

Chad Larson, CFA
Co-founder & Major Shareholder, M-KOPA
C/o wm&c Advocates
Nelson Awori Centre
Ralph Bunche road
4th Floor Suite 6-B
Nairobi, Kenya

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Wyckliffe M. Shamiah

Chief Executive Officer
Capital Markets Authority
Embankment Plaza, 3rd Floor
Longonot Road, Upper Hill
P.O. Box 74800-00200
Nairobi, Kenya

FORMAL COMPLAINT REGARDING UNFAIR AND MANIPULATED SHARE VALUATION AND BUYBACK OFFER TO KENYAN EMPLOYEES BY M-KOPA BOARD OF DIRECTORS, SUMITOMO CORPORATION, AND EDEN GLOBAL PARTNERS

Dear Mr. Shamiah,

I write to you in my capacity as a co-founder and major shareholder of M-KOPA, to raise a complaint and request immediate intervention regarding a deeply concerning and unfair share buyback process currently being undertaken by the M-KOPA Board of Directors, with the involvement of Sumitomo Corporation, a significant shareholder and board representative.

The board, along with advisor Eden Global Partners, is arranging for Sumitomo Corporation to buy back shares from Kenyan employees who acquired them through the company's Employee Stock Option Plan (ESOP). Many of these employees have already paid for their shares after years of service and performance that earned them the right to ownership; others have fully vested unexercised options.

However, the valuation used to determine the buyback price appears biased, manipulated, and grossly inconsistent with the company's actual market position and recent financial performance. The offer being presented to these employees is unreasonably low and not reflective of the fair value of M-KOPA. The low valuation used, about a 95% discount to the true share price, is to the great benefit of Sumitomo Corporation in the first instance, and Eden Global Partners who is earning a large fee from arranging the buyback, deducted from the shareholders selling price. From the combination of the manipulated price and the large fee, Kenyan shareholders will receive very little money, while a large claim on this very valuable company shifts from these Kenyan shareholders to Sumitomo Corporation.

This conduct raises serious governance, legal, and ethical issues:

1. **Conflict of Interest:** Sumitomo Corporation, through its representation on the board by **Mr Eisuke Takenaka**, is involved in approving or influencing the same buyback it benefits from. This contravenes the Code of Corporate Governance for Issuers of Securities to the Public, 2015, Section 2.2.5, which requires directors to avoid situations where personal interests conflict with those of shareholders.
2. **Manipulated Valuation:** The valuation appears to have been structured to justify a pre-determined, suppressed price — effectively depriving Kenyan employees and minority shareholders of fair compensation.
3. **Exploitation of Local Shareholders:** Targeting Kenyan employees with low-priced offers takes advantage of information asymmetry and undermines their legitimate ownership rights.
4. **Corporate Governance Breach:** The actions of the board contradict the principles of transparency, fairness, and fiduciary duty outlined under Section 143 of the Companies Act, 2015, which requires directors to act in good faith and in the best interests of the company and all its shareholders.

In addition to these breaches, the following issues further demonstrate systemic unfairness:

- **Suppression of Communication Between Shareholders:** The company has expressly prohibited shareholders from discussing the sale terms among themselves. In the Frequently Asked Questions (FAQ) accompanying the sale agreement, it is stated:

22. Can I talk to my colleagues or friends about this sale?

No. All parties must keep the terms of the SPA confidential, except where disclosure is required by law or regulation.

This clause is unreasonable and designed to isolate shareholders, preventing them from sharing information, seeking legal advice, or collectively questioning the fairness of the transaction. Such conduct violates the principle of shareholder democracy and informed participation, as articulated in Paragraph 2.1.2 of the Governance Code, which requires issuers to facilitate communication among shareholders and ensure informed decision-making.

- **Unfair Treatment of Minor Shareholders:** According to M-KOPA's Articles of Association, a "minor holder" is defined as any member holding fewer than 500 shares. These shareholders have been denied fundamental rights — including the right to participate in meetings, receive notices, and access minutes — while larger shareholders such as Sumitomo Corporation enjoy full rights.

Collectively, these practices — the suppression of shareholder communication, the unequal rights of minor shareholders, and the manipulated valuation — constitute a systematic disenfranchisement of Kenyan minority shareholders and raise questions about whether M-KOPA and its board are operating in compliance with Kenya's corporate governance framework.

I therefore urge the Capital Markets Authority to immediately:

- Investigate the valuation process used to determine the share price and the involvement of board members with conflicting interests;
- Ensure an independent and transparent revaluation of the shares by a CMA-approved third-party valuer;
- Protect Kenyan employee shareholders from coercion, misinformation, and isolation during this process;
- Review the legality of restrictions placed on shareholder communication and participation rights;
- Suspend the ongoing buyback process pending conclusion of CMA's investigation; and
- Address the conflict of interest posed by Sumitomo Corporation's dual role as both buyer and board participant.

M-KOPA's legacy as a Kenyan-founded innovation leader is being tarnished by these actions. It is vital that regulatory oversight ensures fairness and accountability in this process to preserve confidence in Kenya's investment and employee ownership ecosystem.

I am prepared to provide supporting information, valuation documents, and correspondence from legal advisors to facilitate your review.

Thank you for your urgent attention.

Yours faithfully,

Chad Larson
Co-founder & Major Shareholder
M-KOPA