



02/03/2023

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Classe: **TUTELA CAUTELAR ANTECEDENTE**

Órgão julgador: **7ª Vara Empresarial da Comarca da Capital**

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Assuntos: **Recuperação Judicial**

Segredo de justiça? **NÃO**

Justiça gratuita? **NÃO**

Pedido de liminar ou antecipação de tutela? **SIM**

Partes	Procurador/Terceiro vinculado
Em segredo de justiça (REQUERENTE)	ANA TEREZA BASILIO (ADVOGADO) SERGIO RICARDO SAVI FERREIRA (ADVOGADO) VICTOR MARTINS BALDI (ADVOGADO) LUIS FELIPE SALOMAO FILHO (ADVOGADO) GABRIEL PINA RIBEIRO (ADVOGADO) JOSE ROBERTO DE ALBUQUERQUE SAMPAIO (ADVOGADO)
OI S.A. - EM RECUPERAÇÃO JUDICIAL (REQUERIDO)	
WALD ADMINISTRACAO DE FALENCIAS E EMPRESAS EM RECUPERACAO JUDICIAL LTDA (ADMINISTRADOR JUDICIAL)	ADRIANA CAMPOS CONRADO ZAMPONI (ADVOGADO) ARNOLDO WALD FILHO (ADVOGADO)
K2 CONSULTORIA ECONOMICA (ADMINISTRADOR JUDICIAL)	
MINISTERIO PUBLICO DO ESTADO DO RIO DE JANEIRO (FISCAL DA LEI)	
JOAO RICARDO UCHOA VIANA (ADMINISTRADOR JUDICIAL)	

Documentos			
Id.	Data da Assinatura	Documento	Tipo
47715 417	02/03/2023 02:15	<a href="#">Doc. 6.4 - Financial Report Oi Coop 2019</a>	Outros documentos

**OI BRASIL HOLDINGS**  
**COOPERATIEF U.A.**

Amsterdam, the Netherlands

**FINANCIAL REPORT 2019**  
UNAUDITED



## OI BRASIL HOLDINGS COOPERATIEF U.A.

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## OI BRASIL HOLDINGS COOPERATIEF U.A.

### Directors' report

#### Introduction

Oi Brasil Holdings Coöperatief U.A. (the "Coop") is a Dutch cooperative with excluded liability, incorporated in Amsterdam, the Netherlands, on April 20, 2011. The Coop mainly acts as a holding and financing company and currently has its office address at Naritaweg 165, 1043BW Amsterdam, the Netherlands.

#### Overview of the Activities

The Coop is a wholly owned subsidiary of Oi S.A. in Brazil. Oi S.A. is a provider of telecommunication services in Brazil, with a nationwide presence. Oi S.A.'s social purpose is to offer telecommunications services and activities necessary or useful to the execution of these services, operating in compliance with the concessions, authorizations and permits granted to the company. The principal activity of the Coop is the financing of group companies.

#### Changes in management

On March 3, 2016 Trust International Management (T.I.M.) B.V. resigned as Managing Director B of the Coop. On the same day, A.J. Lavatori Correa was appointed as Managing Director B. On September 16, 2016 Mr. F.N. Guimaraes resigned as Managing Director A of the Coop and on the same day Mr. R.M. Martins was appointed as Managing Director A. On April 19, 2017 Mr. J.R. Berkenbosch resigned as Administrator of the Coop and was appointed as Curator of the Coop. On the same day Mr. R. Malavazi Martins and Mr. A.J. Lavatori Correa resigned as Managing Directors of the Coop and on the same day Bryophuta SP Participações LTDA was appointed as Managing Director of the Coop. On June 11, 2018 Mr. J.R. Berkenbosch resigned as Curator of the Coop and on the same day Mr. W.F. Korthals Altes resigned as Commissioner of the Coop. On September 20, 2018 Bryophuta SP Participações LTDA resigned as Managing Director of the Coop and on the same day CVTEL B.V. was appointed as the sole Managing Director of the Coop.

#### Financial report

The Managing directors are pleased to present the annual report and accounts of the Coop for the financial year ended December 31, 2019. During the year under review, the Coop recorded a loss of USD 87,545,116 (2018: gain of USD 1,022,459,670).

#### Risk Management

##### Authorization level

Managing Directors are bound by clear restrictions regarding representative authorization. All documents must be approved by both a Managing Director A and a Dutch resident Managing Director B, unless a power of attorney has been issued in this respect.

##### External Audit

The accounts of the Coop are audited by an external auditor (Baker Tilly Berk N.V.). These audits take place on the basis of generally accepted auditing standards within the Netherlands.

##### Advisory Roles

The external auditor (Baker Tilly Berk N.V.) does not act in an advisory capacity except where activities relating to the annual accounts are concerned. Professional advice is provided by third party experts, such as tax advisors, Dutch notaries and Civil-Law lawyers.

##### Declaration

The Board of Managing Directors believes that the internal risk management and control systems described above provide a reasonable level of assurance that the annual accounts do not contain any material misstatements and that these systems operated properly during the year under review. The Board of Managing Directors has no indication that these systems will not operate properly during the current year.



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## OI BRASIL HOLDINGS COOPERATIEF U.A.

### Directors' report

#### Number of employees

At the end of 2019 the Coop had 0 employees (2018: 0).

#### Financial Analysis

The Company had an equity deficit of USD 431,598,341 at December 31, 2019 and current liabilities exceed current assets. The deficit is fully funded by borrowings, including intercompany loans/bank loans etc.

During the year under review, the Coop recorded a loss of USD 87,545,116. The Directors have not recommended a dividend (2018: USD 0).

#### Judicial reorganization in Brazil

On June 20, 2016, Oi S.A., the ultimate parent of the Coop, together with its direct or indirect wholly owned subsidiaries Oi Movel, Telemar, Copart 4 Participacoes S.A.—under judicial reorganization ("Copart 4"), Copart 5 Participacoes S.A.—under judicial reorganization ("Copart 5"), Portugal Telecom International Finance B.V., and the Coop (collectively with the Coop, the "Oi Companies") filed, as a matter of urgency, a request for judicial reorganization with the Court of the State of Rio de Janeiro, as approved by the Coop's Board of Directors and the authorized governing bodies of the Oi Companies.

As broadly disclosed to the market, Oi had been taking actions and conducting studies, together with its financial and legal advisors to optimize its liquidity and debt profile. Oi, after considering the challenges arising from its economical and financial situation and in light of the maturity schedule of its financial debts, threats to cash flows represented for imminent block or pledge of amounts in lawsuits, and in light of the urgency to adopt protection measures of the Oi Companies, concluded that the request for judicial reorganization was the most appropriate course of action at that time to (i) preserve the continuity of its offering of quality services to its customers, within the rules and commitments undertaken with the Brazilian National Telecommunications Agency (ANATEL), (ii) preserve the value of the Oi Companies, (iii) maintain the continuity of operations and corporate activities, thus protecting in an organized manner the interests of the Oi Companies, its customers, shareholders and other stakeholders, and (iv) protect the Oi Companies' cash and cash equivalents.

The filing of the judicial reorganization was another step towards Oi's financial restructuring, and that Oi would continue working to secure new customers while maintaining its service and product sales to all market segments, in all of its distribution and customer service channels. The installation, maintenance and repair activities will also continue to be performed on a timely basis by the Oi Companies and its subsidiaries. All Oi's workforce will continue to work as usual, including the sales, operating and administrative activities. Oi keeps focusing in its investments in structuring projects aimed promoting the improvement of service quality to continue to bringing technologic advances, high service standards, and innovation to its customers.

On June 22, 2016, the United States Bankruptcy Court for the Southern District of New York ("U.S. Bankruptcy Court") entered an order granting the provisional relief requested by Oi, Telemar, the Coop and Oi Movel (all four collectively referred to as "Debtors") in their United States bankruptcy code Chapter 15 cases that were filed on June 21, 2016.

The Provisional Relief prevents creditors from initiating actions against the Debtors or their property located within the territorial jurisdiction of the United States and parties from terminating their existing U.S. contracts with the Debtors.



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On July 21, 2016, the U.S. Bankruptcy Court held a hearing to judge the Debtors' request and no objection to the recognition was submitted and the U.S. Bankruptcy Court recognized the judicial reorganization as a main foreign proceeding with regard to each of the Debtors. As a result of this recognition, a stay was automatically applied, preventing the filing, in the United States, of any actions against the Debtors or their properties located within the territorial jurisdiction of the United States and parties from terminating their existing U.S. contracts with the Debtors.

On June 23, 2016, the High Court of Justice of England and Wales issued orders recognizing the Judicial reorganization request in respect of the Coop, Telemar and Oi Movel filed in Brazil pursuant to Law 11101/2005, as a foreign main proceeding in accordance with the United Nations Commission on International Trade Law (UNCITRAL) Model Law on Cross-Border Insolvency, as set out in Schedule 1 to the Cross-Border Insolvency Regulations 2006 (S.I. 2006 No. 1030) ("Recognition Orders").

The Recognition Orders establish that the commencement or continuation of proceedings (including enforcement actions) in England and Wales relating to the Coop's, Telemar's and Oi Movel's assets, rights, obligations or liabilities are stayed from June 23, 2016.

On June 29, 2016, the Judge of the 7th Corporate Court of the Judicial District of the State Capital of Rio de Janeiro granted the processing of the judicial reorganization of the Oi Companies determining, among other measures, in particular:

- a) to request that ANATEL present, within five days, up to 5 names of legal entities with competence and expertise on the subject to be evaluated for appointment as trustee;
- b) the ratification of the decision to grant an emergency measure to exempt the Oi Companies from the requirement to present clearance certificates for the exercise of their activities;
- c) the re-ratification of the decision to grant an emergency measure in regards to the suspension of all lawsuit and execution actions for 180 business days;
- d) the suspension of the effectiveness of clauses inserted in contracts signed by the Oi Companies that cause the termination of such agreements due to the request for judicial reorganization;
- e) permission for the Oi Companies to participate in all forms of bidding processes;
- f) that the Oi Companies add "in Judicial reorganization" after their respective business names, pursuant to Law 11101/2005;
- g) the suspension of publicity surrounding protests and enrollment in the credit protection agencies, with respect to the Oi Companies, for a period of 180 business days;
- h) the presentation by the Oi Companies of monthly statements of accounts throughout the judicial reorganization process, under penalty of dismissal of its officers;
- i) that all Presidencies and General Internal Affairs of Justice of Brazil (superior, state and Federal courts), and Internal Affairs of the Regional Courts and Superior Labor Court are officiated, and inform of the suspension of lawsuits, in accordance with the terms described in the decision, and requesting notice from the lower courts, in the sense that: i) the eligibility of loans subject to judicial reorganization shall be formalized in accordance with Law 11101/2005, not through an Official Letter, but rather by formal request of the creditor itself, as instructed in the appropriate debt clearance certificate, and ii) the ongoing lawsuits, as plaintiffs or defendants, that demand a gross amount, as provided in Art.6, paragraph 1 of Law 11101/2005, shall continue the judgment in which they are being processed until execution; and the jurisdictional provisions reflecting asset constriction or in connection with a decision to block or pledge gross amounts that involve any kind of asset loss of the applicants or that interferes with the ownership of goods related to their business activity shall also be suspended, with the court processing the judicial reorganization being responsible for analyzing the specific case; and
- j) the creditors may at any time request the convening of a General Meeting to establish a creditors committee or replace its members, subject to the provisions of Law 11101/2005.



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The decision granting the processing of the judicial reorganization of the Oi Companies determined that all the procedural time limits be counted in business days. This decision is still subject to appeal and may be inofidied, as it occurred with the deadline for filing the judicial reorganization plan (the "Judicial Reorganization Plan"). To this regard, even though the decision has determined that the Judicial Reorganization Plan be filed within 60 business days, the Public Prosecution Service filed an interlocutory appeal requesting that this time limit be counted in calendar days. In light of the interlocutory appeal filed by the Public Prosecution Service, the 7th Corporate Court reconsidered its decision, establishing that the Judicial Reorganization Plan is filed within 60 calendar days, counted from the issue of the decision granting the processing of the judicial reorganization.

On July 22, 2016, the judicial reorganization request was ratified by the shareholders at the Oi's Extraordinary Shareholders' meeting.

The shareholders also authorized Oi's management to take all the actions and practice all the acts necessary with regard to the judicial reorganization of the Oi Companies and ratified all the actions taken through that date.

Also on July 22, 2016, the 7th Corporate Court of the Judicial District of the State Capital of Rio de Janeiro appointed PricewaterhouseCoopers Assessoria Empresarial Ltda. and the law firm Arnaldo Wald ("Trustee") to act as trustees of the Oi Companies.

Considering that the 7th Corporate Court changed the way the time limit to file the plan is counted, as referred to above, on September 5, 2016 the Oi Companies filed the Judicial Reorganization Plan, which establishes the terms and conditions for the restructuring of the Oi Companies' debt, and the main actions that could be adopted to overcome the current financial situation of the Oi Companies and their continuity as going concerns, including by (i) restructuring and balancing their liabilities; (ii) prospecting and adopting actions during the judicial reorganization aiming at obtaining new funds; and (iii) potential sale of capital assets.

The first list of creditors submitted by the Oi Companies was published on September 20, 2016 ("First List of Creditors"). The payables to parties not controlled by Oi, according to the First List of Creditors, amounted approximately to RS65.1 billion. As from the date of this publication, the creditors had 15 (fifth teen) business days to file with the Trustee (i) a proof of claim (the "Proof of Claim" or "Claim" ), if their receivables were not included in the First List of Creditors, or (ii) the discrepancy (the "Discrepancy" ) if, according to the creditor, the amount in the First List of Creditors was incorrect or its receivables were incorrectly classified. The deadline for creditors to filed a Claim and/or a Discrepancy was October 11, 2016.

The Trustee will review the First List of Creditors and, taking into consideration the Claims and Discrepancies, will submit and publish a second list of creditors within 45 (forty five) business days after the deadline to file Proofs of Claim and Discrepancies ("Second List of Creditors" ). If the extension is not requested and approved, the publication of this Second List of Creditors must be made on or around December 19, 2016, as established by law. The Creditors will have two deadlines from the publication of the Second List of Creditors: (i) a ten-business day deadline to file with the Judge their challenges to the Second List of Creditors (the "Challenge" ), which shall end on or around February 3, 2017 and (ii) a thirty-business day deadline to file with the Judge their objections to the Judicial Reorganization plan (the "Objection" ), which it is estimated to be on or around March 8, 2017, if there is no extension of the deadline for submission of the Second List of Creditors.

According to the law, the Judicial Reorganization Plan must be approved by the Creditors' meeting approximately 150 days after the publication of the decision that granted the processing of the judicial reorganization occurred on June 29, 2016. After such approval, the Plan should be approved by the judge.

In the context of the Judicial Reorganization, certain balances of assets and liabilities as at September 30, 2016 increased compared to the balances at June 30, 2016 as a result of the inclusion of some Oi Group companies in the 30 Judicial Reorganization and the resulting suspension of the payment of certain assumed liabilities. The main balances of assets and liabilities affected were: cash, cash equivalents, cash investments, receivables from reciprocal services provided to telecom carriers, trade payables, and borrowings and financing.

### **Actions to stay payments of the Coop**



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On August 9, 2016, due to the risk of the Judicial Reorganization processing in Brazil not being automatically recognized in the Netherlands, as an example, based on some treaty or regulation, the Coop filed a request for a suspension of payments ("verzoekschrift tot aanvragen surseance van betaling") with the Amsterdam District Court and together with its petition for the suspension of payments, filed a draft composition plan ("concept-akkoord"). The Amsterdam District Court granted the (preliminary) suspension of payments immediately (on the same date) and appointed Mr. J R. Berkenbosch as the court-appointed administrator of the Coop and Mr. Korthals Altes as the supervisory judge.

### Going concern

The Coop had an equity deficit of USD 355,308,082 at December 31, 2018 and current liabilities exceed current assets. The deficit is fully funded by borrowings, including intercompany loans/bank loans etc. The continuation of the Coop as a going concern is dependent on the continued support of its (ultimate) parent company, Oi.

The Coop's financial information for the period ended December 31, 2017 have been prepared assuming that the Coop will continue as a going concern and in compliance with the applicable statutory requirements, based on management's assessment on the probability of (i) reaching an agreement with the majority of the Oi Companies' creditors in the judicial reorganization proceeding (ii) the approval and ratification of the Judicial Reorganization Plan (iii) the acceptance of the judicial Reorganization Plan is likely as this will lead to a lower written off of the receivables owned by the creditor than in case of a final bankruptcy and (iv) the approval and ratification of the composition plan in the Dutch suspension of payments proceedings (which is aimed at implementing the Judicial Reorganization plan). The management also considered in its analyses that Oi S.A. is of major importance for the economy in Brazil as well for the well being of its inhabitants, providing telecom services is primary for Brazil as itself.

The judicial reorganization is aimed at the continuation of the Oi Companies as going concerns. Based on the information available on this date, the Oi Group has no reason to believe that it will not be possible to reach an agreement with the majority of the Oi Companies' creditors. Furthermore, the Board of Managing Directors has a reasonable expectation that the Coop can continue going concern and that its contracts will remain in force throughout the entire duration of the judicial reorganization. The going concern of the Coop is ultimately depending on the successful outcome of the judicial reorganization and the realization of other forecasts of the Oi Companies. Even though there are no indications in this regard, we emphasize that these conditions and circumstances indicate the existence of significant uncertainty that may affect the success of the judicial reorganization and cast doubts as to the Oi Companies' ability to continue going concern.

### Legal disputes

On March 16, 2016 a note holder of notes of which Portugal Telecom International Finance B.V. is the issuer, commenced legal proceedings before the Amsterdam district court against, amongst others the Coop and Portugal Telecom International B.V. challenging the loan granted by Portugal Telecom International B.V. to the Coop and claiming damages. The initial Court date for the first appearance in the proceedings was on July 27, 2016.

In relation thereto, in April 2016 the same note holder initiated summary proceedings against the Coop seeking a freezing order injunctions against the Coop. The Coop defended itself against these injunctions in first instance and the decision in these proceedings was delivered on May 2, 2016. The claim was rejected by the judge in summary proceedings, thus ruling in favour of the Coop. The note holder appealed the decision but the court of appeal also rejected the claim and ruled in favour of the Coop by judgment of 19 July 2016.





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**Future Developments**

The Board of Managing Directors anticipates that the Coop will continue its current activities and does not anticipate any major changes during the upcoming financial year.

Amsterdam,

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CVTEL B.V.  
Managing Director B



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## OI BRASIL HOLDINGS COOPERATIEF U.A.

## Balance sheet as at December 31, 2019

(in USD, after appropriation of results)

	Notes	December 31, 2019	December 31, 2018
<b>ASSETS</b>			
<b>Fixed assets</b>			
Financial fixed assets	5	7,939,452	8,052,008
		<u>7,939,452</u>	<u>8,052,008</u>
<b>Current assets</b>			
Receivables	6	807,770	181,354
Cash and cash equivalents	7	17,584	308,538
		<u>825,354</u>	<u>489,892</u>
<b>TOTAL ASSETS</b>		<u><u>8,764,806</u></u>	<u><u>8,541,900</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Member's capital</b>			
Member's capital account	8	738,714,217	752,517,330
Translation reserve		(81,488,870)	(95,291,984)
Other reserve		(1,088,823,687)	(1,012,533,428)
		<u>(431,598,341)</u>	<u>(355,308,082)</u>
<b>Non-current Liabilities</b>	9	417,320,218	362,287,319
<b>Current Liabilities</b>	10	23,042,929	1,562,663
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>8,764,806</u></u>	<u><u>8,541,900</u></u>



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**OI BRASIL HOLDINGS COOPERATIEF U.A.**

**Income statement for the financial year ended December 31, 2019**  
(in USD)

	Notes	December 31, 2019	December 31, 2018
NQ option bonds restructuring haircut 50%		--	7,052,573
Q option bonds restructuring haircut		--	800,037,659
Fair value adjustments on loans		--	240,524,849
Interest income and expense on time deposits		--	5
Interest income on VAT		--	946
Interest expense on loans from group companies		(43,947,250)	--
Interest expense on loan from Lenders		--	(344,651)
Financial expense on loan from Lenders		--	(177,178)
Exchange differences		(43,221,240)	(23,542,879)
<b>Financial income and expenses</b>		<b>(87,168,490)</b>	<b>1,023,551,324</b>
General and administrative expenses	13	372,279	1,091,654
<b>Operating expenses</b>		<b>372,279</b>	<b>1,091,654</b>
<b>OPERATING PROFIT</b>		<b>(372,279)</b>	<b>(1,091,654)</b>
<b>RESULT BEFORE TAXATION</b>		<b>(87,540,769)</b>	<b>1,022,459,670</b>
Income tax expense		(4,347)	--
<b>NET RESULT AFTER TAXATION</b>		<b>(87,545,116)</b>	<b>1,022,459,670</b>



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## OI BRASIL HOLDINGS COOPERATIEF U.A.

Notes to the balance sheet and income statement as at December 31, 2019

(in USD)

### 1 GENERAL

Oi Brasil Holdings Cooperatief U.A. is a Dutch Co-operative, incorporated in Amsterdam on April 20, 2011. The Company mainly acts as a holding and financing company and currently has its office address at Naritaweg 165, 1043 BW, Amsterdam, The Netherlands.

#### Judicial reorganization in Brazil

On June 20, 2016, Oi S.A., the ultimate parent of the Coop, together with its direct or indirect wholly owned subsidiaries Oi Movel, Telemar, Copart 4 Participações S.A.—under judicial reorganization ("Copart 4"), Copart 5 Participações S.A.—under judicial reorganization ("Copart 5"), Portugal Telecom International Finance B.V., and the Coop (collectively with the Coop, the "Oi Companies") filed, as a matter of urgency, a request for judicial reorganization with the Court of the State of Rio de Janeiro, as approved by the Coop's Board of Directors and the authorized governing bodies of the Oi Companies.

As broadly disclosed to the market, Oi had been taking actions and conducting studies, together with its financial and legal advisors to optimize its liquidity and debt profile. Oi, after considering the challenges arising from its economical and financial situation and in light of the maturity schedule of its financial debts, threats to cash flows represented for imminent block or pledge of amounts in lawsuits, and in light of the urgency to adopt protection measures of the Oi Companies, concluded that the request for judicial reorganization was the most appropriate course of action at that time to (i) preserve the continuity of its offering of quality services to its customers, within the rules and commitments undertaken with the Brazilian National Telecommunications Agency (ANATEL), (ii) preserve the value of the Oi Companies, (iii) maintain the continuity of operations and corporate activities, thus protecting in an organized manner the interests of the Oi Companies, its customers, shareholders and other stakeholders, and (iv) protect the Oi Companies' cash and cash equivalents.

The filing of the judicial reorganization was another step towards Oi's financial restructuring, and that Oi would continue working to secure new customers while maintaining its service and product sales to all market segments, in all of its distribution and customer service channels. The installation, maintenance and repair activities will also continue to be performed on a timely basis by the Oi Companies and its subsidiaries. All Oi's workforce will continue to work as usual, including the sales, operating and administrative activities. Oi keeps focusing in its investments in structuring projects aimed promoting the improvement of service quality to continue to bringing technologic advances, high service standards, and innovation to its customers.

On June 22, 2016, the United States Bankruptcy Court for the Southern District of New York ("U.S. Bankruptcy Court") entered an order granting the provisional relief requested by Oi, Telemar, the Coop and Oi Movel (all four collectively referred to as "Debtors") in their United States bankruptcy code Chapter 15 cases that were filed on June 21, 2016.

The Provisional Relief prevents creditors from initiating actions against the Debtors or their property located within the territorial jurisdiction of the United States and parties from terminating their existing U.S. contracts with the Debtors.

On July 21, 2016, the U.S. Bankruptcy Court held a hearing to judge the Debtors' request and no objection to the recognition was submitted and the U.S. Bankruptcy Court recognized the judicial reorganization as a main foreign proceeding with regard to each of the Debtors. As a result of this recognition, a stay was automatically applied, preventing the filing, in the United States, of any actions against the Debtors or their properties located within the territorial jurisdiction of the United States and parties from terminating their existing U.S. contracts with the Debtors.

On June 23, 2016, the High Court of Justice of England and Wales issued orders recognizing the Judicial reorganization request in respect of the Coop, Telemar and Oi Movel filed in Brazil pursuant to Law 11101/2005, as a foreign main proceeding in accordance with the United Nations Commission on International Trade Law (UNCITRAL) Model Law on Cross-Border Insolvency, as set out in Schedule 1 to the Cross-Border insolvency Regulations 2006 (S.I. 2006 No. 1030) ("Recognition Orders").



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## OI BRASIL HOLDINGS COOPERATIEF U.A.

### Notes to the balance sheet and income statement as at December 31, 2019

(in USD)

The Recognition Orders establish that the commencement or continuation of proceedings (including enforcement actions) in England and Wales relating to the Coop's, Telemar's and Oi Move! assets, rights, obligations or liabilities are stayed from June 23, 2016.

On June 29, 2016, the Judge of the 7th Corporate Court of the Judicial District of the State Capital of Rio de Janeiro granted the processing of the judicial reorganization of the Oi Companies determining, among other measures, in particular:

- a) to request that ANATEL present, within five days, up to 5 names of legal entities with competence and expertise on the subject to be evaluated for appointment as trustee;
- b) the ratification of the decision to grant an emergency measure to exempt the Oi Companies from the requirement to present clearance certificates for the exercise of their activities;
- c) the re-ratification of the decision to grant an emergency measure in regards to the suspension of all lawsuit and execution actions for 180 business days;
- d) the suspension of the effectiveness of clauses inserted in contracts signed by the Oi Companies that cause the termination of such agreements due to the request for judicial reorganization;
- e) permission for the Oi Companies to participate in all forms of bidding processes;
- f) that the Oi Companies add "in Judicial reorganization" after their respective business names, pursuant to Law 11101/2005;
- g) the suspension of publicity surrounding protests and enrollment in the credit protection agencies, with respect to the Oi Companies, for a period of 180 business days;
- h) the presentation by the Oi Companies of monthly statements of accounts throughout the judicial reorganization process, under penalty of dismissal of its officers;
- i) that all Presidencies and General Internal Affairs of Justice of Brazil (superior, state and Federal courts), and Internal Affairs of the Regional Courts and Superior Labor Court are officiated, and inform of the suspension of lawsuits, in accordance with the terms described in the decision, and requesting notice from the lower courts, in the sense that: i) the eligibility of loans subject to judicial reorganization shall be formalized in accordance with Law 11101/2005, not through an Official Letter, but rather by formal request of the creditor itself, as instructed in the appropriate debt clearance certificate, and ii) the ongoing lawsuits, as plaintiffs or defendants, that demand a gross amount, as provided in Art.6, paragraph 1 of Law 11101/2005, shall continue the judgment in which they are being processed until execution; and the jurisdictional provisions reflecting asset constriction or in connection with a decision to block or pledge gross amounts that involve any kind of asset loss of the applicants or that interferes with the ownership of goods related to their business activity shall also be suspended, with the court processing the judicial reorganization being responsible for analyzing the specific case; and
- j) the creditors may at any time request the convening of a General Meeting to establish a creditors committee or replace its members, subject to the provisions of Law 11101/2005.

The decision granting the processing of the judicial reorganization of the Oi Companies determined that all the procedural time limits be counted in business days. This decision is still subject to appeal and may be modified, as it occurred with the deadline for filing the judicial reorganization plan (the "Judicial Reorganization Plan"). To this regard, even though the decision has determined that the Judicial Reorganization Plan be filed within 60 business days, the Public Prosecution Service filed an interlocutory appeal requesting that this time limit be counted in calendar days. In light of the interlocutory appeal filed by the Public Prosecution Service, the 7th Corporate Court reconsidered its decision, establishing that the Judicial Reorganization Plan is filed within 60 calendar days, counted from the issue of the decision granting the processing of the judicial reorganization.



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## OI BRASIL HOLDINGS COOPERATIEF U.A.

### Notes to the balance sheet and income statement as at December 31, 2019

(in USD)

On July 22, 2016, the judicial reorganization request was ratified by the shareholders at the Oi's Extraordinary Shareholders' meeting.

The shareholders also authorized Oi's management to take all the actions and practice all the acts necessary with regard to the judicial reorganization of the Oi Companies and ratified all the actions taken through that date.

Also on July 22, 2016, the 7th Corporate Court of the Judicial District of the State Capital of Rio de Janeiro appointed PricewaterhouseCoopers Assessoria Empresarial Ltda. and the law firm Arnaldo Wald ("Trustee") to act as trustees of the Oi Companies.

Considering that the 7th Corporate Court changed the way the time limit to file the plan is counted, as referred to above, on September 5, 2016 the Oi Companies filed the Judicial Reorganization Plan, which establishes the terms and conditions for the restructuring of the Oi Companies' debt, and the main actions that could be adopted to overcome the current financial situation of the Oi Companies and their continuity as going concerns, including by (i) restructuring and balancing their liabilities; (ii) prospecting and adopting actions during the judicial reorganization aiming at obtaining new funds; and (iii) potential sale of capital assets.

The first list of creditors submitted by the Oi Companies was published on September 20, 2016 ("First List of Creditors"). The payables to parties not controlled by Oi, according to the First List of Creditors, amounted approximately to RS65.1 billion. As from the date of this publication, the creditors had 15 (fifteen) business days to file with the Trustee (i) a proof of claim (the "Proof of Claim" or "Claim" ), if their receivables were not included in the First List of Creditors, or (ii) the discrepancy (the "Discrepancy" ) if, according to the creditor, the amount in the First List of Creditors was incorrect or its receivables were incorrectly classified. The deadline for creditors to file a Claim and/or a Discrepancy was October 11, 2016.

The Trustee will review the First List of Creditors and, taking into consideration the Claims and Discrepancies, will submit and publish a second list of creditors within 45 (forty five) business days after the deadline to file Proofs of Claim and Discrepancies ("Second List of Creditors" ). If the extension is not requested and approved, the publication of this Second List of Creditors must be made on or around December 19, 2016, as established by law. The Creditors will have two deadlines from the publication of the Second List of Creditors: (i) a ten-business day deadline to file with the Judge their challenges to the Second List of Creditors (the "Challenge" ), which shall end on or around February 3, 2017 and (ii) a thirty-business day deadline to file with the Judge their objections to the Judicial Reorganization plan (the "Objection" ), which it is estimated to be on or around March 8, 2017, if there is no extension of the deadline for submission of the Second List of Creditors.

According to the law, the Judicial Reorganization Plan must be approved by the Creditors' meeting approximately 150 days after the publication of the decision that granted the processing of the judicial reorganization occurred on June 29, 2016. After such approval, the Plan should be approved by the judge.

In the context of the Judicial Reorganization, certain balances of assets and liabilities as at September 30, 2016 increased compared to the balances at June 30, 2016 as a result of the inclusion of some Oi Group companies in the 30 Judicial Reorganization and the resulting suspension of the payment of certain assumed liabilities. The main balances of assets and liabilities affected were: cash, cash equivalents, cash investments, receivables from reciprocal services provided to telecom carriers, trade payables, and borrowings and financing.

#### Actions to stay payments of the Coop

On August 9, 2016, due to the risk of the Judicial Reorganization processing in Brazil not being automatically recognized in the Netherlands, as an example, based on some treaty or regulation, the Coop filed a request for a suspension of payments ("verzoekschrift tot aanvragen surseance van betaling") with the Amsterdam District Court and together with its petition for the suspension of payments, filed a draft composition plan ("concept-akkoord"). The Amsterdam District Court granted the (preliminary) suspension of payments immediately (on the same date) and appointed Mr. J. R. Berkenbosch as the court-appointed administrator of the Coop and Mr. Korthals Altes as the supervisory judge.



UNAUDITED DRAFT

## OI BRASIL HOLDINGS COOPERATIEF U.A.

### Notes to the balance sheet and income statement as at December 31, 2019

(in USD)

#### Going concern

The Coop had an equity deficit of USD 431,598,341 at December 31, 2019 and current liabilities exceed current assets. The deficit is fully funded by borrowings, including intercompany loans/bank loans etc. The continuation of the Coop as a going concern is dependent on the continued support of its (ultimate) parent company, Oi.

The Coop's financial information for the period ended December 31, 2019 have been prepared assuming that the Coop will continue as a going concern and in compliance with the applicable statutory requirements, based on management's assessment on the probability of (i) reaching an agreement with the majority of the Oi Companies' creditors in the judicial reorganization proceeding (ii) the approval and ratification of the Judicial Reorganization Plan (iii) the acceptance of the judicial Reorganization Plan is likely as this will lead to a lower written off of the receivables owned by the creditor than in case of a final bankruptcy and (iv) the approval and ratification of the composition plan in the Dutch suspension of payments proceedings (which is aimed at implementing the Judicial Reorganization plan). The management also considered in its analyses that Oi S.A. is off major importance for the economy in Brazil as well for the well being of its inhabitants, providing telecom services is primary for Brazil as itself.

The judicial reorganization is aimed at the continuation of the Oi Companies as going concerns. Based on the information available on this date, the Oi Group has no reason to believe that it will not be possible to reach an agreement with the majority of the Oi Companies' creditors. Furthermore, the Board of Managing Directors has a reasonable expectation that the Coop can continue going concern and that its contracts will remain in force throughout the entire duration of the judicial reorganization. The going concern of the Coop is ultimately depending on the successful outcome of the judicial reorganization and the realization of other forecasts of the Oi Companies. Even though there are no indications in this regard, we emphasize that these conditions and circumstances indicate the existence of significant uncertainty that may affect the success of the judicial reorganization and cast doubts as to the Oi Companies' ability to continue going concern.

#### (a) Group structure

The Company is under control of Oi S.A in Brazil. The financial statements of the Cooperative are included in the consolidated financial statements of Oi S.A. in Brazil.

#### (b) Related party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the company are considered a related party. In addition, statutory directors and close relatives are regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required for to provide the true and fair view.

#### (c) Use of estimates

In applying the accounting policies and guidelines for preparing the financial statements, management makes a range of estimates and judgments that might be essential for the amounts disclosed in the financial statements. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the Financial Statement items in question. Actual amounts may differ from these estimates.



UNAUDITED DRAFT

## OI BRASIL HOLDINGS COOPERATIEF U.A.

Notes to the balance sheet and income statement as at December 31, 2019  
(in USD)

### 2 ACCOUNTING POLICIES FOR THE BALANCE SHEET

The accompanying Financial Statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board, taking into account the exemptions offered by the Dutch Accounting Standards Board.

In general, assets and liabilities are stated at the amounts at which they were incurred or current value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred. The balance sheet and income statement include references to the notes.

#### (a) Comparison with previous year

The accounting policies have been consistently applied to all the years presented.

#### (b) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the income statement.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions (or the approximated rates).

#### (c) Financial fixed assets

The company has an interest bearing loan on a related party. Long-term receivables are initially recognized at fair value and are subsequently stated at amortised costs.

#### (d) Impairment

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. 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. An impairment loss is recognised immediately in the income statement.

If it is established that a previously recognised impairment loss no longer applies or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognised. A reversal of an impairment loss is recognised immediately in the income statement.





UNAUDITED DRAFT

## OI BRASIL HOLDINGS COOPERATIEF U.A.

Notes to the balance sheet and income statement as at December 31, 2019  
(in USD)

### 2 ACCOUNTING POLICIES FOR THE BALANCE SHEET (Continued)

#### (e) Receivables

Receivables are valued at face value less a provision for possible uncollectible accounts.

#### (f) Cash and cash equivalents

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

#### (g) Non-current liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, being the amount received taking account of any premium or discount, less transaction costs.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest in the income statement over the period of the borrowings using the effective interest method.

### 3 ACCOUNTING POLICIES FOR THE INCOME STATEMENT

#### (a) General

Profit or loss is determined as the difference between the realisable value of the goods delivered and services rendered, and the costs and other charges for the year. Revenues on transactions are recognised in the year in which they are realised.

#### (b) Exchange rate differences

Exchange rate differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they arise.

The following rates have been applied to the financial statements:

		2019	2018
1 US Dollar (USD) =	EUR	1.123998313	1.145000584

#### (c) Selling expenses, and general and administrative expenses

Selling expenses, and general and administrative expenses comprise costs chargeable to the year that are not directly attributable to the cost of the goods sold.



UNAUDITED DRAFT

## OI BRASIL HOLDINGS COOPERATIEF U.A.

Notes to the balance sheet and income statement as at December 31, 2019  
(in USD)

### 3 ACCOUNTING POLICIES FOR THE INCOME STATEMENT (Continued)

#### (d) Financial income and expenses

Interest paid and received is recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

Dividends receivable from associates not carried at net asset value and securities are recognised as soon as the Company acquires the right to them.

#### (e) Taxation

Income tax is calculated on the profit/loss before tax in the income statement, taking into account any losses carried forward from previous financial years (where not included in deferred income tax assets) and tax-exempt items, and plus non-deductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

#### (f) Cash flow statement

A cash flow statement has not been prepared as permitted by Dutch Accounting Standard 360.104. The cash flows of the Company are reflected in the cash flow statement included in the consolidated financial statements of its (ultimate) parent company Oi S.A. in Brazil.

### 4 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### (a) Price Risk

##### *Currency risk*

The functional currency of the Company is US dollars. The Company mainly holds financial positions in US dollars. As the Company holds receivables and payables in US dollars for nearly the same amounts the currency risk the Company incurs is limited.

##### *Interest rate and cash flow risk*

The Company has issued bonds at fixed interest rate for a term of 10 years and receives a floating rate interest on loan receivable to a related party with a term of 10 years.

The Company entered into an interest rate swaps to match the interest income with the interest expenses. The Company receives a fixed interest rate and pays a floating interest rate. The combination of the intercompany receivable, the bonds and the interest SWAP results in a fixed financing margin from the Company of 0.125% on the principal amount.

#### (b) Credit risk

Management has assessed the credit risk of its only debtor and considers the risk of non-payment negligible.



**OI BRASIL HOLDINGS COOPERATIEF U.A.****Notes to the balance sheet and income statement as at December 31, 2019**

(in USD)

**FIXED ASSETS****5 FINANCIAL FIXED ASSETS**

Movements in financial fixed assets can be broken down as follows:

	Amounts due from group companies	Total
<b>Opening balance</b>	8,052,008	8,052,008
<b>Movements 2019</b>		
Exchange differences	112,556	--
<b>Closing balance</b>	<u>7,939,452</u>	<u>7,939,452</u>

The amounts due from group companies comprise of loans receivable as specified below:

Name	Interest rate	CCY	Amount in CCY	2019	2018
OI S.A.	(Default Option)			1,511,787,859	1,511,787,859
Fair value adjustment on loan to OI S.A.				(1,509,872,765)	(1,509,872,765)
OI S.A.	(Default Option)	EUR	2,652,142,683	2,981,007,422	3,036,703,372
Fair value adjustment on loan to OI S.A.		EUR	(2,648,783,017)	(2,977,231,158)	(3,032,856,554)
Oi Móvel S.A.	(Default Option)	EUR	1,578,878,875	1,774,659,288	1,807,816,312
Fair value adjustment on loan to Oi Móvel S.A.		EUR	(1,576,878,792)	(1,772,411,194)	(1,805,526,216)
				<u>7,939,452</u>	<u>8,052,008</u>

The Credit agreement (1) with OI S.A. of USD 1,490,335,115 was entered into on August 29, 2012. Interest is due twice a year on the 7th of February and on the 7th of August. The agreement will end on February 7, 2022 and no amortization is due during the term of the loan. No securities have been given by OI S.A.

Amended credit agreement with Oi S.A.: on 25 January 2016 the initial credit agreement with a credit line of EUR 2,000,000,000 has been amended to EUR 2,647,563,264.04 whereby the Coop is the lender and Oi S.A. is the borrower.

On 24 February 2016, the Coop (as the Lender) has opened a line of credit with Oi S.A. (as the borrower) up to an amount of EUR 245,248,715.15 with an interest rate of 5,725%. The Maturity date is 20 June 2021.

On 3 March 2016, the Coop (the Lender) has opened a line of credit with Oi Móvel S.A. (the borrower) up to an amount of EUR 1,560,000,000.00 with an interest rate of 5,725%. The Maturity date is June 2021. The borrower shall pay interest annually on the 20th of June and on 20 June 2021 the principal outstanding plus the interest.

Third amendment credit agreement with Oi S.A.: on March 17, 2016 the amended credit agreement with a credit line of EUR 2,647,563,264.04 had a new amendment to EUR 2,577,253,897.94 plus annual interest of 3.5%+ 6m Euribor whereby the Coop is the lender and Oi S.A. is the borrower. The value of EUR 1,633,305,141.41 has four tranches with maturity up to June 2025 and the remaining EUR 943,948,756.53 with maturity of May 2020.



UNAUDITED DRAFT

## OI BRASIL HOLDINGS COOPERATIEF U.A.

Notes to the balance sheet and income statement as at December 31, 2019  
(in USD)

### CURRENT ASSETS

#### 6 RECEIVABLES

As at December 31, 2019, this item can be detailed as follows:

	CCY	Amount in CCY	2019	2018
Amounts due from group companies	EUR	--	22,614	22,614
Prepaid expenses			11,709	--
Value added tax			773,447	158,740
Total			807,770	181,354

All receivables fall due in less than one year. The fair value of the receivables approximates the book value.

Amounts due from group companies are specified as follows:

Name	CCY	Amount in CCY	2019	2018
Portugal Telecom International Finance B.V.			22,614	22,614
			22,614	22,614

#### 7 CASH AND CASH EQUIVALENTS

Description	CCY	Amount in CCY	2019	2018
Current account Banco ITAU	EUR	5,434	6,108	6,780
Banco ITAU (Time Deposit)			11,476	11,926
KAS Bank	EUR	--	--	289,832
Total			17,584	308,538

The balances are at the Company's free disposal.



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## OI BRASIL HOLDINGS COOPERATIEF U.A.

### Notes to the balance sheet and income statement as at December 31, 2019 (in USD)

#### 8 MEMBERS'S CAPITAL

The movements of Capital contribution in the Co-operative can be summarised as follows:

Exchange differences due to translation in the Member's Capital account are added to the revaluation reserve.  
The year-end rate used for translation is EUR/USD: 1.1450.

As at December 31, 2019, the Member's Capital account has been fully paid-up. The movements in the year under review can be summarised as follows:

	Member's Capital Account	Revaluation Reserve	General Reserves	Total
<b>Opening balance 2018</b>	21,598	1,708	(2,034,993,098)	(2,034,969,792)
Additions	657,202,040	--	--	657,202,040
Revaluation	95,293,692	(95,293,692)	--	--
Result for the year	--	--	1,022,459,670	1,022,459,670
<b>Closing balance 2018</b>	<u>752,517,330</u>	<u>(95,291,984)</u>	<u>(1,012,533,428)</u>	<u>(355,308,082)</u>
Prior year adjustment	--	--	11,254,857	11,254,857
<b>Opening balance 2019</b>	<u>752,517,330</u>	<u>(95,291,984)</u>	<u>(1,001,278,571)</u>	<u>(344,053,225)</u>
Revaluation	(13,803,114)	13,803,114	--	--
Result for the year	--	--	(87,545,116)	(87,545,116)
<b>Closing balance 2019</b>	<u>738,714,217</u>	<u>(81,488,870)</u>	<u>(1,088,823,687)</u>	<u>(431,598,341)</u>



## UNAUDITED DRAFT

## OI BRASIL HOLDINGS COOPERATIEF U.A.

Notes to the balance sheet and income statement as at December 31, 2019  
(in USD)

## 9 NON-CURRENT LIABILITIES

	Closing balance 2019	Opening balance 2018
General Offer	7,676,659	8,595,650
Loans from group companies	404,204,026	342,654,224
Intercompany account with member	5,439,533	11,037,445
	<u>417,320,218</u>	<u>362,287,319</u>

The issued notes are specified as follows:

Name	Interest	CCY	Amount in CCY	2019	2018
General Offer USD				155,273,499	155,311,444
Fair value adjustment on General Offer USD				(148,850,278)	(148,850,278)
General Offer EUR		EUR	26,805,103	30,128,927	31,549,520
Fair value adjustment on General Offer EUR		EUR	(25,689,975)	(28,875,489)	(29,415,036)
Total				<u>7,676,659</u>	<u>8,595,650</u>

## 9 NON-CURRENT LIABILITIES (Continued)

(1) On February 10, 2012 OI S.A. issued a Senior Unsecured Notes for a total amount of USD 1,500,000,000 with a term of 10 years and a interest rate of 5.75%. On July 27, 2012 the Company substituted Oi S.A. as debtor and issuer of the notes. Interest is due on the notes twice a year on the 10th of February and the 10th of August.

The bond will be repaid in full on maturity date, being February 10, 2022.

(2) On June 22, 2015 the Cooperative issued a Senior Unsecured Notes for a total amount of EUR 600,000,000 with a term of 6 years and a interest rate of 5.625%. Interest is due on the notes once a year on the 22nd of June.

The bond will be repaid in full on maturity date, being June 22, 2021.



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## OI BRASIL HOLDINGS COOPERATIEF U.A.

Notes to the balance sheet and income statement as at December 31, 2019  
(in USD)

### Loans from group companies

The loans from group companies are specified as follows:

Name	Interest rate	CCY	Amount in CCY	2019	2018
PTIF B.V.	(Default Option)	EUR	3,811,387,308	4,283,997,963	4,364,038,468
Fair value adjustment on loan from PTIF B.V.		EUR	3,806,559,140	(4,278,571,104)	(4,358,510,215)
Loan from Oi S.A. (NQ Facility) USD				7,891,830	7,052,559
Fair value adjustment on loan from Oi S.A. (NQ Facility) USD				(3,353,713)	(3,353,713)
Loan from Oi S.A. (Q Notes) USD				453,146,925	392,335,000
Fair value adjustment on loan from Oi S.A. (Q Notes) USD				(58,907,875)	(58,907,875)
Total				404,204,026	342,654,224

The line of credit with Portugal Telecom International Finance B.V. amounts to EUR 4,648,877,000 at a fixed interest rate of 5.26375%, the maturity date is June 2, 2016.

On March 17, 2016 credit agreement with Portugal Telecom International Finance B.V. was amended by refinancing and opening the credit line with seven separate tranches up to EUR 3,723,236,983. Intercompany payable loan to Portugal Telecom International Finance B.V. bears interest at 5.26375% per annum. The new maturity date has been changed from 2 June 2016 to 15 June 2025.

### 10 CURRENT LIABILITIES

	CCY	Amount in CCY	2019	2018
Interest on loan from Oi S.A. (Q Notes) USD			18,101,901	--
Trade payables			4,674,078	1,342,250
Other debts, accruals and deferred income			266,950	220,413
Total			23,042,929	1,562,663

The payables to group companies are specified as follows:



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## OI BRASIL HOLDINGS COOPERATIEF U.A.

Notes to the balance sheet and income statement as at December 31, 2019  
(in USD)

### 11 COMMITMENTS AND CONTINGENCIES NOT INCLUDED IN THE BALANCE SHEET

#### *Legal disputes*

On 16 March 2016, a note holder of notes of which Portugal Telecom International Finance B.V. is the issuer, commenced legal proceedings before the Amsterdam district court against, amongst others the Coop and Portugal Telecom International Finance B.V., challenging the loan granted by Portugal Telecom International Finance B.V. to the Coop and claiming damages. The initial Court date for the first appearance in the proceedings was on 27 July 2016.

In relation thereto, in April 2016 the same note holder initiated summary proceedings against the Coop seeking a freezing order injunctions against the Coop. The Coop defended itself against these injunctions in first instance and the decision in these proceedings was delivered on May 2, 2016. The claim was rejected by the judge in summary proceedings, thus ruling in favour of the Coop. The note holder appealed the decision but the court of appeal also rejected the claim and ruled in favour of the Coop by judgment of 19 July 2016.

### 12 GENERAL AND ADMINISTRATIVE EXPENSES

	2019	2018
Bank expenses	490	1,411
Accounting expenses	100,862	24,608
Legal expenses	29,754	896,055
Notary expenses	1,486	1,161
Audit expenses	73,831	52,540
Tax advisory expenses	70,777	108,906
Management expenses	69,146	--
General expenses	13,745	5,172
Airfare/Travel expenses	12,188	1,801
	<u>372,279</u>	<u>1,091,654</u>





UNAUDITED DRAFT

## OI BRASIL HOLDINGS COOPERATIEF U.A.

Notes to the balance sheet and income statement as at December 31, 2019  
(in USD)

### 13 NUMBER OF EMPLOYEES

The average number of persons employed by the Company during the year was 0 (2018: 1).

### 14 DIRECTORS

During the year under review, the Company had two Managing Directors, who received no remuneration during the current or the previous financial year. The Company has no Board of Supervisory Directors.

On March 3, 2016 Trust International Management (T.I.M.) B.V. resigned as Managing Director B of the Coop. On the same day, A.J. Lavatori Correa was appointed as Managing Director B. On September 16, 2016 Mr. F.N. Guimaraes resigned as Managing Director A of the Coop and on the same day Mr. R.M. Martins was appointed as Managing Director A.

On April 19, 2017 Mr. J.R. Berkenbosch resigned as Administrator of the Coop and was appointed as Curator of the Coop. On the same day Mr. R. Malavazi Martins and Mr. A.J. Lavatori Correa resigned as Managing Directors of the Coop and on the same day Bryophuta SP Participações LTDA was appointed as Managing Director of the Coop.

On June 11, 2018 Mr. J.R. Berkenbosch resigned as Curator of the Coop and on the same day Mr. W.F. Korthals Altes resigned as Commissioner of the Coop. On September 20, 2018 Bryophuta SP Participações LTDA resigned as Managing Director of the Coop and on the same day CVTEL B.V. was appointed as the sole Managing Director of the Coop.

New director

**The Board of Managing Directors,**

CVTEL B.V.

Amsterdam,



UNAUDITED DRAFT

## OI BRASIL HOLDINGS COOPERATIEF U.A.

### Other Information

#### Appropriation of result in accordance with Articles of Association

In accordance with article 14.1 of the Cooperative's Article of Association, after adoption of the annual accounts, the profits accrued in the relevant financial year shall be added to the Cooperative's general reserves, unless the General Meeting of Members resolves to distribute the profits in whole or in part as referred to in Article 14.4.

#### Proposed appropriation of result

The Board of Managing Directors proposes to deduct the loss for the year to the other reserve. This proposed appropriation of result has been reflected in the financial statements, and is subject to the approval of the Members.

