



Nigerian Breweries Plc
RC: 613

EXPLANATORY NOTES ON THE OPTION AVAILABLE TO SHAREHOLDERS TO RECEIVE NEW ORDINARY SHARES INSTEAD OF FINAL DIVIDEND IN CASH.

(Item 9 on the Agenda for the Annual General Meeting slated for 22nd April, 2022)

PREAMBLE

At the forthcoming (76th) Annual General Meeting ("AGM") of Nigerian Breweries Plc ("the Company"), the Directors have recommended for Shareholders' approval, a final dividend of N1.20 per share for the financial year ended 31st December, 2021. The AGM is scheduled for the 22nd of April, 2022.

The Directors have also proposed for Shareholders' approval at the AGM, a scheme that would give interested Shareholders the option to elect to receive new ordinary shares in the Company instead of the final dividend in cash ("Share for Cash Dividend Election Scheme"). The proposal is on the AGM agenda as item 9.

These explanatory notes provide information on the Share for Cash Dividend Election Scheme and explain how Shareholders can make their election.

RELEVANT INFORMATION

i. What does the Share for Cash Dividend Election Scheme entail and what are its benefits?

The Share for Cash Dividend Election Scheme gives Qualifying Shareholders the opportunity to elect/choose to receive their final dividends in the form of new ordinary shares in the Company instead of cash. Qualifying Shareholders are those whose names appeared in the Company's Register of Members as at the close of business on the 9th of March, 2022.

Qualifying Shareholders who elect to receive new ordinary shares would thus be able to increase the number of shares they hold in the Company and without incurring capital market transaction costs. The election would also benefit the Company as the cash, which would otherwise be paid out in dividends, is retained for working capital purpose. Further, it would lead to the reduction of the Company's interest costs thereby enhancing its profitability.

ii. How does a Qualifying Shareholder participate in the Share for Cash Dividend Election Scheme?

A Qualifying Shareholder who intends to make the election for shares shall complete an Election Form and return same to First Registrars and Investor Services Limited ("the Registrar") on or before the 12th of April, 2022.

A copy of the Election Form can be obtained from the office of the Registrar. It is also available on the Investor Relations page of the Company's website (www.nbplc.com) and on the Registrars website (www.firstregistrarsnigeria.com).

The Election Form will equally be sent to Qualifying Shareholders alongside the 2021 Annual Report and Accounts.

Qualifying Shareholders (using their personal e-mail address) can scan and send duly completed Election Forms to the Registrar via their e-mail address: info@firstregistrarsnigeria.com.

iii. Will the default option be cash or shares?

The default option shall be cash. That is, Qualifying Shareholders will not be required to take any step if they do not wish to convert their final dividends into additional shares in the Company. Such Shareholders will automatically receive cash. They do not need to complete the Election Form.

iv. How many new ordinary shares will a Qualifying Shareholder who elects for shares receive?

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. Thus, the relevant 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 is ₦45.11 (this is, a 10-day average closing share price of the Company's stock traded on the Nigerian Exchange Limited between 10th of March, 2022 and 23rd of March, 2022).

No fraction of a share will be issued. Thus, in the event that a residual cash dividend entitlement arises as a result of an election to receive new ordinary shares, Qualifying Shareholders will be paid the monetary value of such residual cash dividend entitlement.

v. How will a Qualifying Shareholder who elects for new ordinary shares know how many new ordinary shares he/she has received?

Qualifying Shareholders who elect to receive new ordinary shares will receive a Short Message Service (SMS) and/or e-mail from the Registrar 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 is insufficient to acquire at least one (1) new share, no new ordinary shares will be received and the final dividend will be paid in cash, irrespective of the election.

vi. What is the proposed payment date for Qualifying Shareholders who elect to receive cash?

The proposed payment date is Friday, 22nd April, 2022.

vii. What is the proposed date for receiving share certificates/crediting the Central Securities Clearing System (CSCS) account of Qualifying Shareholders who elect to receive new ordinary shares?

For Shareholders who are yet to dematerialize their holdings/shares, the new share certificates will be received (upon request) within one (1) month after the approval of the Securities and Exchange Commission ("SEC"). For holdings in uncertificated form, it is envisaged that the CSCS will be advised by the Registrar within five (5) working days of the receipt of the SEC's approval to credit the CSCS accounts of Qualifying Shareholders. The crediting of the account by the CSCS is dependent on the completion of all necessary know-your-customer requirements with the Stockbroker of the Qualifying Shareholder.

viii. What happens if a Qualifying Shareholder has 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 his or her holding should contact the Registrar using the details stated at the end of this document.

ix. Does the scrip dividend issue apply to ordinary 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.

x. Can a Qualifying Shareholder receive the final dividend partly in shares and partly in cash?

No. The Shareholder can only receive either new shares or cash, not both.

xi. Who should be contacted for any further questions about the Share for Cash Dividend Election Scheme?

If there are additional queries or questions, please contact our Registrar, First Registrars and Investor Services Limited at any of its office addresses below:

Lagos: 2, Abebe Village Road, Iganmu, Lagos State.

Abuja: First Bank of Nigeria Limited Building, Plot 451, Jos Street, Opp. Sharon Ultimate Hotel, Area 3, Garki, Abuja.

Ibadan: First Bank of Nigeria Limited Building, 48, Alhaji Abdulazeez Arisekola Alao way, Opposite MRS Filling Station, Challenge, Ibadan, Oyo State

Port Harcourt: First Bank of Nigeria Limited Building (Main Branch), 2nd Floor, 22/24 Aba Road, Port-Harcourt, Rivers State.