



**Transcript of MTN Group call on MTN Ghana
notice of tax assessment**

Date: 16 January 2023



Thato Motlanthe

Good afternoon to everybody. I hope you've all managed to take some time off over the past few weeks and wishing everyone all of the best for the year ahead. Thank you for joining us on this call, which aims to provide some further context on the Ghana Revenue Authority or the GRA's tax assessment, which was issued to MTN Ghana. This follows the announcements made via the Ghana and Johannesburg stock exchanges last Friday afternoon on the 13th of January; it is also posted on the respective MTN Ghana and MTN Group websites.

My name is Thato Motlanthe, head of Investor Relations at MTN, and just introducing the team from MTN on the line with me. This afternoon from the Group we've got Ralph Mupita, Group CEO; Tsholo Molefe, Group CFO; Ebenezer Asante, Senior Vice President of Markets, and from MTN Ghana, we have the CEO Selorm Adadevoh and CFO Antoinette Kwofie. So today's call is scheduled for up to 45 minutes and will be focused on the issue at hand, also bearing in mind that we are in closed period for the full year results to December 2022.

Given the nature of this matter, as well as the ongoing engagements and processes, we are relatively limited in what we can discuss with you, but in that context, this call aims to provide you as much colour as possible on the matter. So we'll kick off with an outline of today's agenda, and brief background from Ralph, who will hand over to Selorm, who will unpack the matter a little bit more in terms of CDR and methodology. Ralph will then come back for some closing comments and next steps, before we open up for a short Q&A session. For the Q&A session, please type out your question in the question bar, which I will read at the end of the session. So, with that introduction, let me hand over to Ralph.

Ralph Mupita

Thanks very much Thato and a very good afternoon, and Happy New Year to everybody who is on the call. We appreciate you joining us for this call where we look to give you a bit more colour, and as Thato has mentioned that there will be some issues that you may want to raise that we will not be able to go through as the matter is ongoing. And it is a situation that is developing, so you would well appreciate that in as much as we give you quite a bit more colour, there are still ongoing conversations that we're having with authorities in Ghana on the matter, and we wouldn't want to prejudice those in a full discussion here.

So, in terms of the agenda for the call, we'll run through three topics or themes as follows:

- Firstly, on the agenda is the **background** on the GRA matter, and what brings us here today.



- Second is to provide some high-level **context on the CDR-based methodology** used by the GRA's third-party consultants, and what this implies. This will include some colour on how audits are traditionally conducted and that will be covered by Selorm.
- Finally, we will talk about what the **next steps** could look like, and then we'll move into **Q&A** session at the end.

So, to starting with the first agenda item, which is the **background** and context to the matter at hand. In Friday's announcement, you will recall that MTN Ghana was issued with a tax assessment by the Ghana Revenue Authority, or GRA. This was received by MTN Ghana on 11 January 2023. Following engagements with relevant authorities, the GRA subsequently issued a temporary withdrawal of the assessment on 13th January; a temporary withdrawal is effective for 21 days in order to allow for further engagements between MTN Ghana and the GRA, and other parties.

The background to this stems from an audit of MTN Ghana commenced by the GRA in 2019. The objective was to give assurance on the reliability and completeness of revenues declared by MTN Ghana for the purposes of calculating taxes. The audit covered the period 2014 to 2018. For this particular audit, the GRA used a third-party consultant, as well as a new methodology based on CDRs, call data records, and other data such as recharges. Selorm will give further insights on this shortly. What we can say is that this is a locally registered consultant that had offered its services to the GRA. Let me add that prior to this audit, the GRA had not issued MTN Ghana with any prior guidelines and standards relating to this new CDR-based methodology used for audit, which was applied retrospectively. As MTN Group and MTN Ghana, we strongly dispute the accuracy and basis of the GRA's assessment, including the third-party consultants' methodology used in conducting the audit. It is important to also emphasise that we believe that MTN Ghana has paid its due taxes during this period under assessment.

In May 2021, after consultations and discussions between MTN Ghana, MTN Group, the Minister of Finance of the Republic of Ghana, and the GRA, the parties agreed to an independent review by a global and well-recognised professional services firm, whose name we aren't able to disclose at this time. The independent review was then commissioned by the GRA in September 2021, which MTN Ghana fully cooperated with throughout the process. The independent review and its content is one of the issues we are not able to discuss at this point. But suffice to say, it found that it was not able to support the conclusions reached by the GRA's third-party consultants, as the basis for the assessment. Despite this, the GRA proceeded to issue the assessment to MTN Ghana for an amount of approximately 8.2 billion cedi in back taxes for the 2014 to 2018 period. At current exchange rates, that's about US\$773 million or R13 billion. This amount includes penalties and interest charges. So, if you exclude these and take just the base component of the assessment,



the GRA infers that MTN Ghana under-declared its revenue by approximately 30% over the five-year period in question; that's the basis, the 30% is based on our calculations. Again, we strongly dispute this and will defend our position.

We have had a similar matter arise prior to this, in a couple of other markets, which we successfully challenged and defended, and they did not get to the assessment stage. So, to be clear, it is not the first time that we have seen the CDR-based methodologies being brought forth by tax authorities across our markets.

So, in terms of where we are at the moment, the GRA subsequently issued a temporary withdrawal of the assessment to enable further engagements, and we are super focused on this, and will provide more colour on next steps after Selorm has spoken. To be clear, we are also quite resolute in our position in this case. And from a financial perspective, we hold no provisions, and no contingent liabilities have been raised against this assessment in Ghana. We think that's a very important message to give to investors and broader stakeholders. We are comfortable with this position, as are the auditors who conducted the audits in the period under review. I hope this provides some broad context to the events, our position on the assessment, and I'll now hand over to Selorm, the CEO of MTN Ghana, to provide some details as outlined in the other agenda item. Selorm over to you.

Selorm Adadevoh

Thank you, Ralph and Thato. Good afternoon to you all and thank you once again for making time to join us on this call. I will speak to point two of today's agenda outlined by Ralph, which is to touch on the **CDR-based methodology used** in the audit of MTN Ghana. Let me preview this by noting that traditionally audits are conducted using international best-practice methodologies. For the telecom industry, revenue recognition is anchored in IFRS, which requires revenue be based on subscriber usage of network services. The approaches here include cash to revenue analysis, which derives usage based on adjusted cash receipts. Another, which is the more common method in our industry, is the usage approach. This calculates usage based on the direct analysis of network data. Again, both of these methods are aligned with IFRS international standards.

I will now turn to the CDR-based methodology, which was used by the third-party consultant for the GRA's 8.2 billion Ghana cedi tax assessment, including penalties and interest charges. To first set the context, some of you may know that a CDR, or call data record, is essentially any event on the network that is recorded. CDRs can include revenue-generating events. So as an example, an activity by a customer, like making a call, or browsing, that results in the balance being depleted, is revenue generating. CDRs can also include a variety of non-revenue generating activities, such



as activating a welcome service, cancelling a service subscription, an incomplete transaction, and also service or product promotions. There are multiple system nodes that generate CDRs. According to the platform vendor we use, who provide services to over 180 clients globally, the particular CDRs analysed in this assessment were not designed for revenue recognition, but for understanding events on the system. Secondly, a large proportion of the CDRs are not actually related to revenue-generating events. Thirdly, CDR sequences can be disrupted by system interruptions, space limitations, and other types of network event. As a result, we disagree with this methodology as a basis for calculating revenue and computing taxes. And as mentioned, the conclusions from this methodology could not be supported by the independent review. Given where we are in the discussions and processes with the relevant authorities, including the potential for any dispute processes, we are unable to get into further detail at this stage. I hope that this does provide you with a broad sense of what is being referred to. I will now hand over back to Ralph, to talk about next steps and concluding remarks. Thank you.

Ralph Mupita

Thanks so much Selorm. And so in wrapping up, before we take Q&A, let me talk to what we see as the **next steps**. As mentioned earlier, we are in engagements with authorities in Ghana for the next 21 days under the temporary withdrawal of assessment. We are very focused on working through a positive outcome, and we are engaged both at MTN Ghana and Group levels, boards and management, with the authorities.

You may well ask what would happen in the event that a workable solution is not reached. In that case, there's an established dispute process in the Ghanaian tax codes, where we'll be able to challenge the assessments, and of course, that is a consideration for after the 21 days if needs be. In the course of the next three weeks, we aim to reiterate our opposition in relation to our tax status and continue to challenge the methodology used for the audit. For your information in terms of potential further steps, should we not be satisfied with the outcome we are then able to follow the dispute processes as outlined by the tax codes in Ghana. It is important for us to reassure you as our shareholders and other stakeholders that MTN Ghana is a responsible business with an absolute commitment to transparency, good corporate governance and compliance.

You would appreciate that as a publicly traded company, MTN Ghana does comply with fairly onerous requirements in this regard. The company prepares and submits its financial statements, which are audited in accordance with international accounting standards, and results are reported on a quarterly basis. But MTN Ghana submits monthly, quarterly and annual statutory reports to the regulators and the GRA. Moreover, MTN Ghana is the leading taxpayer in the country, and has been duly recognised as such over the years.



So far as to say we remain committed to working together and constructively with the stakeholders and will continue to do so in this case as well. MTN Ghana will continue to support the GRA and governments more broadly in its mobilisation efforts, as part of our contribution to the fiscal development of Ghana. Our focus on our business operation continues while we dedicate the needed resources and time to work with the authorities on this matter. As part of our ongoing engagements with you, we will update you as needed on any material updates on this matter. So, with that, we can move over to answer a few questions or clarifications you may have, so over to Thato.

Thato Motlanthe

Thank you Ralph and Selorm for that overview. I'll jump into the **questions**. Ralph, I'll direct them to you and you can direct them accordingly. So, the first one: please can you provide some colour on how this may or may not impact the search for a fintech equity investor, given Ghana remains the largest contributor to Group fintech revenues.

Ralph Mupita

On that, the process continues and is not impacted by this at all. So, I don't think this will mean that there's any association between this matter with that fintech process. I think importantly, as I raised upfront, as MTN Group and MTN Ghana, we have not raised a provision or any contingent liability against this; it gives you a sense then of our position that our strategic priorities would continue and remain as we had planned. So, no change to the process that we are currently in with respect to minority investment into Group fintech.

Thato Motlanthe

Thanks, Ralph. The next question, with two parts to it: Was the outcome of the independent review conducted in 2021 binding on MTN and the GRA, and what happened between the time the independent review conclusion was issued, and 2023? So I think maybe just some sense on timelines.

Ralph Mupita

Let me start on that, and then I'm sure Ebenezer will add. We've both been very involved, with Tsholo as well, supporting Selorm and Antoinette on this matter. So, there was an initial notice of assessment that was issued in Q2 2021: almost 20 months ago. On receipt of it, we challenged very robustly around this very methodology issue, that it was unsubstantiated and unreliable, and we had a withdrawal of that assessment. So, the assessment and the demand were extinguished at that particular point. We engaged the authorities, the GRA and the Ministry of Finance, in putting



our case forward. And in that realm, we said that we would be happy to subject ourselves to a process where the GRA would appoint an independent international professional services firm that was experienced in auditing and providing professional services around tax and tax audits to be an independent reviewer. This independent reviewer was appointed by the GRA and we cooperated.

We agreed to a set of interactions and we're on final distribution of the report, and that report was released on the 23rd of December. We were then subsequently going to meet the Minister of Finance and the GRA to hear from the third party how they arrived at their conclusions. Now, before we were able to have that meeting, we had this notice of assessment. So, there has been a process of interaction agreed and there has been quite significant involvement from the Ministry of Finance in that regard. So, there wasn't any specific provision that it would be binding, but there has been a very clear understanding that this should be used to inform a final conclusion on the matter. And over the next 21 days, we would like to see that whole process completed. So specific to the question was, was this binding? It wasn't seen as binding, but it was seen as an important process to come to a conclusion, where we had been successful to get a withdraw of the initial assessment having been provided by the consultant to the jury. Ebenezer anything else that I may have missed in that?

Ebenezer Asante

Not at this stage, Ralph. Thank you.

Ralph Mupita

Okay. Thanks.

Thato Motlanthe

Thanks, Ralph. So, then a couple of people asking two questions. One is: what was the base amount portion of the 8.2 billion Ghana cedis? So, I guess a sense of base amount versus interest and penalties.

Ralph Mupita

Antoinette and Selorm you want to cover that?

Selorm Adadevoh

Yes sure, so thanks Thato and Ralph. The base amount was about 3.4 billion: it's approximately 40% of the 8.2 billion, and the 60% would be interest and penalties. Thank you.



Ralph Mupita

And that 3.4 billion is the one that we did the calculation that showed that we would have under-declared revenue by 30% if this methodology was correct.

Thato Motlanthe

Thanks Selorm, Ralph. Which members of the MTN management team are directly discussing this matter and is this with tax authorities or directly with the government authorities?

Ralph Mupita

You can well imagine that a matter like this has mine and Tsholo's involvement, so I very directly involve myself, Tsholo, Ebenezer, from a Group perspective, as well as our head of tax, Troopti, and Ferdi Moolman who is our chief risk officer, and our general counsel, Lele Modise, is very involved in it too. So, it has Group and obviously Scancom colleagues involved. And we are discussing it both at the GRA, and at a government level, and have been since May 2021.

Thato Motlanthe

Thanks Ralph. A question for Selorm: have other MNOs in Ghana been issued with similar tax assessments?

Selorm Adadevoh

Thanks, Thato. To the best of our knowledge, we are honestly not sure, we keep hearing different things about the stage of different audits. So, at this point, we have to assume that, at least for purposes of this, that those audits if they at all started, have not concluded, but we don't have any official information to suggest that they have. Thank you.

Thato Motlanthe

Thanks Selorm. Then a question a couple of people are asking: can you please confirm which markets the CDR sequence was proposed by tax authorities – just a sense of which other markets.

Ralph Mupita

The CDR – let's call them a CDR-based methodology – we've seen them previously in Uganda, as I mentioned, that we've dealt with it there, and we saw it in Rwanda, in prior years, and, we were able to engage the authorities during those periods of time, and prevail with our own position. So, Rwanda and Uganda historically have been ones where we've seen this. This is not the first time, we've seen this before.



Thato Motlanthe

Thank you, Ralph. Okay, this is a repeat it sounds like and some clarity on the period under review, it sounds like this dispute is for a period ending 2018. Why would the dispute in principle be not applicable for the period of 2019 to 2022? Or is there a possibility of that still coming?

Thato Motlanthe

Maybe I'll start, and other members of the team can chip in. With tax audits, the authorities can decide which period they want to audit. So, in this regard, they took a very specific period: 2014 to 2018. They could have taken a period of 2019, but they chose that. So, that's the question you'd want to ask to the tax authorities. Tsholo, you want to add anything?

Tsholo Molefe

Ralph, I think you are spot on. So normally, that's how these audits happen: they pick certain years and as you can see here, it's 2014 to 2018. They could come back and say 'can we look at 2019?' because they obviously look for data specific to those years of assessments.

Selorm Adadevoh

Let's also remember the engagement from GRA started in 2019. So that is when they started, so they were looking at the period before 2019.

Thato Motlanthe

The next question: if CDR can include non-revenue transactions, how did the GRA consultant get the revenue amount of the transactions to include for the tax assessment?

Ralph Mupita

On this matter is, as we've said when we started the call, is we obviously want to provide you as investors with a bit of colour on the matter, but not to go into the detail and actually have a kind of a dispute through this framework. I think suffice to say that with the methodology as CDR records, as Selorm has mentioned, there are various drivers for CDR activities, and they don't always have to deal with revenue generation. And there's a sequencing of CDRs that can be driven by operational reasons. So, the point is that we're not completely avoiding the question, but we are still under discussions with GRA and the Ministry of Finance and other parties. So, I wouldn't want to go into too much detail on the granularity, and detail of their methodologies, until we have spoken to them over the next 21 days.



Thato Motlanthe

Thanks Ralph. There are a couple of questions on the dispute processes. The one is: does the GRA require you to pay now, and argue later, post the 21 days, should you follow the dispute-resolution process?

Ralph Mupita

Ja, it does in terms of the tax code. Antoinette do you want to provide a bit more colour on that?

Antoinette Kwofie

So, the process for dispute is that we can put in an objection to the fine to the assessment. And then when you put in an objection, you're supposed to pay 30%, up to 30% of the assessment, and then you can go to court and argue your case. So that's the next available steps, should you want to dispute or object to that assessment.

Tsholo Molefe

Maybe just to add, I think it also allows you to put in an application to pay less than the 30% to the authorities as well.

Ralph Mupita

Ja, that's the add I was going to make on Antoinette's comments.

Thato Motlanthe

Thanks, both. Then just a question of clarity: can you mention again, the non-revenue generating examples of the CDRs, was this the main defence for MTN Ghana on the issue?

Ralph Mupita

Selorm, you want to go through that again?

Selorm Adadevoh

I'm happy to go through the examples. For starters, the non-revenue generating events could be anything from what we gave earlier: activating welcome services, this would be typically services that you are assigned to on your SIM when you purchase it or for a new service that you apply to. Cancelling subscriptions will generate an event, so essentially, that CDR record will be a CDR record of a cancellation. And we also have transactions that are never completed, which would also have CDRs generated, so these will be error CDRs. And then you have other types of CDR examples, or events, which would not have any revenue attribution to, so these are some examples. And finally, you can also have promotional CDRs, where you have a promotion, where you are given



free minutes or different types of a free service, and these will also generate a CDR but will not have a revenue attribution to. Thank you.

Ralph Mupita

Maybe I'll just add. We use the Ericsson charging system across our markets. Ericsson is a global international provider of these systems, they provide over 180 MNOs across the world. But what they've given us in another independent report is that, and I'm reading from it almost verbatim: Revenue recognition does not happen on the charging system at the nodes do not have the context of what constitutes revenue. It handles the debit or credit on the customer's accounts and generates records for the event. Revenue reporting depends on the accounting and regulatory law. So that system which we use pretty much across the system Ericsson has given us a report that's given us comfort on our position, over and above the position of the independent professional services firm. And to the question, that's what gives us comfort that our position and objection has got merits. Thato back to you.

Thato Motlanthe

Thanks, Ralph. Just another question on who the investigation is impacting, but a slight nuance: are there any other companies impacted by similar investigations? I think you've answered that Selorm. And then I think the nuance to that is: is it possible to work together through this, through industry bodies, or bodies like the GSMA?

Ralph Mupita

Ja, obviously the GSMA also is – it's a great point that's been raised around industry practice. We mentioned earlier on, and Tsholo and Antoinette are probably more qualified than me to talk about this, that there are generally accepted methodologies related to IFRS that one would normally look to compute taxes due against revenue. As we said upfront, there was no guidelines provided by the GRA prior to then, you know, re-performing the audit with the new methodology. And, as I said, we've seen this in at least two other markets previously, and engagements with authorities were successfully concluded. That's not to say it will never appear anywhere else. But obviously some guidance, around both from an accounting perspective and the tax authorities, around what constitutes an appropriate methodology to assess and drive audits on taxes due. So, it is an area where obviously we can work as an industry association, and as Selorm and myself, we've said that CDR activity in of itself is not closely correlated with revenue generation, there are data systems and simpler systems, and processes to arrive at. So, ja, the whole point on engaging at a GSM level is something that we will certainly take up.



Thato Motlanthe

Thanks, Ralph, just a question on dividends: do you expect this assessment to affect the dividend for 2022, when will this be announced?

Ralph Mupita

If we are holding no provision and no contingency, we need to continue to run our business as we have communicated and committed to shareholders and broader stakeholders. So, the dividend process naturally goes through a board cycle of review in the year-end financials and all of that, and only at that stage do we confirm the dividend and then communicate it. And I think you can take a historic perspective, if you go back to 2018, where we had the Attorney General matter in Nigeria, where there's a 2 billion tax claim, but an 8 billion claim from the CBN. The following period, we did conclude both in Nigeria and the Group, we did carry on with our dividend processes, even though we had those 10 billion claims, and we didn't hold anything in contingency or as a provision to change that view. So, we remain pretty resolute on our position, and obviously, we're respectful of the GRA's position. But from our perspective, this is not something that forces us to make a change to our dividend process, from assuming you're asking for both Group, as well as for Ghana.

Thato Motlanthe

Thanks Ralph. And then just a couple of questions on the potential deposit for a dispute? I mean, I guess it'd be a bit pre-emptive, but maybe just a recap on the process? How much is MTN willing to pay, less than the 30%, if it comes to that, and what would be the financial impacts in terms of P&L?

Ralph Mupita

We can't on this call talk about what we are willing to pay; I mean, obviously, we'd like to pay nothing due to our taxes having been paid. So, let us engage the authorities in the next couple of weeks. I personally will be in Accra that week of the 27th, I was planning to be there anyway, for the investment conference that I've been invited to participate in. That's the platform we're going to use to drive the engagement. So, we can't really say anything right now. Let us focus on the engagement of the authorities over the next couple of weeks.

Thato Motlanthe

And then a couple of questions: just in terms of exposure, would you expect this to happen in other markets, given that it's happened elsewhere in the portfolio? And then linked to that: can you please remind us where the \$2 billion Nigeria tax stands? If I recall, it was removed from the jurisdiction?



Ralph Mupita

Let's start with the latter question. That's not a matter that FIRS has raised with us since the file was handed by the AGF to FIRS, so it's not a matter that we are dealing with and we have no provisions, or contingencies, or have paid anything related to that. Other markets, for sure it can pop up or come across other markets, we can never say never. What we rest on is that the authorities will use international best practice on the methodologies used for these assessments. So, but it would be improper for me to say it will never pop up in another market. What we've said is that we've seen this in other markets before, we named the two where there were engagements, and we were able to successfully put forward our position, and nothing came of it. And so, I don't think it'd be responsible for us to say it can never appear in another market and it can never affect other operators across the markets. We had to bring this to disclosure, as you would well appreciate, because of the significance of the claim. It was over 5% of our market cap, and that obviously made public price-sensitive information, and we had to release the SENS on Friday, but one can never say never in terms of other markets.

Thato Motlanthe

Thanks Ralph. There's a question: does this tax issue include Mobile Money revenues or is this only for the GSM business?

Ralph Mupita

It's the total revenues. Do you want to cover this Selorm?

Selorm Adadevoh

Ja, thanks, Ralph. So yeah, this covers the total business, so that includes Mobile Money and GSM. Thank you.

Thato Motlanthe

Thanks. There's a question on tax processes, I'm not sure what insights you'd be able to provide: So this new tax methodology, if it were to become entrenched, what process would have to be followed, and what risk is that it comes a new way to assess taxes?

Ralph Mupita

I think it's premature to say that it becomes entrenched. I mean, as we noted earlier, and I think it was Selorm who provided the commentary, is that CDRs that get generated have nodes, and are about activity at the nodes, and the activities do not always relate to revenue generation. The activities are not always sequential, for a whole host of operating reasons. So, I think we would firstly be surprised that it is a method that has got a basis and soundness, of which we've had our



own auditors look at, and an international firm (that are not our auditors) look at and have said that the basis is unsound. We support that conclusion. So I wouldn't want to be looking at this whole point of it being entrenched. As I said, we saw it in two other markets historically, and we were able to be successful in putting forward our views with authorities there.

Thato Motlanthe

Thank you, Ralph. Just a question on the other investor: I think it's been called an investigation, but I think it is not the correct word? [Is it not] the ongoing audits by the GRA been made public by MTN Group or MTN Ghana since it started in 2019?

Ralph Mupita

Audits are always ongoing, and there's a plethora of tax audits that are always ongoing. And we will hold provisions or contingency as a matter of course. You can well imagine that even in a market like Ghana there would have been other audits that we were able to successfully defend, or we're able to settle in one way or the other. And those would have been done in the kind of more traditional methodologies. These audits are always ongoing in every single market, and I would argue across many companies. What we objected to, which was the point of seeking to withdraw in 2021, was the unusual methodology that was being used.

So I mean, at this very time, you can well imagine that across our markets from time to time, we do deal with audits that look back at taxes and we engage with authorities and so forth. They never arise as an issue because they are generally based on the methodology that we're familiar with, and the authorities are familiar with and provided guidance on and hence it never makes the news. So that's why we wouldn't have raised that in 2019 because there had been no notice of assessment. There can always be an information request that comes from time to time and we would only raise it if there is like a notice of assessment. Information can be requested from authorities around all sorts of data, including CDRs, but it's when it enters the frame of a notice of assessment that I think things change.

Thato Motlanthe

Thanks Ralph. We are coming to the end of the call. I'll just ask the final two questions. The first one: is there any part of the dispute mechanism that could include international arbitration or international courts? And then the second one: does this matter underscore the need to structurally separate the fintech business? That's linked to the first question.

**Ralph Mupita**

I wouldn't want to comment on that. Any dispute resolution has a plethora of avenues it can go down. I wouldn't want to rush ahead and say these are the things that we might do in a dispute. The structural separation of fintech was always going to make sense in of itself. It's not related to this tax matter or this assessment that we're facing. So...the basis of the structural separation is that the business has got scale and actually as per the different financial and risk profile requires different resources and a much more partnership model. And we're going to continue with that, and we'll see how much progress we make in the year and obviously we'll report on that. So, I don't think there's anything that should be seen in linking the structural separation... The GRA would audit its banks and financial institutions anyway. I don't think you can completely escape the authority and the net that the GRA would have in any tax assessment that they would want to perform, given the powers that they have under the Tax Administration Act.

Thato Motlanthe

Thanks Ralph. We've come to the end of our call. If there any further questions, please send me an email. But Ralph, if you've got any **closing comments** before we wrap up?

Ralph Mupita

Firstly, thank you to all the investors joining at such short notice. Obviously, it's a matter that we are going to be working on with the authorities in Ghana. We remain highly committed to the Ghanaian market. And it is a market as MTN that is material, but also a market that we see a lot of innovation coming in, whether it's the GSM business or fintech, so we remain highly committed to that market. We have got good relationships with the authorities that we would like to continue to work on, to look at amicably resolving this, but if we can't resolve it, we do have dispute processes that we believe we can rely on to continue with our arguments. We feel particularly strongly that taxes due under the period under review have been paid, and the auditors would have done that and would remain comfortable with the work that they did, and we're comfortable with the taxes that we would have paid during that period.

We were successful in engaging the authorities to ask for an independent review (once we'd seen the methodology and some of the initial outcomes of the assessment) that gave us confidence around the relationship and engagement we have had with authorities, and the conclusion of that independent international firm supported our position that it is not a basis that can be relied upon of using CDR basis. So, we took comfort with that as part of the conclusion. We took comfort also from the comments made by Ericsson who provide us with the system pretty much across all our markets. They've given us a definitive report from Ericsson HQ.



So, we will respectfully engage with authorities over the next while, 21 days. We'll be on the ground, we'll engage at the highest levels possible to find an amicable solution to all of this. But as I said, if we can't, we would go about to defend our case. The business continues to execute its strategy. Selorm and Antoinette and the team continue to do that. So will we as a Group. So as things develop on this particular topic we will give you feedback. We felt it was important to engage you beyond the SENS of Friday so that you would get a sense that we're on top of the issue and we feel that we can have constructive engagements with the authorities.

As I mentioned, we've seen this before in at least two other markets coming through to the assessment level. We get all sorts of manner of asks on information on CDRs by authorities on a frequent basis, so it wouldn't be new if you heard that in market X, Y and Z they're asking for that information, either from us or from a competitor. I think that's also important context as we go forward. But we will update you as and when we progress and particularly after the 21-day period we would obviously come back to you reasonably soonest after that in terms of where we've ended up. We appreciate your patience and coming on to this call. So, thanks very much.

This transcript has been edited for accuracy.

ENDS