

AIRTEL MOBILE COMMERCE B.V.

Annual Report and Financial Statements for the year ended 31 March 2020

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Airtel Mobile Commerce B.V. Management Report

To the shareholders
Airtel Mobile Commerce B.V. (the "Company")
Overschiestraat 65
1062 XD Amsterdam

Dear shareholders,

Please find attached the financial statements for the year starting on April 1, 2019 and ending on March 31, 2020 of the Company (hereinafter referred to as the "Year 2019/2020").

We have prepared the annual accounts of the Year 2019/2020 of the Company in accordance with Part 9 of Book 2 of the Dutch Civil Code. The financial statements comprise the Balance Sheet as at March 31, 2020 and the Income Statement for the Year 2019/2020 with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment and holding company.

DIRECTORS

The following directors appointed in terms of the Articles of Association of the company served office during the period.

- J.C. Uneken- van de Vreede
- D. Van Kootwijk
- J.K. Paul

FINANCIAL PERFORMANCE

The Balance Sheet as on March 31, 2020 is showing a total amount of USD 26,613 thousands and the Income Statement for the Year 2019/2020 is showing a post-tax loss of USD 1,169 thousands (2018/2019 : USD 451 thousands).

On behalf of the management board of the Company



[Tina Uneken](#) (Jul 14, 2020 15:16 GMT+2)

J.C. Uneken - van de Vreede

Managing Director

Airtel Mobile Commerce B.V. Fiscal Position

1.1 Fiscal unity

For purposes of corporate income tax, the Company forms a fiscal unity with Airtel Mobile Commerce Holdings B.V. The corporate income tax of the subsidiaries is calculated as if the subsidiary is independently tax liable. The parent company takes responsibility for any deficits arising from the tax group.

1.2 Taxable amount 2019/2020

The taxable amount for 2019/2020 has been calculated as follows:

	2019/2020
	USD'000
Result before taxes	(1,169)
<i>Tax differences:</i>	
Result participations	Nil
Taxable amount 2019/2020	(1,169)

The company is yet to file the return for the fiscal year 2019-20.

1.3 Tax losses available for set-off

As at March 31, 2019 the compensable losses amount to USD 3,449,749. The loss incurred during the year can be compensated within a term of nine years with future fiscal profits. The losses to be settled have not been valued due to the uncertainty of future tax profit possibilities.

1.3.1 Offset table losses

	Offsetable losses as of April 1, 2019	Loss in 2019/20	Offsetable losses as of March 31, 2020
	USD	USD	USD
2009/2010	2,247	-	2,247
2010/2011	139,172	-	139,172
2012/2013	22,250	-	22,250
2013/2014	1,201,430	-	1,201,430
2015/2016	129,725	-	129,725
2016/2017	181,805	-	181,805
2017/2018	152,447	-	152,447
2018/2019	451,256	-	451,256
2019/2020	-	1,169,417	1,169,417
	<u>2,280,332</u>	<u>1,169,417</u>	<u>3,449,749</u>

Airtel Mobile Commerce B.V.**Balance Sheet***(All amounts are in US dollar thousands; unless stated other)*

	Notes	As of	
		March 31, 2020	March 31, 2019
ASSETS			
Financial fixed assets	(4)		
Participations in group companies	(a)	3,112	10,907
Receivables from group company	(b)	13,900	13,900
		<u>17,012</u>	<u>24,807</u>
Current assets			
Receivables			
Receivables from group companies	(5)	8,544	748
Cash and cash equivalents			
	(6)	1,057	56
Total current assets		<u>9,601</u>	<u>804</u>
Total assets		<u>26,613</u>	<u>25,611</u>
EQUITY AND LIABILITIES			
Shareholder's equity			
Issued share capital	(7)	20	20
Other reserves		(1,177)	(726)
Unappropriated results		<u>(1,169)</u>	<u>(451)</u>
		<u>(2,326)</u>	<u>(1,157)</u>
Non-current liabilities			
Payable to group company	(8)	27,788	26,618
Current liabilities			
Other payable	(9)	1,151	150
Total equity and liabilities		<u>26,613</u>	<u>25,611</u>

Airtel Mobile Commerce B.V.**Income Statement***(All amounts are in US dollar thousands; unless stated other)*

	Notes	For the year ended	
		March 31, 2020	March 31, 2019
Income			
Interest income	(10)	1	1
Expense			
Interest expense and similar charges	(11)	1,170	455
Result from operations		<u>(1,169)</u>	<u>(454)</u>
Foreign currency exchange differences	(12)	-	(3)
Result before taxation		<u>(1,169)</u>	<u>(451)</u>
Taxation on result		-	-
Result after taxation		<u><u>(1,169)</u></u>	<u><u>(451)</u></u>

Airtel Mobile Commerce B.V. Notes to Financial Statements

(All amounts are in US dollar thousands; unless stated other)

1. Corporate information

1.1 Activities

The activities of the Company are that of an investment and holding company. The Company has its registered office at Overschiestraat 65, 1062 XD Amsterdam, The Netherlands.

1.2 Group structure

The Company forms part of the Bharti Airtel Group of companies. Immediate parent Company is Bharti Airtel International (Netherlands) B.V. and the step up parent Companies are;

- Airtel Africa plc, United Kingdom
- Bharti Airtel Limited, India

1.3 List of participating interests

The Company has the following capital interests which have not been valued at net capital value:

Name, statutory registered office	Share in issued capital	
	March 31, 2020	March 31, 2019
	%	%
Airtel Mobile Commerce Holdings B.V. Amsterdam	100.00	100.00
Airtel Mobile Commerce Madagascar S.A. Analamanga, Madagascar	0.100	100.00
Airtel Money S.A. Port Gentile, Gabon	100.00	100.00
Airtel Mobile Commerce Zambia Limited Lusaka, Zambia	99.00	99.00
Airtel Mobile Commerce Limited Lilongwe, Malawi	99.00	99.00
Airtel Mobile Commerce Uganda Ltd Kampala, Uganda	99.00	99.00
Airtel Mobile Commerce Tanzania Ltd Dar es Salaam, Tanzania	99.90	99.90
Airtel Money (RDC) S.A, Kinshasa, Republique du Congo	5.17	5.17
Airtel Mobile Commerce (Kenya) Limited Nairobi, Kenya	99.00	99.00
Airtel Mobile Commerce (Rwanda) Limited Kigali, Rwanda	100.00	100.00
Airtel Mobile Commerce (Seychelles) Ltd Victoria, Seychelles	99.00	99.00
Airtel Mobile Commerce Nigeria B.V. Netherlands (incorporated on 5 December, 2018)	100.00	100.00

Airtel Mobile Commerce B.V. **Notes to Financial Statements**

(All amounts are in US dollar thousands; unless stated other)

Name, statutory registered office	Share in issued capital	
	March 31, 2020	March 31, 2019
	%	%
Airtel Mobile Commerce Rwanda B.V. Netherlands (incorporated on 29 January, 2019)	100.00	100.00
Airtel Mobile Commerce Zambia B.V. Netherlands (incorporated on 29 January, 2019)	100.00	100.00
Airtel Mobile Commerce Uganda B.V. Netherlands (incorporated on 29 January, 2019)	100.00	100.00
Airtel Mobile Commerce Kenya B.V. Netherlands (incorporated on 29 January, 2019)	100.00	100.00
Airtel Mobile Commerce Madagascar B.V. Netherlands (incorporated on 29 January, 2019)	100.00	100.00
Airtel Mobile Commerce Malawi B.V. Netherlands (incorporated on 29 January, 2019)	100.00	100.00
Airtel Mobile Commerce (Seychelles) B.V. Netherlands (incorporated on 29 January, 2019)	100.00	100.00
Airtel Mobile Commerce Tchad B.V. Netherlands (incorporated on 29 January, 2019)	100.00	100.00
Airtel Mobile Commerce Congo B.V. Netherlands (incorporated on 29 January, 2019)	100.00	100.00
Airtel Mobile Commerce DRC B.V. Netherlands (incorporated on 09 April, 2020)	100.00	-
Airtel Mobile Commerce Gabon B.V. Netherlands (incorporated on 09 April, 2020)	100.00	-
Airtel Mobile Commerce Niger B.V. Netherlands (incorporated on 09 April, 2020)	100.00	-

2. General accounting principles for the preparation of the annual accounts

2.1 Basis of preparation

The financial statements have been prepared in accordance with the general provisions of Title 9, Book 2 of the Dutch Civil Code. As stipulated in art.2:396 paragraph 6 of the Dutch Civil Code, the valuation of the assets and liabilities and the determination of the result will be based on the principles for determination of the taxable profit, as meant in chapter II of the Corporate Income Tax Act 1969. The annual report and financial statements have been prepared on the historical cost basis, and based on the principal accounting policies set out below. They are presented in US Dollars. These financial statements will be submitted for consideration and approval at the forthcoming annual meeting of shareholders of the Company. Further, amounts which are less than half a thousand are appearing as '0'.

2.2 Consolidation

In accordance with article 2:407 part 2A of the Dutch Civil Code no consolidated financial statements have been prepared. The Company also avails itself of the facility of article 408, Book 2 of the Dutch Civil Code. The annual accounts of the Company and its subsidiaries are consolidated into the annual accounts of Airtel Africa plc, United Kingdom. A copy of the consolidated accounts of Airtel Africa plc is filed together with these financial statements and is available at the Trade Register of the Chamber of Commerce in Amsterdam.

Airtel Mobile Commerce B.V. **Notes to Financial Statements**

(All amounts are in US dollar thousands; unless stated other)

2.3 Assumption of continuity

The Company has an equity deficit of USD 2,326 thousands as of March 31, 2020. The loss for 2019/2020 amounted to USD 1,169 thousands. The deficit is fully funded by intercompany loans. The Company's ability to continue as a going concern is highly contingent on the willingness on the part of group companies to continue the said loans. The group companies confirmed their willingness to continue the loans. In view of this, the accounting policies used in these financial statements are based on the expectation that the Company will be able to continue as a going concern.

2.4 Financial instruments

Financial assets and financial liabilities are recognized on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial instruments can be both primary financial instruments, such as receivables and payables, and financial derivatives.

The Company does not use derivatives.

2.5 Translation of foreign currency

The financial statements are presented in US dollar, which is also the Company's functional and presentation currency, this based on the currency in which its main transactions are concluded.

Transactions in foreign currencies (other than functional currency of the Company) are initially recorded in the functional currency at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the Balance Sheet date. Foreign exchange differences on subsequent re-statement/settlement are recognised in the Profit and Loss Account within finance income and expenses. Share capital, which is denominated in Euro, is translated at the exchange rate prevailing at the Balance Sheet date; foreign exchange differences are taken to the other reserves within shareholder's equity.

2.6 Impairment

At each Balance Sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

2.7 Financial fixed assets

Due to the international structure of the group and the use of the consolidation exemption of Article 408, Book 2 of the Netherlands Civil Code, participating interests in group companies and affiliated companies are carried at cost less any impairment.

Receivables are valued at nominal value, unless disclosed differently. The receivables of group companies are included in financial fixed assets, except for maturities less than 12 months after balance sheet date. They are included in the current assets.

2.8 Current assets

Receivables are valued at nominal value. Any provisions for the risk of doubtful debts are deducted. These provisions are determined based on individual assessment of the receivables.

Airtel Mobile Commerce B.V.
Notes to Financial Statements

(All amounts are in US dollar thousands; unless stated other)

2.9 Cash and cash equivalents

Cash includes cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash is stated at face value.

2.10 Non-current liabilities

Borrowings are valued at nominal value. Payables to group companies are included in non-current liabilities, except for maturities less than 12 months after balance sheet date. They are included in the current liabilities.

2.11 Current liabilities

Liabilities are valued at nominal value, unless determined differently.

2.12 Other costs

Other costs are recognized based on the historical cost convention and are allocated to the reporting year to which they relate.

2.13 Income

Income comprises of interest and dividend income for the current reporting period. Dividend income from investments in subsidiaries is recognized when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably)

2.14 Expenses

Expenses comprises of interest expense on loans for the current reporting period.

2.15 Taxes

Tax is calculated on the profit/ (loss) before taxation in the Income Statement, taking into account any losses carried forward from previous financial years, tax exempted items and non-deductible expenses, and using current tax rates

3. Staff members

During the year 2019/2020 the Company had no employees, and hence incurred no wages, salaries or related social security charges (2018/2019: NIL).

Airtel Mobile Commerce B.V.
Notes to Financial Statements

(All amounts are in US dollar thousands; unless stated other)

4. Financial fixed assets

	As of	
	March 31, 2020	March 31, 2019
(a) Participations in group companies	3,112	10,907
(b) Receivables from group company	13,900	13,900
	17,012	24,807

(a) Participations in group companies

	As of	
	March 31, 2020	March 31, 2019
Airtel Money (RDC) S.A.	2,500	2,500
Airtel Mobile Commerce Madagascar S.A.*	28	7,801
Other group companies*	584	606
	3,112	10,907

During the FY 2019/20 the Company sold following investment

- 1) 99.50% shareholding in Airtel Mobile Commerce Madagascar S.A. to Airtel Mobile Commerce Madagascar B.V. with a consideration of USD 7.77 Mn.
- 2) 100% shareholding in Mobile Commerce Congo S.A. to Airtel Mobile Commerce Congo B.V. with a consideration of USD 19 thousands.
- 3) 100% shareholding in Airtel Mobile Commerce Tchad S.A. to Airtel Mobile Commerce Tchad B.V. with a consideration of USD 1.9 thousands.

(b) Receivables from group company

	As of	
	March 31, 2020	March 31, 2019
Airtel Mobile Commerce Nigeria B.V.	13,900	13,900
	13,900	13,900

5. Receivables from group companies

	As of	
	March 31, 2020	March 31, 2019
Airtel Mobile Commerce Madagascar B.V.*	7,773	-
Other group companies	771	748
	8,544	748

* Refer note 4(a)

6. Cash and cash equivalents

	As of	
	March 31, 2020	March 31, 2019
Cash at Bank	1,057	56
	1,057	56

Cash balances are free for disposal by the Company.

Airtel Mobile Commerce B.V.
Notes to Financial Statements

(All amounts are in US dollar thousands; unless stated other)

7. Shareholder's Equity

	As of	
	March 31, 2020	March 31, 2019
Issued share capital		
18,152 Ordinary shares of EUR 1.00	20	20
	<u>20</u>	<u>20</u>

The authorized share capital amounts to Euro 90,000. The Company's Euro denominated share capital is translated into USD at an exchange rate of Euro 1.104 as at 31 March 2020 (31 March 2019: Euro 1.123).

Translation differences are recorded in Other reserves.

	For the year ended	
	March 31, 2020	March 31, 2019
Other reserves		
Balance as of April 1	(724)	(571)
Allocation of previous financial year net result	(451)	(152)
	<u>(1,175)</u>	<u>(724)</u>
Foreign currency changes on share capital	(2)	(2)
Balance as of March 31	<u>(1,177)</u>	<u>(726)</u>

	For the year ended	
	March 31, 2020	March 31, 2019
Unappropriated results		
Balance as of April 1	(451)	(152)
Unappropriated results	(1,169)	(451)
	<u>(1,620)</u>	<u>(604)</u>
Appropriation of result previous year	451	152
Balance as of March 31	<u>(1,169)</u>	<u>(451)</u>

8. Payable to shareholder

	As of	
	March 31, 2020	March 31, 2019
Loan payable to Bharti Airtel International (Netherlands) B.V.	27,788	26,618
Balance as of March 31	<u>27,788</u>	<u>26,618</u>

The calculated interest as at year end is based on 3 month libor+ 200 bps (in 2018/2019: 3 month libor +200 bps). Any outstanding principal loan amounts and accrued interest thereon will be payable in full by December 31, 2021, unless agreed otherwise between borrower and lender in writing.

9. Other payable

	As of	
	March 31, 2020	March 31, 2019
Payable to Airtel Mobile Commerce Holdings B.V.	25	25
Payable to other group companies	57	57
Payable to trade partners*	1,069	68
	<u>1,151</u>	<u>150</u>

*US\$1 Mn relates to strategic partnership signed with Mastercard in September 2019.

Airtel Mobile Commerce B.V.
Notes to Financial Statements

(All amounts are in US dollar thousands; unless stated other)

10. Interest income

	For the year ended	
	March 31, 2020	March 31, 2019
Interest income from group company	1	1
	<u>1</u>	<u>1</u>

11. Interest expense and similar charges

	For the year ended	
	March 31, 2020	March 31, 2019
Interest expenses on loan	1,170	455
Bank Charges	0	0
	<u>1,170</u>	<u>455</u>

12. Foreign currency exchange differences

	For the year ended	
	March 31, 2020	March 31, 2019
Unrealized Exchange differences	-	3
	<u>-</u>	<u>3</u>

On behalf of the management board of the Company



Tina Uneken (Jul 14, 2020 15:16 GMT+2)

J.C. Uneken - van de Vreede
Managing Director



Daan Vankootwijk (Jul 14, 2020 15:30 GMT+2)

D. van Kootwijk
Managing Director



J.K. Paul
Managing Director

Date:

Airtel Mobile Commerce B.V.

Other Information

(All amounts are in US dollar thousands; unless stated other)

1. Notification regarding the absence of an audit report

The Company is exempt from audit requirement because it is within the limits set in Article 2: 396 paragraph 1 of the Dutch Civil Code. Therefore the annual accounts do not include an audit report.

2. Statutory appropriation of profit

According to the Company's Articles of Association, article 22, the General Meeting of shareholders determines the appropriation of the Company's net result for the year.

3. Appropriation of the result for the 2018/2019 financial year

The annual accounts for the year 2018/2019 were adopted by the General Meeting held on June 25, 2019. The General Meeting has determined the appropriation of the result as it was proposed.

4. Proposed appropriation of result for the financial year 2019/2020

The management board proposes to transfer the 2019/2020 result to the other reserves for an amount of USD 1,169 thousands (loss). The financial statements do (not yet) reflect this proposal.

5. Post Balance Sheet events

The Company made investment in followings newly incorporated entities on April 9, 2020.

- a) Airtel Mobile Commerce DRC B.V.
- b) Airtel Mobile Commerce Gabon B.V.
- c) Airtel Mobile Commerce Niger B.V.