



EXPLANATORY NOTES TO THE RESOLUTIONS TO BE PROPOSED AT THE 2023 ANNUAL GENERAL MEETING (AGM)

Dear Shareholders,

We welcome you to the Annual General Meeting (AGM) of your Company which is holding at the Balmoral Convention Centre, Federal Palace Hotel, 6-8 Ahmadu Bello Way, Victoria Island, Lagos State on Tuesday 18 April 2023 at 11:00 a.m.

Explanatory Notes are provided below to the resolutions set out in the Notice of Annual General Meeting. At the meeting, you will be requested to vote in favour of the proposed resolutions. Please note that if you abstain from voting you will not be counted in the calculation of the proportion of votes *for* or *against* a resolution.

A. ORDINARY BUSINESS

Resolution 1: Annual Report and Accounts

Pursuant to the requirements of Section 377 (1) of the Companies and Allied Matters Act, No. 3 of 2020 (as amended) ('CAMA') Directors of the Company are mandated to prepare Financial Statements for each year. In line with this provision, the 2022 Audited Financial Statements have been prepared and included in the 2022 Annual Report and Accounts. The Report also contains the Auditor's Report, the Audit Committee's Report, the Directors' Report and the report of the External Consultants on the 2022 Board Appraisal.

The directors are required under Section 388 (1) of CAMA to lay before the company in General Meeting for each financial year copies of the financial statements of the company made up to a date not exceeding nine months prior to the date of the meeting. This provides the shareholders the opportunity to ask questions about the contents of the Annual Report and Financial Statements.

We urge you to vote in support of the motion to receive these reports and the audited financial statements.

Resolution 2: Declaration of Final Dividend

By Section 426 (1) of CAMA, the Company in General Meeting is empowered to declare dividends in respect of any year or other period only on the recommendation of the directors. Furthermore, Section 426(3) provides that the General Meeting shall have the power to decrease the amount of dividend recommended by the Directors but shall have no power to increase the recommended amount.

If the final dividend of N10 per 2 kobo ordinary share recommended by the Directors is approved this will bring the total dividend for the year ended 31 December 2022 to N15.60. The said final dividend net of withholding tax will be payable on 20 April 2023 to those shareholders on the Company's register of shareholders as at 27 March 2023.

Kindly vote in support of the motion to approve the payment of the proposed Dividend.

Resolutions 3: Election of Mr. Mazen Mroue

Mr. Mazen Mroue has been appointed as a non-executive director by the Board of Directors since the last Annual General Meeting of the Company and is presented at this Annual General Meeting for approval. His profile is contained in the Annual Report and is also available on the Company's website at www.mtn.ng.

We request that you kindly vote in favour of the appointment of Mr. Mazen Mroue as a director of the Company.

Resolutions 4(1)-4(5): Re-Election of Directors retiring by rotation

Section 285 of CAMA provides that unless there is a contrary provision in the Articles of Association of a Company, all the directors of the Company shall at the first Annual General Meeting (AGM) retire from office and at subsequent AGMs, one-third of the directors, or if their number is not three or a multiple of three, the number nearest to one-third shall retire. In line with this provision of CAMA, the directors to retire in every year are those who have been longest in office since their last election.

In accordance with statutory requirements, five directors will be retiring at this meeting. They are Dr. Ernest Ndukwe OFR (74); Mr. Karl Toriola; Mr. Modupe Kadri; Mr. Ferdinand Moolman; and Mrs. Ifueko M. Omoigui Okauru MFR. Being eligible, they have offered themselves for re-election. Their profiles are contained in the Annual Report and are also available on the Company's website at www.mtn.ng. The record of their attendance at board meetings during the preceding year is provided in the Annual Report.

In view of the foregoing, we urge you to vote in support of the motion to re-elect directors retiring by rotation to the Board.

Resolution 5: Approval of Auditors' Remuneration

Section 408(1) (b) of CAMA 2020 provides that the remuneration of Auditors may be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine. In line with the referenced provision of CAMA 2020, it is usual practice to ask the General Meeting to authorize the Board to negotiate and fix the remuneration of the External Auditors.

The Board will be guided in this regard by the Audit Committee in line with the provisions of Section 404(7)(e) of CAMA which provides that the Audit Committee shall make recommendations to the Board with regard to the appointment, removal and remuneration of the company's External Auditors.

At the Annual General Meeting of your Company held on May 15, 2020, Messrs. Ernst and Young (EY) was appointed as the statutory Auditor of the Company.

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We request that you vote in support of the motion to authorize the Directors to fix the remuneration of EY in respect of the period ending at the end of the next Annual General Meeting.

Resolution 6: Disclosure of the Remuneration of the Managers of the Company

One of the new provisions introduced in CAMA (Section 257) is the requirement that the compensation of managers of a company shall be disclosed to members of the Company as part of the ordinary business to be transacted at an AGM.

For the year ended 31st December 2022, a total sum of N7.16 billion was paid to the managers of the Company. Shareholders will be requested to note the disclosure on the compensation of the managers of the Company as contained in the Annual Report.

No resolution is required to be taken on this item.

Resolution 7: Election of Statutory Audit Committee

The provisions of Section 404(2) of CAMA mandate all public companies to establish an Audit Committee (SAC) to ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices. The SAC shall comprise of five (5) members including three (3) shareholder representatives and two (2) Non-Executive directors.

In accordance with Section 404(6) of CAMA, any shareholder may nominate another shareholder for appointment to the SAC. Such nomination should be in writing and must reach the Company Secretary not less than 21 days before the AGM.

The duties and roles of the SAC are set out in Section 404 (4) and (7) of CAMA. At the AGM, Members will be required to elect three shareholder representatives to serve on the SAC. In addition to the three representatives of the shareholders to be elected at the AGM, the two Directors (their appointment to the SAC is not subject to election), to represent the Board on the SAC for the 2023 financial year are:

1. Mr. Rhidwaan Gasant (Independent Non-Executive Director)
2. Mrs. Ifueko M. Omoigui Okauru MFR (Non-Executive Director)

We urge you to vote in support of the election of shareholder representatives to serve on the Statutory Audit Committee.

A. SPECIAL BUSINESS

Shareholders will be requested to consider the following special business and pass same as ordinary resolutions of the Company.

Resolution 8: Approval for General Mandate for recurrent transactions with Related Parties

The resolution is proposed in accordance with Rule 20.8 of the NGX Rulebook 2015. Rule 20.8 of the NGX Rulebook provides that a company may seek a general mandate from securities holders for recurrent transactions of revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

Kindly vote in favour of the motion to grant a general mandate to the Company.

Shareholders will be requested to consider the following special business and pass same as special resolutions of the Company.

Sub-Joined Resolutions 9 (1) -9(3): Merger of Momo Payment Service Bank Limited (Momo PSB) and Yello Digital Financial Services Limited (YDFS)

It has been proposed that two of the Company's subsidiaries (MoMo PSB and YDFS) be merged and integrated to form one company which will hold the Payment Service Bank license granted by the Central Bank of Nigeria and will also be capable of performing super-agent services and other permissible activities. It is envisaged that the merger will enhance value for the Company and its shareholders.

Kindly vote in favour of the motion for the merger of MoMo PSB and YDFS.

Sub-joined Resolutions 10(A) and Sub-joined Resolutions 10(B): Scrip Dividend Election Plan; Increase of Share Capital and Allotment of Shares

Scrip Dividends

Directors have proposed for shareholders' approval at the AGM, a scrip dividend plan that would give interested shareholders the option to elect and receive new ordinary shares in the Company instead of receiving the dividend in cash ("Scrip Dividend Election Plan").

This Explanatory Note provides information on the Scrip Dividend Election Plan and explains how shareholders can make their election.



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(a) What the Scrip Dividend Election Plan entails and its benefits

The Scrip Dividend Election Plan gives Qualifying Shareholders (defined below) the opportunity to elect (i.e., choose) to receive their dividends in the form of new ordinary shares in the Company instead of cash. The Scrip Dividend Election Plan is being put in place in connection with dividends to be declared by the Company:

(i) For the financial year ended December 31, 2022 ("FY 2022 Dividend") in accordance with the terms and conditions set out in this Explanatory Note.

And

(ii) Where the board of directors so decide from time to time, for future dividends declared by the Company commencing from the 2023 financial year ("Future Dividend") on terms and conditions to be communicated to shareholders at the relevant times in future.

For the FY 2022 Dividend, Qualifying Shareholders will be those shareholders whose names appear in the Company's Register of Members as at the close of business on March 27, 2023.

One benefit of the Scrip Dividend Election Plan is that Qualifying Shareholders who elect to receive new ordinary shares would be able to increase the number of shares they hold in the Company without incurring capital market-related transaction costs. Also, the election would benefit the Company as the cash, which would otherwise be paid out in dividends, will be retained for working capital and other general corporate purposes.

(b) How a Qualifying Shareholder participates in the Scrip Dividend Election Plan

A Qualifying Shareholder who intends to make an election for shares shall:

- i. Obtain the Election Form from the office of the Registrar, Coronation Registrars Limited, 9, Amodu Ojikutu Street, Off Adeola Odeku Street, Victoria Island, and it is also available on eforms@coronationregistrars.com. Furthermore, the Election Form is enclosed in the Notice of AGM sent to shareholders alongside this Explanatory Note.
- ii. Shareholders are expected to tick their preferred option and fill the mandatory fields on the Election Form.
- iii. Qualifying Shareholders (using their personal e-mail addresses) can scan and send duly completed Election Forms to the Registrars via e-mail address: eforms@coronationregistrars.com or

return the form to the Registrar's office on or before April 11, 2023 being the closure date for election and submission.

iv. Qualifying shareholders who have elected shall not cancel their election after the closure date for submission has elapsed.

(c) Default Option

The default option shall be cash. In other words, the following sets of Qualifying Shareholders shall automatically receive their dividends in cash:

- (i) Qualifying Shareholders who do not submit an Election Form.
- (ii) Qualifying Shareholders who do not make any selection on the Election Form.
- (iii) Qualifying Shareholders who select both options on the Election Form.

Qualifying Shareholders who do not wish to receive their dividends as additional shares in the Company need not complete the Election Form or take any other steps.

(d) Number of new ordinary shares to be received by a Qualifying Shareholder who elects for shares

The number of new ordinary shares to be received by Qualifying Shareholders who elect for new shares will depend on their respective cash dividend entitlements (less withholding tax) and the Reference Share Price. The formula for calculating the number of shares to be received is as follows:

Net Cash Dividend Due **divided by** Reference Share Price.

Net Cash Dividend Due is Gross Dividend per share less Withholding Tax at the appropriate rate. The Reference Share Price shall be the average closing price of the Company's shares for 5 consecutive trading days traded on Nigerian Exchange Limited starting on March 28, 2023 and ending on April 3, 2023 (both days inclusive).

No fraction of a share will be issued. The resulting number of New Ordinary Shares should be rounded down to the nearest whole number of shares in order to deal with any fractional shares which may arise.

In the event that a fractional cash dividend entitlement arises as a result of an election to receive new ordinary shares, shareholders get paid monetary value of such fractional dividend entitlement.

(e) Confirmation of entitlement to Qualifying Shareholder who elects for new ordinary shares

Qualifying Shareholders who elect to receive new



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ordinary shares will receive a statement confirming the number of new shares issued, the Reference Share Price and the total cash equivalent of the new shares. In the event that the cash dividend entitlement of a Qualifying Shareholder is insufficient to acquire at least one (1) new share, no new ordinary shares will be received by such Qualifying Shareholder, and the dividend will be paid in cash, irrespective of the election.

(f) Proposed payment date for Qualifying Shareholders who elect to receive cash

The proposed payment date for Qualifying Shareholders who elect to receive cash is 20 April 2023.

(g) Proposed date for crediting the Central Securities Clearing System ("CSCS") accounts of Qualifying Shareholders who elect to receive new ordinary shares

It is anticipated that the CSCS accounts of Qualifying Shareholders will be credited as soon as practicable upon receipt of the Securities and Exchange Commission's ("SEC") approval of the registration of the shares to be issued.

(h) Qualifying Shareholders who have more than one holding/account

If a Qualifying Shareholder has more than one holding, each holding will require a separate election. Any Qualifying Shareholder who intends to combine its/his/her holding should contact the Registrar.

(i) Shares held in joint names

For joint account holders, the Election Form must be signed by all joint shareholders for the election to be valid.

(j) Contact for further questions about the Scrip Dividend Election Plan

If there are additional queries or questions, please contact the Registrar via email at info@coronationregistrars.com.

(2) **Share Capital Increase for shares to be allotted pursuant to the Scrip Dividend Election Plan**

This section provides shareholders with information on the rationale for, and implementation of, the proposed increase of the Company's share capital following the conclusion of the Scrip Dividend Election Plan (the "Share Capital Increase").

(a) Rationale

- (i) By a resolution of the shareholders dated December 15, 2022, the Company undertook a cancellation of all unissued shares in the

Company's share capital in compliance with the public notice issued by the Corporate Affairs Commission ("CAC") titled '*Public Notice: Existing Companies and the Requirements of Issued Share Capital under the Companies and Allied Matters Act 2020*' dated April 16, 2021 which mandated all existing companies incorporated in Nigeria to, in compliance with the provisions of the Companies and Allied Matters Act No. 3 of 2020 (as amended) and the CAC Regulations 2021, ensure that they have no unissued shares by December 31, 2022. As a consequence of the share cancellation, the Company has no unissued shares to be issued to the Qualifying Shareholders who elect to receive new ordinary shares under the Scrip Dividend Election Plan.

- (ii) To ensure that Qualifying Shareholders are able to receive shares under the Scrip Dividend Election Plan, the Board of Directors has recommended that the Company increases its share capital by the exact number of shares to be issued to the Qualifying Shareholders who elect to receive shares instead of cash dividend pursuant to the Scrip Dividend Election Plan.

(b) Implementation of the Share Capital Increase

- (i) To implement the Share Capital Increase, the board and shareholders will pass relevant resolutions approving the Share Capital Increase and altering the Company's Memorandum and Articles of Association to reflect the revised share capital of the Company.

(ii) Upon conclusion of the Share Capital Increase:

- The Company share capital will increase by the exact number of shares issued to the Qualifying Shareholders under the Scrip Dividend Election Plan. There shall be no unissued shares in the Company's capital;

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 Capital Increase.

Kindly vote in favour of the motion for the scrip dividend election plan, increase of share capital and related resolutions.