



## EXPLANATORY MEMORANDUM TO SHAREHOLDERS OF MTN NIGERIA COMMUNICATIONS PLC (THE "COMPANY") IN RESPECT OF THE RESOLUTIONS RELATING TO THE CANCELLATION OF UNISSUED SHARES, TO BE PROPOSED AT THE EXTRAORDINARY GENERAL MEETING ("EGM") OF THE COMPANY SCHEDULED TO HOLD ON 15 DECEMBER 2022

### (A) BACKGROUND

- (i) The Corporate Affairs Commission ("CAC") by a notice titled '*Public Notice: Existing Companies and the Requirements of Issued Share Capital under the Companies and Allied Matters Act 2020*' dated April 16, 2021 (the "CAC Notice"), informed all existing companies incorporated in Nigeria that they should, in compliance with the provisions of the Companies and Allied Matters Act No. 3 of 2020 (as amended) ("CAMA") and the CAC Regulations 2021, ensure that they have no unissued shares by December 31, 2022 (the "CAC Directive").
- (ii) To ensure compliance with the CAC Directive, the Board of Directors obtained advice on the most optimal and suitable options available to the Company. In this regard, the Company could either (1) undertake a transaction for the issuance of its unissued shares (e.g. rights offer for existing shareholders, a scrip dividend issued to existing shareholders and/or a fresh issuance of shares) or (2) cancel its unissued shares (the "Share Cancellation").
- (i) In connection with the Share Cancellation option, the Board was advised as follows:
- whilst there is no specific provision of CAMA or the Companies Regulations 2021 that sets out a process for cancelling unissued shares of companies without more, there is no provision of Nigerian law which would preclude shareholders from effecting the cancellation of unissued shares by passing a resolution to that effect.
  - section 868 of CAMA defines "share capital" as the "issued share capital of a company at any given time". Accordingly, to the extent that CAMA no longer recognises or acknowledges unissued shares as forming part of a company's share capital, the extinguishment of such unissued shares (by way of cancellation) does not result in a reduction of the company's said capital.
- (iii) The Board has carefully contemplated the above-referenced options weighing all relevant considerations including but not limited to the Company's capital requirements and structure and the regulatory and other requirements (e.g. documentation, costs and timing) for the implementation of each of the possible options.

- (iv) The Board is of the considered opinion that the Share Cancellation is the most suitable option for the Company's compliance with the CAC Directive.

### (B) IMPLEMENTATION OF THE SHARE CANCELLATION

To implement the Share Cancellation, the following key authorisations and actions are required:

- board resolution recommending the Share Cancellation to the Company's shareholders.
- shareholders' resolution approving the Share Cancellation and altering the Company's Memorandum and Articles of Association ("MemArts") to reflect the updated share capital of the Company – these resolutions are as set out in the EGM Notice.
- making the relevant filings at the CAC recording the cancellation of the unissued shares and alteration of the Company's MemArts.

### (C) OUTCOME OF THE SHARE CANCELLATION

Upon conclusion of the Share Cancellation:

- the Company will cease to have unissued shares in its share capital and would thus have complied with the CAC Directive;
- there shall be no change in the number of issued shares of the Company and/or in the proportional shareholding held by each Shareholder; and
- there shall be no financial, tax, legal and/or other obligations imposed on the Shareholders in connection with their respective shareholdings in the Company; by reason of the Share Cancellation.

### ON BEHALF OF THE BOARD

**Uto Ukpanah**  
Company Secretary  
(FRC/2014/NBA/00000005748)