

BHARTI AIRTEL TANZANIA B.V.

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

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To the shareholders,
Bharti Airtel Tanzania 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.

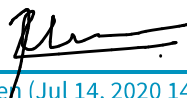
- J.C. Uneken- van de Vreede
- D. Van Kootwijk
- J.K. Paul

FINANCIAL PERFORMANCE

The Balance Sheet as on March 31, 2020 is showing a total amount of USD 511,992 thousands and Income Statement for the Year 2019/2020 is showing a post-tax loss of USD 1 thousand (2018/2019 : Profit of USD 15,624 thousands).

The Company forms a fiscal unity for corporate income tax purposes with Bharti Airtel International (Netherlands) B.V. The Company is jointly and severally liable for the taxed payable by the fiscal unity. We will gladly provide further explanations upon request.

On behalf of the management board of the Company



Tina Uneken (Jul 14, 2020 14:35 GMT+2)

J.C. Uneken - van de Vreede
Managing Director

Bharti Airtel Tanzania B.V.
Balance Sheet

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

	Notes	As of	
		March 31, 2020	March 31, 2019
ASSETS			
Non-current assets			
Financial fixed assets			
	(4)		
Participations in group company	(a)	28,837	28,837
Receivables from group company	(b)	478,224	478,165
Other receivables	(5)	4,931	4,931
Total non-current assets		511,992	511,933
Current assets			
Cash and cash equivalents	(6)	0	0
Total assets		511,992	511,933
EQUITY AND LIABILITIES			
Shareholder's equity			
	(7)		
Issued and paid-up share capital		20	20
Other reserves		(47,966)	(63,590)
Unappropriated results		(1)	15,624
		(47,947)	(47,946)
Non-current liabilities			
Payable to group company	(8)	559,939	559,863
Other payables	(9)	-	16
		559,939	559,879
Total equity and liabilities		511,992	511,933

Bharti Airtel Tanzania B.V.**Income Statement***(All amounts are in US dollar thousands; unless stated otherwise)*

	Notes	For the year ended	
		March 31, 2020	March 31, 2019
Expenses	(11)		
Other costs	(a)	1	212
Interest expense and similar charges	(b)	-	(15,836)
Result before taxation		(1)	15,624
Taxation on result		-	-
Result after taxation		(1)	15,624

Bharti Airtel Tanzania B.V.

Notes to the Financial Statements

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

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 Africa B.V. having 100% shareholding in the Company 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
	%	%
Tanzania Public Limited Company Dar es Salaam, Tanzania	51.00	60.00

During the year ended 31 March 2020 the government of Tanzania ('GoT'), the Company, Bharti Airtel International (Netherlands) B.V. ('BAIN') and Airtel Tanzania Public limited Company ('AT') executed agreements to resolve all disputes. Under this agreement, on 29 November 2019 AT issued 36,176,471 shares to GOT at zero effective cost thus increasing GOT's shareholding in AT to 49% and the Company's shareholding in AT to 51% (earlier 60%).

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.

Bharti Airtel Tanzania B.V.
Notes to the Financial Statements

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

2.3 Reclassification/regrouping

Previous year's figures have been regrouped / reclassified where necessary to confirm to current year's classification.

2.4 Assumption of continuity

The Company has an equity deficit of USD 47,947 thousands as of March 31, 2020. The loss for 2019/2020 amounted to USD 1 thousand. 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.

2.5 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.

2.6 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.

2.7 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.

2.8 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.

Bharti Airtel Tanzania B.V.
Notes to the Financial Statements

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

2.9 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.

2.10 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.

2.11 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.

2.12 Current liabilities

Liabilities are valued at nominal value, unless determined differently.

2.13 Other costs

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

2.14 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)

2.15 Expenses

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

2.16 Taxes

The Company forms a fiscal unity for corporate income tax purposes with Bharti Airtel International (Netherlands) B.V. The Company is jointly and severally liable for the taxed payable by the fiscal unity.

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).

Bharti Airtel Tanzania B.V.
Notes to the Financial Statements

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

4. Financial fixed assets

	As of	
	March 31, 2020	March 31, 2019
(a) Participations in group company	28,837	28,837
(b) Receivables from group company	478,224	478,165
	<u>507,061</u>	<u>507,002</u>

(a) Participations in group company

	As of	
	March 31, 2020	March 31, 2019
Airtel Tanzania Plc at Dar es Salaam, Tanzania	28,837	28,837
	<u>28,837</u>	<u>28,837</u>

(b) Receivables from Group company

	As of	
	March 31, 2020	March 31, 2019
Loan receivable from Airtel Tanzania Plc	478,224	478,165
	<u>478,224</u>	<u>478,165</u>

The loan is unsecured, bears interest at the rate of 0% per annum (2018/2019: 3 Months libor + 225 bps) with maturity date of December 31, 2021. Any outstanding principal loan amounts and accrued interest thereon will be payable in full upon request of the lender by giving a 3 (three) months advance notice to the borrower.

5. Other receivables

	As of	
	March 31, 2020	March 31, 2019
Withholding tax	4,931	4,931
	<u>4,931</u>	<u>4,931</u>

6. Cash and cash equivalents

	As of	
	March 31, 2020	March 31, 2019
Cash at Bank	0	0
	<u>0</u>	<u>0</u>

Cash balances are free for disposal by the Company.

Bharti Airtel Tanzania B.V.
Notes to the Financial Statements

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

7. Shareholder's Equity

	As of	
	March 31, 2020	March 31, 2019
Issued and paid-up 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 90.76 thousands. The Company's Euro denominated share capital is translated into USD at an exchange rate of Euro 1.104 as at March 31, 2020 (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	(63,589)	(49,691)
Allocation of previous financial year net result	15,624	(13,898)
	<u>(47,965)</u>	<u>(63,589)</u>
Foreign currency changes on share capital	(1)	(1)
Balance as of March 31	<u>(47,966)</u>	<u>(63,590)</u>

	For the year ended	
	March 31, 2020	March 31, 2019
Unappropriated results		
Balance as of April 1	15,624	(13,898)
Unappropriated results	(1)	15,624
	<u>15,623</u>	<u>1,726</u>
Appropriation of result previous year	(15,624)	13,898
Balance as of March 31	<u>(1)</u>	<u>15,624</u>

8. Payables to group company

	As of	
	March 31, 2020	March 31, 2019
Loan payable to Bharti Airtel Africa B.V.	559,939	559,863
	<u>559,939</u>	<u>559,863</u>

The loan is unsecured, bears interest at the rate of 0% per annum (2018/2019: 3 Months libor + 225 bps) with maturity date of December 31, 2021. Any outstanding principal loan amounts and accrued interest thereon will be payable in full upon request of the lender by giving a 3 (three) months advance notice to the borrower.

9. Other payables

	As of	
	March 31, 2020	March 31, 2019
Accruals	-	16
	<u>-</u>	<u>16</u>

Bharti Airtel Tanzania B.V.
Notes to the Financial Statements

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

10. Assets and Commitments not shown in the Balance sheet

Contingent liabilities

Tax-group liability

The Company forms a fiscal unity for corporate income tax purposes with Bharti Airtel International (Netherlands) B.V. The Company is jointly and severally liable for the tax payable by the fiscal unity.

11. Expenses

(a) Other costs

	For the year ended	
	March 31, 2020	March 31, 2019
Professional and legal fees	1	212
	<u>1</u>	<u>212</u>

(b) Interest expense and similar charges

	For the year ended	
	March 31, 2020	March 31, 2019
Interest expenses on loan from Bharti Airtel Africa B.V. *	-	(15,836)
	<u>-</u>	<u>(15,836)</u>

* Reversal of Interest expense amounting USD 15.8 Million charged for the period July, 2017 to March, 2018 on loan taken from Bharti Airtel Africa B.V.

On behalf of the management board of the Company



Tina Uneken (Jul 14, 2020 14:35 GMT+2)

J.C. Uneken - van de Vreede
Managing Director



Daan Vankootwijk (Jul 14, 2020 15:02 GMT+2)

D. van Kootwijk
Managing Director



J.K. Paul
Managing Director

Date:

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 24, 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 thousand (loss). The financial statements do (not yet) reflect this proposal.

5. Significant event

During the year ended 31 March 2020 the government of Tanzania ('GoT'), the Company, Bharti Airtel International (Netherlands) B.V. ('BAIN') and Airtel Tanzania ('AT') executed agreements to resolve all disputes. These mainly cover the following:

- New shares to be issued by AT to the GoT at no cost such that the GoT will own 49% of the entire share capital of AT and the Company will own 51%;
- Tanzania Revenue Authority's ('TRA') tax claim of approximately USD 874 Mn on BAIN will be treated as settled without any liability (no provision has been recognised currently);
- Tanzania Communications Regulatory Authority's ('TCRA') Compliance Decision of 20 April 2018 imposing on AT a fine of approximately USD 183 Mn too will be treated as settled without any liability (no provision has been recognised currently);
- TRA's various tax claims against AT of approximately USD 47 Mn will, subject to verification and consideration of the records, be treated as settled without any liability (no provision has been recognised currently);
- AT will be issued a one-time tax clearance certificate in regard to tax disputes in respect of all historical tax claims up to 31 December 2018;
- In all cases this shall not be construed as an admission of fact or law or as a concession or admission of any wrongdoing, obligation, liability by any party;
- AT, subject to verification and consideration of the records by the TRA will be allowed the carry-forward tax loss balance as recorded in AT's corporate tax return for the tax year ended 31 December 2017;
- Parties will cooperate to effect the sale of towers and the proceeds thereof will be distributed in a pre-defined manner towards repayment of AT's shareholder loan, to be retained in AT and balance as a special one-time payout to the GoT. On receipt of its share of the proceeds from sale of towers, the Company will waive the balance shareholder loan;

Bharti Airtel Tanzania B.V.

Other Information

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

- A valid Listing Waiver will be provided to AT and the Group entities in AT in accordance with the laws of Tanzania. Furthermore, in case of listing, the Company's shares in AT are not subject to listing;
- Group entities will not be subject to any tax in connection with any of the transactions described above;
- AT will pay to GOT, approximately USD 0.4 Mn every month for a period of 60 months, effective 1 April 2019 for the support services provided and
- AT will pay a special dividend ('Special Dividend') to its shareholders in proportion of their shareholding of upto 25% EBITDA based on its audited financial statements for the financial year ending 31 December 2019 subject to applicable laws.

Post the agreement following matters has been resolved:

- TRA's tax claim of approx. USD 874 Mn, TCRA's imposition of approx. USD 183 Mn and various tax claims against AT of approx. USD 22 Mn have been vacated without any liability. Since the Group did not carry any provisions for these matters, no accounting implications have arisen due to such resolution.
- On 29 November 2019 AT issued 36,176,471 shares to GOT at zero effective cost thus increasing GOT's shareholding in AT to 49%.
- Corporate tax return for carried forwards tax losses of AT has been concluded till 31 December 2016.

The completions of all other steps set out above are still in progress at the date of authorization of the financial statements.

6. Post Balance Sheet events

There is no post Balance Sheet event to report.