiopian business as an Ethiopian company rather than a Kenyan export. The second path is harder and faces real resistance — not least from the shareholder who just secured constitutional control. It is also the one that restores the link between the company and the public that built it.

The window is open. Kenyan ownership resolutions require a 75% shareholder vote and Kenyan and market-regulator approval; nothing here happens by memo. But brands fade slowly and licences run twenty-five years — the company has time to choose its footing, provided it chooses before the choice is made for it.

About Genie Capital Ltd

Independent IP Origination & Stewardship

Genie Capital Ltd is an IP origination and stewardship company based in Buea, Cameroon. In addition to its core mission of IP origination and stewardship, the firm applies its own analytical frameworks to diagnose structural fragilities and market trajectories in public companies, and makes the findings freely available. Genie Capital is not an investment fund, an advisory firm, or a lobbyist.

A Note on Method

This edition was prepared against publicly available information current to September 2026: Safaricom PLC's FY2026 audited results and abridged reports, investor briefings, and Nairobi Securities Exchange disclosures; Vodacom Group and Vodafone Group Plc regulatory and investor announcements relating to the Safaricom transaction; Communications Authority of Kenya and Competition Authority of Kenya decisions; Kenyan parliamentary and court records on the divestiture; and reporting on the Ethiopian telecommunications market from Safaricom Telecommunications Ethiopia PLC disclosures and specialist outlets. Every figure has been checked against at least one primary or reputable secondary source at the time of writing; where a figure could not be corroborated, it has been generalised or removed. Readers should still verify figures against the companies' own filings before relying on them for a financial decision. Source categories are listed in the References section.

Part I — The Diagnosis

1. What Safaricom Is Today

Safaricom is two businesses in one.

The first is a Kenyan telecommunications and mobile-money company with a quarter-century of history, a brand close to synonymous with connectivity in Kenya, and a product — M-Pesa — that redefined what money could be for people who had no bank account. This business is profitable, growing, and deeply trusted.

The second is a multi-country group: an Ethiopian operating company, a controlling shareholder based in South Africa which is itself majority-owned in London, and a portfolio of ventures spanning insurance, agriculture, towers, and submarine cable.

The two are run as one company. Since 31 July 2026 they are also, formally, governed as one company built around a single controlling shareholder's rights. They are not, however, the same company structurally — and the gap between the two is the subject of this report.

Figure 1 — Twenty-five years of Safaricom's history, and the four events of 2026 that reset its ownership and governance.

2. Five Things the Numbers Show

(a) Revenue is strong, but concentrated in one product

Group service revenue reached KES 414.1 billion in the year to March 2026, up 11.1% year-on-year, with net income attributable to shareholders rising 67.3% to KES 99.7 billion. Those are the best results in the company's history. But M-Pesa alone now accounts for 45.6% of Kenyan service revenue — up from 44.2% the year before, and from 38.3% four years earlier. The share has climbed roughly 1.5 percentage points a year, with no sign of slowing.

This is not a complaint. M-Pesa is the company's greatest asset. But it means Safaricom's revenue depends more each year on a financial service than on a telecommunications one. Financial services attract different regulatory attention than voice and data, and different competitors — banks, card networks, other mobile-money operators. Concentration in one product is a strength until it becomes a single point of failure.

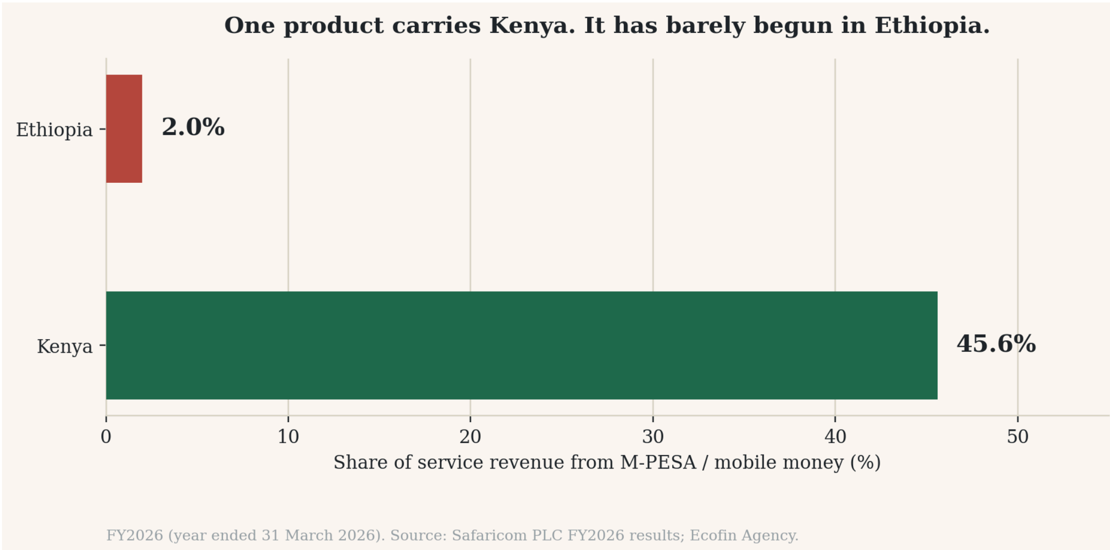

Figure 2 — M-PESA's share of service revenue in Kenya versus Ethiopia, FY2026.

(b) Ethiopia is growing quickly but is barely monetised

Safaricom Ethiopia closed FY2026 with 13.6 million active customers, up 54.2%, on a network covering roughly 59–60% of the population through 3,504 sites. By the first quarter of the following financial year (June 2026), that had grown to 14.7 million. Quarterly revenue for that period reached 6.13 billion birr, up 66.1% year-on-year.

But the money is not yet following the customers. M-Pesa contributes only about 2% of Ethiopian service revenue, against 45.6% in Kenya. Registered merchants have grown to roughly 90,000, up 147.7%, and M-Pesa transaction values are up 174.8%. Those are real gains from a low base — 5.2 million M-Pesa users at year-end, rising to 5.69 million by June 2026.

The honest summary: Ethiopia has customers, coverage, and momentum. It does not yet have a working mobile-money business at scale. Until it does, the Ethiopian operation consumes capital rather than generating it. Its operating (EBIT) loss narrowed to KES 30.1 billion from KES 61.1 billion the year before — a genuine improvement — and the company is targeting EBITDA break-even by March 2027, with an EBIT loss of a further KES 12–15 billion still expected even after that milestone. Progress, not arrival.

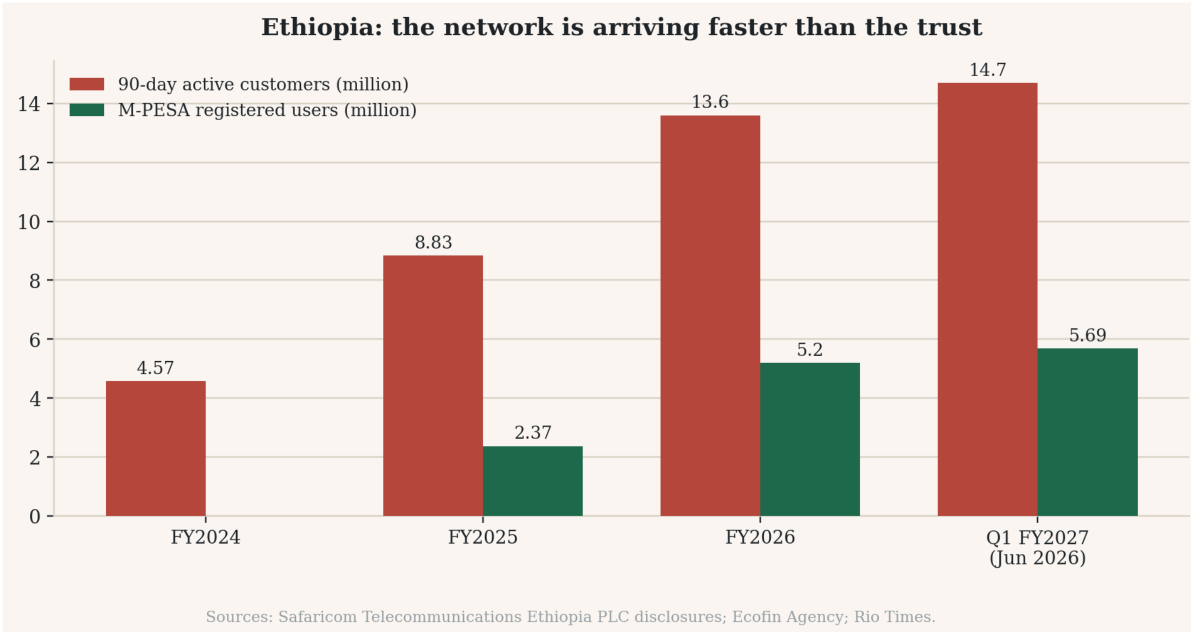

Figure 3 — Ethiopian customer growth has consistently outpaced M-PESA adoption. The gap between the two bars is, in effect, the size of the trust deficit still to be closed.

(c) Ownership changed, and the change has not been absorbed

On 30 June 2026, Vodacom Group completed the acquisition of an additional 20% effective stake in Safaricom for $2.1 billion — 15% purchased directly from the Government of Kenya at KES 34 per share (KES 204 billion), and an effective further 5% consolidated from Vodafone Group's remaining holding in Vodafone Kenya Limited (VKL), the vehicle through which the stake is held. Vodacom's shareholding rose from 35% to approximately 55%.

Holder	Stake
Vodacom Group (South Africa) — itself ~65% owned by Vodafone Group (UK)	**≈ 55%**
The investing public (largely Kenyan, via the NSE)	**≈ 25%**
Government of Kenya (National Treasury)	**20%**

Table 1 — Safaricom ownership structure since 30 June 2026.

That was a substantial inflow to the Treasury — and, on the government's telling, a vote of confidence rather than a retreat. It was also the moment the company stopped being Kenyan-controlled.

The governance consequences were made concrete a month later. At the Annual General Meeting on 31 July 2026, requisitioned by Vodafone Kenya under its shareholder rights, Safaricom's shareholders approved fourteen special resolutions rewriting the company's Articles of Association. The headline change: for as long as Vodafone Kenya holds more than 50% of Safaricom, the board must appoint the chief executive from a shortlist Vodafone Kenya itself supplies. Board seats now scale directly with ownership — one director for every complete 10% held, giving Vodafone Kenya five seats and the National Treasury two. A deadlock-resolution mechanism was written in: if the board splits on a matter twice, the outcome defaults to whichever position the Vodafone Kenya- and Treasury-appointed directors, taken together, support. Two protections survive the transition — a material change to the Safaricom brand still needs both a 75% board vote and government consent, and expansion beyond Kenya and Ethiopia still needs government approval — alongside newer commitments that a majority of independent non-executive directors be Kenyan citizens and that senior management remain predominantly Kenyan.

Safaricom's own board made no recommendation for or against the resolutions, and disclosed that several directors voting on them were nominees of the two shareholders whose rights were being formalised. That is disclosure done correctly. It is also a reminder that the 25% of the company held by the Kenyan public voted on its own governance without an independent board view to lean on.

The Law Society of Kenya and civil-society groups raised a related and unresolved concern during the divestiture hearings: that deeper technical integration between Safaricom's systems and Vodacom's global infrastructure could, over time, move the processing of sensitive Kenyan data outside the practical reach of the Office of the Data Protection Commissioner, whatever formal jurisdiction remains on paper. The government's response — that Safaricom stays incorporated in Kenya, keeps its core servers and decryption infrastructure within Kenyan borders, and remains subject to the Communications Authority, the Central Bank, and the ODPC regardless of who owns the shares — was accepted by the courts as sufficient to let the transaction proceed. It has not been accepted by everyone as sufficient to close the question.

> *This is not a legal technicality. It goes to the core question of whose company this is.*

(d) Kenya is funding Ethiopia

Total funding committed to the Ethiopian venture has reached roughly $2.65 billion, including the $850 million spectrum licence and $150 million M-Pesa licence fee, with Safaricom's own parent-company stake in the unit standing at approximately 54% as shareholder loans have been converted to equity. That capital has come from the group — which means, substantially, from Kenyan operations.

This is a legitimate strategic choice. Entering a new market requires investment before returns. But it means that for as long as Ethiopia consumes more than it generates, Kenyan customers and Kenyan shareholders are financing Ethiopian expansion. That is not a criticism of the strategy. It is a description of the cash flows.

(e) Trust in Kenya is strong, but the ownership link to the public is broken

Safaricom's greatest asset is that Kenyans trust it: 41 million active M-Pesa customers, deep habitual use, a brand people defend even while criticising it.

But trust and ownership are not the same thing, and they are now clearly separated. The Kenyan public trusts the company and no longer owns or governs it in the way it once did. Twenty-five per cent of the shares are publicly held, but the controlling stake — and, since July 2026, the controlling constitutional rights — sit outside the country. When trust and ownership diverge this far, the trust is being lent rather than invested. Loans can be recalled.

3. The Central Imbalance

Put the five observations together and a single pattern emerges.

Safaricom has built a large, complex, and impressive structure: a group of subsidiaries, a multi-country footprint, a vast network, a 25-year licence, and a brand of national standing. But the two things that make a structure durable over time have weakened at the margins:

— Credibility — money and institutions that behave predictably. Safaricom's own operational credibility with customers remains high, but its ownership structure is now set from Johannesburg and London, and its constitution now formally reflects that.

— Public trust in the arrangement — the belief that the system is fair enough to participate in. Kenyans participate in M-Pesa every day. Whether they feel they still have a stake in the company that runs it is a separate, and increasingly open, question.

When structure outruns credibility and trust, it must be propped up by something else. Safaricom props it up with three things: continued Kenyan cash flow, an unusually strong legacy brand, and the patience of Kenyan customers and minority shareholders.

None of these three can sustain a durable multi-country company indefinitely. Cash flow can be redirected. Brands fade across generations. Patience runs out.

> *The structure looks stable. The foundation is thinner than it appears.*

45.6%	~2%	55%
of Kenyan service revenue is a single product: M-PESA	of Ethiopian service revenue comes from M-PESA	of Safaricom is now owned outside Kenya

Three numbers that summarise the condition.

Part II — Why the Conventional Tools Miss This

The Core Blindness: Size, Not Direction

Almost every tool used to analyse a company like Safaricom measures how much: revenue, profit, subscribers, average revenue per user, market share, debt, credit ratings.

None of them measure which way the thing is heading.

A company can report the same revenue as last year while being in a completely different condition. A subscriber count of 13.6 million can mean thirteen million people who use the service daily, or thirteen million people who bought a SIM and rarely use it. The number is identical. The economic reality is not.

This is Safaricom's situation. The headline numbers are healthy. The underlying configuration — what supports them, what they cost to sustain, and where they are pointed — is more complicated, and conventional tools are not built to see it.

Seven Specific Blind Spots

1. A single figure hides what is inside it.

Revenue compresses brand strength, trust, pricing power, competitive position, and customer habit into one line. Two companies with identical revenue can be in completely different health. Safaricom's revenue is real. Whether it comes from deep habitual trust or from a temporarily dominant position is invisible in the figure itself.

2. Order matters, and standard models assume it doesn't.

Conventional analysis treats the sequence of decisions as largely interchangeable. In practice, sequence is often decisive. Had Vodacom taken majority control in 2010, before M-Pesa was embedded in Kenyan life, Safaricom would be a different company today. Had the Ethiopian expansion been funded from a position of stronger institutional credibility, its capital cost would likely have been lower. Decisions taken in one order produce different outcomes than the same decisions taken in another.

3. Companies and institutions do not simply bounce back.

Standard models assume that after a shock, things return to trend. Institutional trust does not work that way. A company that goes through contested ownership, regulatory pressure, or strategic drift does not snap back once conditions improve — it carries the memory. Customers who were inconvenienced remember. Minority shareholders who felt bypassed at an AGM remember.

4. There is no line item for lost standing.

A balance sheet records debt, cash, and assets. It does not record diminished national identity, weakened public standing, or the cost of being seen as foreign-controlled. These are real liabilities.

They surface later as higher customer-acquisition costs, greater regulatory friction, or a lower valuation multiple than comparably-sized peers with clearer ownership stories.

5. Leadership and governance are discussed as commentary, not as economics.

In standard reports, governance quality sits in a qualitative section, disconnected from the financial model. That understates it. A board that builds institutional credibility lowers the cost of everything the company does; one that loses it raises that cost. The decisions being made now — on Ethiopian spending, on the terms of Vodacom integration, on whether to broaden Kenyan ownership — are economic decisions, not background.

6. Competition is not only about market share.

Standard competitive analysis treats business as a contest over shares of a fixed market. In developing markets especially, it is also a contest over who gets to define what the market is. Safaricom's difficulty in Ethiopia is not simply that Ethio Telecom's telebirr arrived first. It is that Safaricom arrives carrying a frame — "a Kenyan company exporting its model" — that reads differently in Addis Ababa than in Nairobi. Competition here is partly a contest of perception, not only of price.

7. The measurement instruments are not neutral.

When a court rules, when a regulator issues a licence, when a rating agency publishes an opinion, these are not passive observations — they move borrowing costs, investor sentiment, and public debate. Safaricom's 25-year licence was such an event. So was the High Court's May 2026 finding that Safaricom infringed a Kenyan innovator's copyright in the M-Pesa Go product and ordered an indefinite royalty of 0.5% of gross M-Pesa revenue — a small number in isolation, but a signal about how the company's relationship with Kenyan innovators and regulators is being tested in new ways. The instruments used to measure the company also change the company.

What the Conventional Tools See, and What They Miss

The tools see	The tools miss
Group service revenue of KES 414.1 billion	*That Kenyan revenue is creation-driven while Ethiopian revenue is still capital-consuming*
Net income of KES 99.7–100 billion	*That a meaningful part of group cash flow is, in effect, subsidising Ethiopian build-out*
13.6–14.7 million Ethiopian customers	*That only about 2% of Ethiopian service revenue comes from mobile money*
5.2–5.7 million M-Pesa users in Ethiopia	*The gap between registered users and people who transact regularly, and how far Ethiopia sits from Kenya's habitual-use curve*
Vodacom's 55% stake and 25-year licence	*The formal transfer of CEO-nomination rights and board control agreed at the July 2026 AGM*

The tools see	The tools miss
A 25-year operating licence, granted May 2026	*That expansion beyond Kenya and Ethiopia now requires explicit government consent*
EBITDA break-even targeted for March 2027	*Whether Ethiopian trust is being built fast enough to make that break-even durable rather than just an accounting milestone*
A 25% public float on the NSE	*That the public's stake is too small, on its own, to anchor the company's national identity*

Table 2 — What conventional analysis captures about Safaricom, and what it structurally cannot.

The Deeper Reason

The standard toolkit was built for a world of stable institutions, interchangeable decisions, and cycles that return to trend. Safaricom operates in a world where sequence matters, where identity is contested, and where scale can be built faster than trust. The toolkit is not wrong. It is simply looking at the wrong dimension.

Part III — What Safaricom Is Trying to Do, and What Limits It

1. What Safaricom Is Trying to Do

Safaricom's stated purpose is to transform lives. Operationally, it is pursuing scale: more countries, more customers, more services, more infrastructure. Every major decision of the past three years — Ethiopia, the Vodacom transaction, the 25-year licence, the Fintech 2.0 platform upgrade, the agricultural and insurance subsidiaries, the MyOneApp rollout — has been a move toward greater scale.

That is a legitimate objective. It is not sufficient on its own.

The company cannot build scale beyond what its brand credibility and customer trust can support. In Kenya, both are strong. In Ethiopia, brand awareness exists but customer habit does not, and the perception of the company as a foreign entrant is a drag. Broadening ownership among Kenyans would strengthen the foundation in Kenya. Repositioning the Ethiopian business as an Ethiopian company would strengthen the foundation in Ethiopia.

Those are the two objectives that matter most, and neither is primarily about spending more money.

2. What Limits Safaricom

Limit	What it means in practice
Brand and trust must support scale	Ethiopian expansion cannot outrun the growth of Ethiopian customer habit
Transactions must actually happen	Registered M-Pesa users in Ethiopia must become regular transactors, not just account holders
Order of decisions matters	Broadening Kenyan ownership before Vodacom integration deepens further produces a different result than the reverse
The full cycle must be completed	Building, harvesting, and reinvesting are three phases. Safaricom is still building in Ethiopia and has not yet harvested
Cash flows have limits	Kenyan operations can fund Ethiopia for a period, not indefinitely
Established steps cannot be skipped	Ethiopia cannot jump straight to a mature mobile-money market. Trust must be built first
Government consent is now required for expansion	Growth beyond Kenya and Ethiopia is no longer purely a commercial decision
A single shareholder now holds constitutional control	CEO succession and board deadlocks now default to Vodafone Kenya's preference while it holds above 50%
Public patience has limits	Kenyan tolerance for foreign control of a national asset is not unlimited

3. What Safaricom Has to Work With

Resource	Condition
Cash and earnings	Strong. Net income ≈ KES 100 billion; record dividend of KES 80.1 billion for FY2026
Brand in Kenya	Very strong. Twenty-five years of continuous presence
Brand in Ethiopia	Recognised, but not yet trusted as a local institution
Customer trust in Kenya	Very strong. 41 million active M-Pesa customers
Customer trust in Ethiopia	Nascent. Rapid growth from a low base
Physical structure	Extensive. Network, licence, subsidiaries, data infrastructure
Time	Limited. EBITDA break-even targeted for March 2027; a narrowing window on the ownership question
Management attention	Stretched across Kenya, Ethiopia, and Vodacom integration
Public goodwill	Strong but not unconditional, and no longer backed by proportionate ownership or governance rights
Regulatory relationships	Good, but more actively tested — in court, in Parliament, and in front of the Competition Authority — than at any point in the company's history

4. The Order That Works

Restore credibility, then build trust, then scale.

Applied to Safaricom:

— 1. Restore and protect the credibility of the company's identity and ownership. Broaden Kenyan ownership so the company is again recognisably a Kenyan institution at the ownership level, not only the brand level. Keep Kenyan data infrastructure demonstrably subject to Kenyan jurisdiction as technical integration with Vodacom deepens.

— 2. Build trust in Ethiopia before spending more on scale. Deepen merchant acceptance, launch savings and credit products, and — above all — reframe the business as Ethiopian rather than as a Kenyan export.

— 3. Only then scale further. Once ownership is anchored and Ethiopian trust is building, additional investment produces returns rather than consumption.

Doing these in the wrong order is what produces the current situation: a large structure financed partly by Kenyan cash flow, sustained partly by Kenyan patience, and now governed under a constitution that assumes the current ownership split is permanent.

Part IV — Six Possible Futures

Six paths are set out below. Each describes what happens, what it costs, how long it takes, and where it lands. Two — Path One and Path Four — are compatible with each other and, taken together, form the structurally coherent route through the other four.

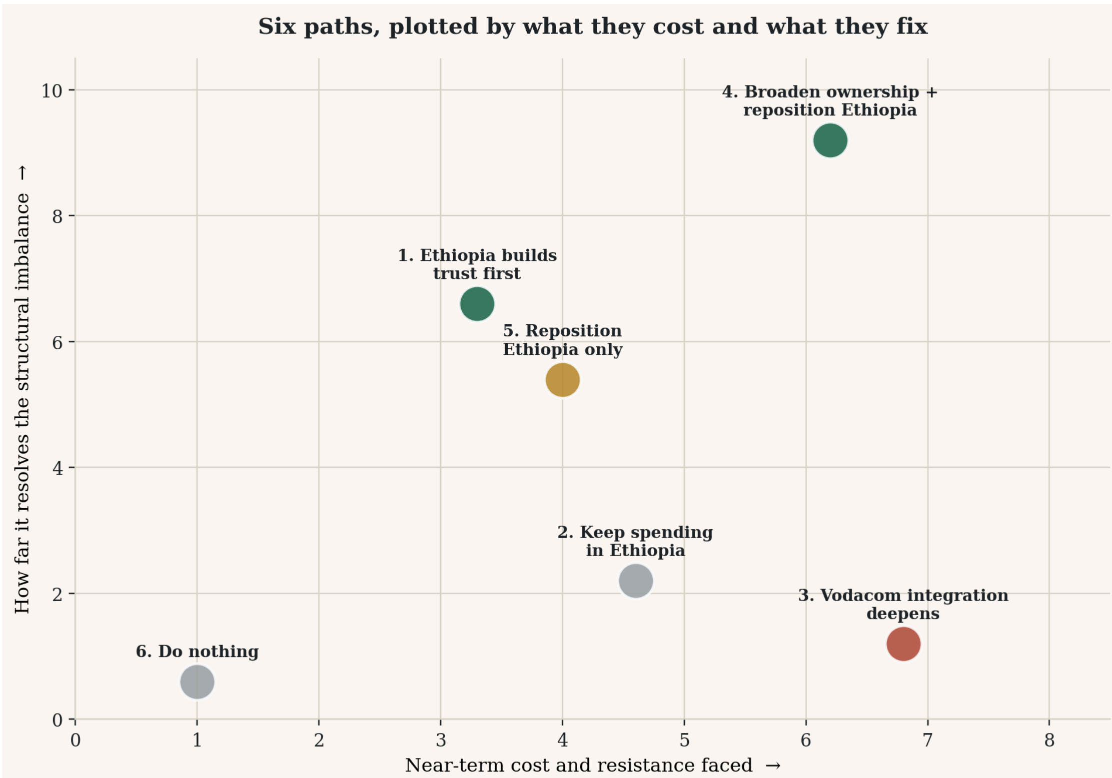

Figure 4 — The six paths, positioned by near-term cost and how far each resolves the structural imbalance described in Part I.

Path One — Ethiopia Builds Trust Before More Spending

What happens? Safaricom slows further network expansion in Ethiopia and concentrates on making existing customers transact. Merchant acceptance deepens; savings and credit products launch. Ethiopian break-even is allowed to slip past March 2027 in exchange for a customer base that actually uses mobile money.

What does it cost? Continued near-term operating losses. A later break-even. Shareholders expecting faster progress will be disappointed.

How long? Twelve to eighteen months for transaction behaviour to shift; two to three years for Ethiopia to become self-funding.

Where does it land? Ethiopia becomes a genuine business rather than an investment. The drain on Kenyan cash flow ends. Group finances become self-supporting.

Path Two — Keep Spending in Ethiopia

What happens? The current approach continues: more sites, more coverage, more customers, on the expectation that mobile-money adoption eventually follows.

What does it cost? Continued losses. Continued reliance on Kenyan cash flow, and on the assumption that usage will catch up with coverage.

How long? Foreseeable future.

Where does it land? Ethiopia remains a cost centre rather than a business. If Kenyan performance weakens — regulatory pressure, competition, a broader downturn — the strain becomes acute.

Path Three — Vodacom Integration Deepens Without Ownership Change

What happens? Technical and operational integration into Vodacom's global infrastructure proceeds under the governance framework agreed in July 2026. Efficiency improves; standardisation reduces cost. Over time, more sensitive Kenyan data processing moves toward shared regional or global systems.

What does it cost? Continued regulatory and civil-society scrutiny of the kind already raised by the Law Society of Kenya. A growing gap between how Kenyans feel about the brand and who actually controls it and appoints its chief executive.

How long? Technical integration over six to twelve months; identity erosion over two to three years.

Where does it land? Safaricom becomes, in substance as well as in its Articles, a Vodacom subsidiary operating under a Kenyan brand. The brand survives. Independent institutional identity does not.

Path Four — Broaden Kenyan Ownership and Reposition Ethiopia

This is the structurally coherent path. It has two parts, and they reinforce each other.

Part A — Float 20–25% More Shares on the Nairobi Securities Exchange

Safaricom issues new shares equivalent to 20–25% of the enlarged share capital, sold to Kenyan institutional and retail investors through the NSE.

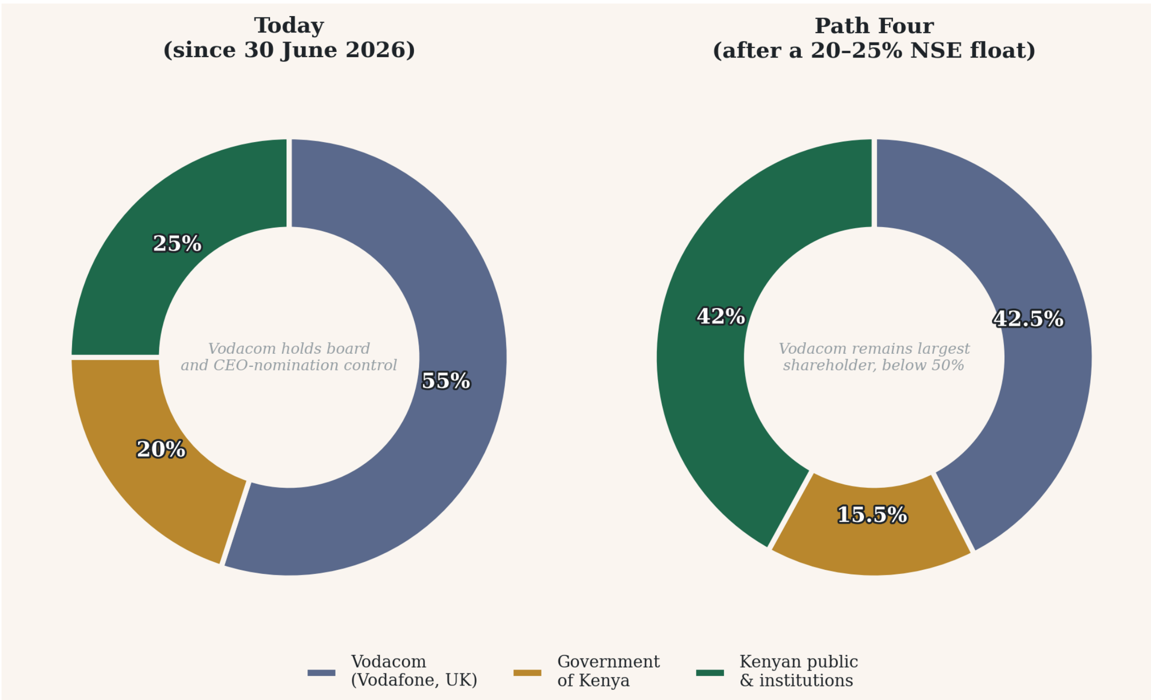

Figure 5 — The ownership structure today, and what an illustrative 20–25% NSE float would produce, before any change in board rights beyond Vodafone Kenya falling under the 50% CEO-nomination threshold.

What changes immediately: Vodacom falls below 50%. Under the Articles adopted in July 2026, that is the threshold that currently entitles Vodafone Kenya to supply the CEO shortlist and to weight board deadlocks in its favour — so crossing back below it would, on the current wording, restore genuinely contested board control, with Vodacom remaining the largest single shareholder rather than a controlling one.

What this is not: a break with Vodacom. Vodacom keeps its shares, its commercial relationship, and a substantial board presence proportionate to its stake. It is a rebalancing — a restoration of the ownership anchor that was loosened in June 2026, achieved by growing the pie rather than by expropriating anyone's slice of it.

Why it matters economically: a company roughly 40–45% owned by Kenyan pension funds, institutions, and citizens has a different relationship with the Kenyan public than one that is 25% publicly held and majority foreign-controlled. Ownership is a deeper form of connection than usage. Kenyan shareholders become advocates rather than only customers, and the company's national identity is anchored in Kenyan capital markets, not only in Kenyan operations.

Why it matters for data sovereignty: a board on which Kenyan-aligned shareholders again hold real, contestable weight has both the standing and the incentive to insist that sensitive data processing remains demonstrably subject to Kenyan jurisdiction, regardless of how far technical integration with Vodacom's systems proceeds.

What it costs: Vodacom and Vodafone Kenya would resist the loss of the rights they secured only weeks before such a proposal could realistically be tabled. Any such share issuance would need Capital Markets Authority, Competition Authority, and Communications Authority approval, and — given the July 2026 Articles were themselves passed by a 75% special resolution — would likely require a further special resolution to unwind or dilute those rights, which Vodacom, still the largest shareholder, would be positioned to help block. The government would need to decide whether the political gain of broader Kenyan ownership outweighs the fiscal loss of a further stake it might otherwise sell. Vodacom would also need to assess deconsolidation risk for its own group accounts if its effective economic interest fell with dilution.

Part B — Reposition Ethiopia as an Ethiopian Company

Safaricom Ethiopia is currently presented, especially in Kenyan communication, as a Kenyan success story abroad. In Ethiopia, that framing reads differently: it can be received as a foreign company — backed by South African and British capital — entering a market Ethiopia deliberately opened to competition after decades of state monopoly under Ethio Telecom.

The reframe positions Safaricom Ethiopia as an Ethiopian company with Kenyan operational heritage: Ethiopian leadership made visible, Ethiopian hiring foregrounded, partnership with Ethiopia's national payment infrastructure emphasised, and the Kenyan-expansion narrative de-emphasised in Ethiopian-facing communications.

Why this matters economically, not just diplomatically: trust is the binding constraint on mobile-money adoption in Ethiopia. Cash still dominates everyday retail. Years of high inflation and a birr that has weakened sharply against the dollar have discouraged people from holding electronic balances. If customers perceive the provider as a foreign entrant imposing an outside model, the trust threshold is higher and adoption is slower. Removing that perception lowers the cost of acquiring each new transacting customer — not by changing the product, but by changing who the customer believes is offering it to them.

What it costs: a slower narrative in Kenya, where Ethiopian expansion has been framed as national achievement; some internal resistance to de-emphasising that story; and time, since perception shifts over quarters, not weeks.

How long: twelve to twenty-four months for the share issuance to be approved and executed; twelve to eighteen months for the Ethiopian repositioning to visibly affect adoption.

Where it lands: Vodacom falls below 50%; Kenyan ownership rises to roughly 40–45%; board control is genuinely contested again rather than constitutionally pre-decided; Ethiopian mobile-money revenue share rises from roughly 2% toward a 10–15% range; Ethiopia becomes self-funding. Both the ownership imbalance and the Ethiopian monetisation problem are addressed by the same underlying discipline: let credibility catch up with scale before adding more scale.

Path Five — Reposition Ethiopia Only

What happens? The Ethiopian repositioning proceeds; the share float does not. Vodacom retains majority control and the governance rights agreed in July 2026.

What does it cost? The ownership question remains unresolved. The Kenyan public's sense of the company as a national institution continues to drift.

How long? Twelve to eighteen months for the Ethiopian repositioning.

Where does it land? Ethiopia becomes a genuine business. Kenya remains structurally compromised at the ownership and governance level. A partial solution: financially healthier, identity-fragile.

Path Six — Do Nothing

What happens? No share float, no Ethiopian repositioning. Vodacom integration deepens under the new governance framework. Ethiopian mobile money remains a small share of Ethiopian revenue. Kenyan public ownership remains at 25%.

What does it cost? Gradual erosion of the company's standing as a Kenyan institution. Continued Ethiopian losses in the near term. Rising strategic dependence on a single shareholder's roadmap.

How long? Foreseeable future.

Where does it land? Safaricom becomes a well-run subsidiary of a foreign group, operating under a Kenyan brand. The Kenyan public retains the brand and, in substance, has already ceded the institution.

Part V — What Each Path Costs

Path	Immediate cost	Who bears it	Long-term outcome
One — Ethiopia builds trust first	Slower Ethiopian break-even	Shareholders	*Ethiopia becomes self-funding*
Two — Keep spending in Ethiopia	Continued losses	Kenyan operations, Kenyan shareholders	*Ethiopia stays a cost centre*
Three — Vodacom integration deepens	Sustained regulatory and civic scrutiny; identity erosion	The Kenyan public, minority shareholders	*Safaricom becomes a Vodacom subsidiary in substance*
Four — Broaden ownership and reposition Ethiopia	Resistance from Vodacom/VKL; a further special resolution and regulatory process; slower Kenyan narrative	Vodacom, group management	*Restored, contestable ownership anchor; self-funding Ethiopia*
Five — Reposition Ethiopia only	Continued ownership and governance imbalance	The Kenyan public	*Healthier finances, unresolved identity*
Six — Do nothing	None immediately	Everyone, later	*Slow erosion of institutional standing*

Part VI — Defending the Position

Whatever path is chosen, the company will face pressure. Here is what that pressure looks like today, and how it can be met.

Pressure	Where it comes from	Response
Competitive challenges to pricing	Rivals contesting Safaricom's promotional tariffs before the Competition Authority — as Airtel did over the "Ofa Moto" call-rate promotion in 2026, unsuccessfully	Compete on service quality and coverage as well as price; keep pricing data ready for regulatory review
IP and innovation disputes	The May 2026 High Court ruling ordering Safaricom to pay KES 1.4 billion plus an indefinite 0.5% royalty on gross M-Pesa revenue for infringing a Kenyan innovator's USSD-based product design	Build a credible, well-documented external-innovation intake process, and treat the ruling as a governance signal, not only a litigation cost
Data sovereignty challenges	Civil society, the Law Society of Kenya, and the Office of the Data Protection Commissioner	Keep Kenyan data demonstrably under Kenyan jurisdiction; broaden Kenyan ownership so the board has standing, and incentive, to insist on it
Telebirr's incumbent advantage in Ethiopia	Ethio Telecom's established user base and state backing	Compete on trust and merchant depth, not on headline user counts
Cash-dominated retail and inflation in Ethiopia	Macroeconomic history and habit; a birr that has weakened sharply against the dollar	Build savings and credit products, not just payment rails; make holding a balance genuinely useful
Government gate on expansion and brand change	The July 2026 special resolutions requiring state consent	Accept the constraint; prioritise depth in Kenya and Ethiopia over breadth elsewhere
Perception of Safaricom Ethiopia as a foreign entrant	Ethiopian public and official sentiment	Reposition as an Ethiopian company with Kenyan heritage
Vodacom/VKL resistance to diluted control	Vodacom Group and Vodafone Group, newly holding constitutional CEO-nomination and deadlock rights	Offer continued commercial partnership, proportionate board representation, and the largest single shareholding; ask for a rebalancing, not an exit

Two Principles Apply Throughout

First, address the cause, not the critic. When challenged on pricing, respond with evidence about cost and access, not with arguments about the challenger. When challenged on sovereignty, fix the data arrangement rather than debating the critic.

Second, unresolved friction blocks change. Every unresolved grievance — the data-sovereignty question, the perception of foreign control, the sense among Kenyan shareholders that they were sidelined at the July 2026 AGM — makes the next transition harder. These should be cleared before, not during, any major restructuring.

Part VII — Who Decides

Decision	Who decides	Trigger
Broaden Kenyan ownership through a share issuance	Board, government, Capital Markets Authority, shareholders (likely a further special resolution)	*Ownership and governance imbalance persists*
Slow or redirect Ethiopian spending	Board and management	*Ethiopian mobile-money revenue remains below roughly 5% of Ethiopian service revenue*
Reposition Safaricom Ethiopia as an Ethiopian company	Management, with board oversight	*Trust gap continues limiting adoption*
Protect Kenyan data jurisdiction	Board and government	*Any proposal to move processing offshore or into shared regional infrastructure*
Accept expansion and brand-change constraints	Board and government	*Government consent required under the July 2026 Articles*
Assess Ethiopian break-even	Board	*March 2027 EBITDA target date*
Respond to regulatory and competitive pricing decisions	Management	*As issued*
Exercise CEO-nomination and deadlock rights	Vodafone Kenya (while above 50%), subject to board appointment	*Executive succession; unresolved board votes*

Principles for the Board

— Do not build scale before trust supports it. Ethiopian coverage is ahead of Ethiopian mobile-money usage. Close that gap before extending further.

— Complete the full cycle. Build, harvest, and reinvest. Ethiopia is in the building phase and has not begun harvesting; that phase must be completed rather than extended indefinitely.

— Protect the ownership anchor. A company whose national identity rests only on its brand, and not on its ownership or governance, is exposed. Ownership should be broadened while the brand is still strong — and, now, while the new governance settlement is still fresh enough to renegotiate without appearing to renege.

— Watch the relationship with Vodacom. Vodacom is simultaneously a strategic partner and, since July 2026, a constitutionally empowered controlling shareholder. Those two roles are not always aligned. Monitor the gap between what Safaricom is and what Vodacom's model assumes Safaricom should be.

— Capacity is the real limit, not a fixed number. Kenyan cash flow can fund Ethiopia for a period. Kenyan public patience with foreign control has a limit. Neither is unlimited, and neither should be tested to the end.

Part VIII — What This Means for Shareholders, Management, and the Public

For Shareholders

The company is profitable, well-run, and holds a 25-year licence. Those are real strengths.

The two risks that conventional analysis understates are these. First, the concentration of revenue in a single product, M-Pesa, now more exposed to financial-services regulation and IP litigation than at any point in its history. Second, the group's dependence on Kenyan cash flow to fund Ethiopian expansion, which limits the group's capacity to absorb shocks — and which now sits inside a governance structure where the largest shareholder holds constitutionally protected succession and deadlock rights.

A share issuance on the NSE would have a specific effect on existing shareholders: it would dilute all holders proportionally, including Vodacom. Minority Kenyan shareholders would need to weigh dilution against the benefit of a stronger Kenyan ownership anchor and genuinely contested board control. That is a real trade-off, and should be debated as such — not presented as an unqualified gain.

For Management

You are running a company whose operational performance is genuinely strong and whose structural questions are genuinely unresolved. Both things can be true at once.

The most useful thing management can do is make the structural picture visible. Publish the Ethiopian mobile-money revenue share clearly and quarterly, not buried in segment notes. Publish the composition of capital expenditure by country. Publish the status of data-processing arrangements as technical integration with Vodacom proceeds. Numbers repeated with discipline become the basis for informed debate; numbers hidden become the basis for suspicion.

Management should also recognise that repositioning Ethiopia as an Ethiopian company is not a concession. It is the fastest available route to the trust that mobile-money adoption requires.

For the Public

Much of this is already your lived experience. You know the brand. You use M-Pesa. You may also have noticed that the company that felt like a national institution now answers to owners, and increasingly to a constitution, written elsewhere.

What this report adds is confirmation that the situation is structural and documented, not a matter of opinion. The ownership figures are public. The July 2026 governance changes are on the public record. The revenue concentration is disclosed. The Ethiopian mobile-money share is reported. The data-sovereignty debate has been the subject of parliamentary, judicial, and regulatory record.

> *Safaricom remains an excellent company. The question is whether it remains a Kenyan one in more than name. That is not a question that resolves itself. It resolves when enough people ask it clearly enough that the answer has to be given.*

The Bottom Line

Safaricom is not in difficulty. It is in transition — and the transition is being managed as though it were purely operational, when it is also structural.

The company has built a large structure — a multi-country footprint, a portfolio of subsidiaries, a vast network, a long licence, and now a rewritten constitution — on a foundation of Kenyan cash flow and Kenyan trust. That foundation is strong. It is also thinner than it was, because the ownership and governance link between the company and the Kenyan public has been weakened twice in two months: once at the share register on 30 June 2026, and again at the AGM on 31 July 2026.

Two things would strengthen it. First, broaden Kenyan ownership on the Nairobi Securities Exchange so the company is again recognisably Kenyan at the ownership and governance level, not only at the brand level. Second, reposition the Ethiopian business as an Ethiopian company rather than a Kenyan export, so trust can build where it is currently the binding constraint on revenue.

Both are within the company's power, in the sense that a board and a determined set of shareholders could pursue them. Both face real resistance — including, now, from a shareholder who holds the contractual right to shape how the conversation about succession happens. Both are better attempted now, while the brand is strong and the licence is long, than later, when circumstances may not permit it.

> *The most valuable asset Safaricom has is not its network, its licence, or even M-Pesa. It is the trust Kenyans place in it. That trust was built over twenty-five years. It is not automatically renewed, and it is not, in the end, the same thing as a shareholding — though for a quarter-century, Kenyans could be forgiven for treating the two as one.*

References and Sources

This report draws on publicly available information current to September 2026. Readers should verify figures against the companies' own filings and regulators' published decisions before relying on them for any financial or legal purpose.

- Safaricom PLC — FY2026 audited and abridged financial results, investor presentations, and Nairobi Securities Exchange announcements (year ended 31 March 2026, released 7 May 2026).
- Safaricom PLC — Annual General Meeting notice and results, 31 July 2026, including the fourteen special resolutions amending the company's Articles of Association.
- Safaricom Telecommunications Ethiopia PLC — published operational metrics on customer numbers, network coverage, M-Pesa registration, merchant acceptance, and transaction values, FY2026 and Q1 FY2027.
- Vodacom Group Limited — announcements on the completion of its acquisition of an additional effective stake in Safaricom PLC, 30 June–1 July 2026, and its Q1 FY2027 trading update, 27 July 2026.
- Vodafone Group Plc — Stock Exchange announcement confirming completion of the Safaricom transaction and related cash considerations, 30 June 2026; Vodacom Group ownership disclosures.
- Government of Kenya / National Treasury — Sessional Paper No. 3 of 2025 and related parliamentary disclosures on the sale of a 15% Safaricom stake; Kenyan Parliament committee proceedings on data protection and job security, 2026.
- Communications Authority of Kenya — decision granting Safaricom's 25-year operating licence under the Unified Licensing Framework, announced 18–19 May 2026.
- Competition Authority of Kenya — decision dismissing Airtel Kenya's complaint against Safaricom's "Ofa Moto" promotional call tariffs, reported July 2026.
- High Court of Kenya, Milimani Commercial Courts, Civil Suit E407 of 2022 — judgment ordering Safaricom to pay damages and an ongoing royalty over the M-Pesa Go / "Manage Child Account" USSD product, 8 May 2026 (subject to appeal).
- Court of Appeal of Kenya — ruling lifting the conservatory order that had paused the Safaricom–Vodacom transaction, 26 June 2026.
- Law Society of Kenya and named civil-society organisations — public submissions and parliamentary testimony on data sovereignty risks associated with the Safaricom ownership transaction, 2026.
- Office of the Data Protection Commissioner (Kenya) — public statements on data-localisation requirements applicable to Safaricom under the Data Protection Act.
- Nairobi Securities Exchange — shareholding, block-trade, and market-capitalisation disclosures relating to the 30 June 2026 transaction.
- Reporting from Reuters/LSE News, Bloomberg-sourced coverage via Business Daily Africa, Techpoint Africa, tech-ish, The Kenyan Wallstreet, Ecofin Agency, Africa Business Communities, People Daily, Innovation Village, and Capital Business, used to corroborate and cross-check figures reported directly by the companies and regulators above. Individual news articles are not separately listed; where a figure originates primarily from secondary reporting rather than a primary filing, that is noted in the surrounding text.

Full source citations and underlying data are available on request from Genie Capital Ltd.

Genie Capital Ltd · geniecapital.co · info@geniecapital.co