

Company registration number 455591 (Ireland)

LYCAMOBILE BELGIUM LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

LYCAMOBILE BELGIUM LIMITED

COMPANY INFORMATION

Directors	Vilius Danila David Sherman	(Appointed 22 December 2023)
Secretary	David Sherman	
Company number	455591	
Registered office	Unit C4, Block C Centre Point Business Park Oak Road Dublin 12 Co. Dublin Ireland D12 YC89	
Auditor	UHY Farrelly Dawe White Limited FDW House Blackthorn Business Park Coes Road Dundalk Co. Louth Ireland	
Business address	Unit C4, Block C Centre Point Business Park Oak Road Dublin 12 Co. Dublin Ireland D12 YC89	
Bankers	Citibank Europe PLC 1 North Wall Quay Dublin 1 Ireland	

LYCAMOBILE BELGIUM LIMITED

CONTENTS

	Page
Directors' report	1 - 4
Directors' responsibilities statement	5
Independent auditor's report	6 - 8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13 - 22

LYCAMOBILE BELGIUM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The company's principal activity during the year was the provision of telecommunication services as a mobile virtual network operator ("MVNO") primarily within Belgium, providing low cost national and international calls which are marketed primarily to the ethnic market through national distribution channels. As a MVNO the company continues to operate a virtual network providing telecommunication services to its customers over a third party national mobile network provided by a mobile network operator under a contractual agreement.

Review of the business

During the financial year, the company recorded revenue of €59,914,152 compared with €75,704,506 in the previous year. Despite the lower turnover, the company achieved a profit after tax of €7,960,527, a notable improvement on the prior year's loss.

The directors considers the overall performance satisfactory in the context of market conditions and remains focused on sustaining profitability while pursuing opportunities for renewed revenue growth.

Principal risks and uncertainties

The principal risks and uncertainties facing the company have been reviewed in detail by the directors and no material additional risk or uncertainty has been identified other than those detailed below. These risks are broadly grouped within competitive, operational and financial risk. The directors' risk management objectives consist of identifying and monitoring those risks which could have an adverse impact on the company's assets, profitability or cash flows.

Competitive Risk

The Belgium MVNO market remains competitive with new entrants able to join relatively easily, resulting in pricing risk. It has proven difficult for any new entrant to achieve any scale, however, and the combination of any new entrant's inability to match Lycamobile's tariff rates for any length of time as well as a lack of national distribution mitigates this risk. This competitive risk is further mitigated by regular reviews of competitive offerings and changes in market providers, with immediate responses to competitive offerings in the market.

Operational Risk

The main operational risk relating to the company is the operation of the telecommunication service agreement with the Mobile Network Operator. The company's ability to provide services to its customers depends on maintaining an agreement with its Mobile Network Operator or acquiring a new agreement with other Mobile Network Operators for network services. The company currently operates solely within a long term telecommunication service agreement for the network services. The company does not have any dependency on voice or non-voice services from the Mobile Network Operator which it provides to its customers itself. This overall operational risk is mitigated by ensuring that the term on the network service agreement is extended to a duration exceeding 12 months wherever possible.

Financial Risk

The area of most significant financial risk is the on-going reduction of mobile termination revenue ("MTR") rates. MTR overall is on a downward glide-path and is phasing out completely worldwide in the mobile telecom's industry as a result of regulatory action. This has had an impact on the company and implies a loss of MTR revenue in the future. This overall decline in MTR rates is not specific to Lycamobile, and affects telecom companies across the world. However, to mitigate this potential loss of future revenue, termination costs of outgoing calls will reduce which will partly offset the revenue decline. The overall effect of this MTR decline is not regarded as significant to the company which, as with other telecom companies, will be seeking to replace the loss of revenue from alternative sources, for example data services.

In addition, the company has undertaken a risk assessment within the non-trading areas of the business, which could have a material effect on the performance of the business. These are classified under financial risk, categorised into foreign exchange risk, credit risk and liquidity risk.

LYCAMOBILE BELGIUM LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Foreign Exchange Risk

The company's sales continue to be made in Euros. The company has certain balances due to or from related parties in other currencies, (primarily British Pounds Sterling), and the company is therefore exposed to currency movements. As a matter of policy, the company chooses not to currently use financial derivatives or currency hedging to manage its exposure.

Credit Risk

The company's principal financial assets are bank balances and receivables. The company's credit risk is primarily attributable to its related party receivables. The credit risk on bank balances is considered limited because the counterparties are banks with high credit ratings. The company has a significant concentration of credit risk as a result of significant balances due to and from related parties.

Liquidity Risk

The company's policy on liquidity risk is to ensure that sufficient cash is available to fund on-going operations, which is supported by related party balances.

Environmental matters

The company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The company has complied with all applicable legislation and regulations.

Key performance indicators

The Company considers the following as being its key performance indicators:

	2022	2021
	€	€
Turnover	59,914,152	75,704,506
Gross Margin %	38	50
Total operating profit/(loss) after tax	7,960,527	(9,696,070)
Shareholder deficit	(4,552,766)	(12,513,293)

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors and secretary

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Vilius Danila	
Christopher Tooley	(Resigned 22 December 2023)
David Sherman	(Appointed 22 December 2023)

Directors' and secretary's interests

The directors' and secretary's interests in the shares of the company were as stated below:

	Ordinary shares of €1 each	
	1 January 2022	31 December 2022
Vilius Danila	-	-
Christopher Tooley	4	4
David Sherman	-	-

LYCAMOBILE BELGIUM LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Accounting records

The company's directors acknowledge their responsibilities under sections 281 to 285 of the Companies Act 2014 to ensure that the company keeps adequate accounting records. The following measures have been taken:

- the implementation of appropriate policies and procedures for recording transactions;
- the employment of competent accounting personnel with appropriate expertise;
- the provision of sufficient company resources for this purpose;
- liaison with the company's external professional advisers.

The accounting records are held at the company's registered office, Unit C4, Block C Centre Point Business Park Oak Road Dublin 12 Co. Dublin Ireland D12 YC89.

Post reporting date events

In January 2023, Lycamobile Belgium Limited (LMB) incorporated subsidiary of Lycamobile Belgium BV (LM BV) in Belgium and LM BV secured new MVNO agreement with Telnet.

From February 2023, Lycamobile Belgium Limited is now a holding company and its subsidiary Lycamobile Belgium BV trades within the Belgian market as usual.

Auditor

UHY Farrelly Dawe White Limited were appointed as the company's auditor and in accordance with section 383(2) of the Companies Act 2014, continue in office as auditor of the company.

Directors' compliance policy statement

We, the directors of the company who held office at the date of approval of these financial statements, are responsible for securing the company's compliance with its relevant obligations.

We confirm that the following matters have been done to fulfil the responsibilities set out in section 225(2) of the Companies Act 2014:

- drawing up of a 'compliance policy statement' setting out the company's policies that in our opinion are appropriate to the company, respecting compliance by the company with its relevant obligations;
- putting in place appropriate arrangements or structures that in our opinion are designed to secure material compliance with the company's relevant obligations; and
- conducting a review during the financial year of any arrangements or structures that have been put in place.

Audit committee statement

The company, although meeting the requirements, has not established an audit committee under section 167 of the Companies Act 2014. The reasons why being that while the establishment of the audit committee provides a degree of independence and investigation into the company's financial reporting, it is still ultimately the responsibility of the board of directors to ensure the integrity of the financial statements and the directors are satisfied that they fulfil what would be the responsibilities of an audit committee through the monitoring of:

- the company's financial reporting process,
- the effectiveness of the company's systems of internal control and risk management;
- the company's statutory audit and statutory financial statements, and
- reviewing the independence of the statutory auditor.

LYCAMOBILE BELGIUM LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of disclosure to auditor

Each of the directors in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 330 of the Companies Act 2014.

On behalf of the board

.....

Vilius Danila
Director

.....

David Sherman
Director

Date:

LYCAMOBILE BELGIUM LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable Irish law and regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Companies Act 2014 and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Generally accepted Accounting Practice in Ireland) issued by the Financial Reporting Council. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for that financial year and otherwise comply with the Companies Act 2014.

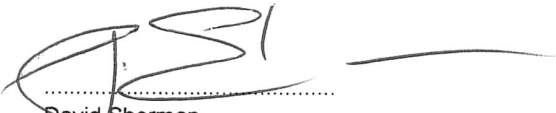
In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board


.....
Viljus Danila
Director


.....
David Sherman
Director

Date: 29-09-2025

LYCAMOBILE BELGIUM LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LYCAMOBILE BELGIUM LIMITED

Disclaimer of opinion

We were engaged to audit the financial statements of Lycamobile Belgium Limited ('the company') for the year ended 31 December 2022, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* issued in the United Kingdom by the Financial Reporting Council.

Basis for disclaimer of opinion

The audit evidence available to us to confirm the appropriateness of preparing the financial statements on the going concern basis, which the directors explain in note 1.2 to the financial statements, was limited. This is due to the Company continuing to rely upon financial support from its related parties, as described in note 1.2, and whilst there is oversight of trading forecasts and liquid resources there is insufficient information available for the aggregate possible need for financial support for that network of related parties.

Accordingly, from a going concern perspective, we were unable to obtain sufficient, appropriate audit evidence as to the ability of the Company to access financial support from its related parties should that need arise.

Included within debtors (note 10 to these financial statements) and creditors (note 11 to these financial statements) as at 31 December 2022 are amounts of €77,276,286 owed by related parties and amounts of €62,076,236 owed to related parties for which the audit evidence available to us was limited because of the complex nature of the related party structure the Company operates within. Owing to the nature of the Company's and the various counterparties financial information and records, we were unable to obtain sufficient, appropriate audit evidence regarding the measurement, disclosure, completeness, and recoverability of related party balances and transactions for the year.

On the basis that the above matters represent a significant proportion of the financial statements, and further that they individually and collectively represent a material and pervasive issue, we were unable to express an opinion on the financial statements of the Company.

Other information

The directors are responsible for the other information in the annual report. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

LYCAMOBILE BELGIUM LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LYCAMOBILE BELGIUM LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2014

Because of the significance of the matters described in the basis for disclaimer of opinion on financial statements section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit:

- the information given in the Directors' Report is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Arising from the limitation of our work referred to above, we have not obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited, and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of any of sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions, are not complied with by the company. We have nothing to report in this regard.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, if applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the company's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the company's financial statements is located on the IAASA's website at: <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/>. This description forms part of our auditor's report.

LYCAMOBILE BELGIUM LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LYCAMOBILE BELGIUM LIMITED (CONTINUED)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Bellew

For and on behalf of UHY Farrelly Dawe White Limited

Chartered Certified Accountants

Statutory Auditor

FDW House
Blackthorn Business Park
Coes Road
Dundalk
Co. Louth
Ireland

Date: 29/9/2025

LYCAMOBILE BELGIUM LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 €	2021 €
Turnover	3	59,914,152	75,704,506
Cost of sales		(36,899,830)	(37,575,584)
Gross profit		23,014,322	38,128,922
Administrative expenses		(11,969,895)	(44,343,524)
Profit/(loss) before taxation		11,044,427	(6,214,602)
Tax on profit/(loss)	7	(3,083,900)	(3,481,468)
Profit/(loss) for the financial year		<u>7,960,527</u>	<u>(9,696,070)</u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

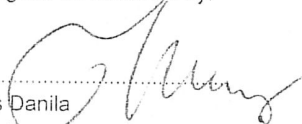
LYCAMOBILE BELGIUM LIMITED

BALANCE SHEET

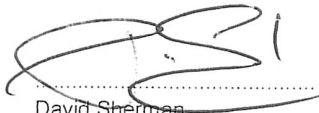
AS AT 31 DECEMBER 2022

	Notes	2022		2021	
		€	€	€	€
Current assets					
Debtors	10	64,091,915		51,726,328	
Cash at bank and in hand		736		341	
		<u>64,092,651</u>		<u>51,726,669</u>	
Creditors: amounts falling due within one year	11	<u>(83,845,467)</u>		<u>(64,239,962)</u>	
Net current liabilities			<u>(19,752,816)</u>		<u>(12,513,293)</u>
Capital and reserves					
Called up share capital presented as equity			400		400
Profit and loss reserves	12		<u>(19,753,216)</u>		<u>(12,513,693)</u>
Total equity			<u>(19,752,816)</u>		<u>(12,513,293)</u>

The financial statements were approved by the board of directors and authorised for issue on 29-09-2023 and are signed on its behalf by:



 Vilius Danila
 Director



 David Sherman
 Director

LYCAMOBILE BELGIUM LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Profit and loss reserves	Total
	€	€	€
Balance at 1 January 2021	400	(2,817,623)	(2,817,223)
Year ended 31 December 2021:			
Loss and total comprehensive income	-	(9,696,070)	(9,696,070)
Balance at 31 December 2021	400	(12,513,693)	(12,513,293)
Year ended 31 December 2022:			
Profit and total comprehensive income	-	7,960,527	7,960,527
Balance at 31 December 2022	400	(4,553,166)	(4,552,766)

LYCAMOBILE BELGIUM LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 €	€	2021 €	€
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	16		395	(10,873)	
			<hr/>	<hr/>	
Net increase/(decrease) in cash and cash equivalents			395	(10,873)	
Cash and cash equivalents at beginning of year			341	11,214	
			<hr/>	<hr/>	
Cash and cash equivalents at end of year			<u>736</u>	<u>341</u>	

LYCAMOBILE BELGIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Lycamobile Belgium Limited is a limited company domiciled and incorporated in Ireland. The registered office is Unit C4, Block C, Centre Point Business Park, Oak Road, Dublin 12, Co. Dublin, Ireland, D12 YC89 and its company registration number is 455591.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2014.

The financial statements are prepared in euros, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest €.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements have been prepared on the going concern basis. The directors believe the company will be able to meet its obligations as they fall due for the foreseeable future.

The company has reported a profit for year of €7,960,527 (31 December 2021 loss: €9,696,070) and as of 31 December 2022 the Company had net current liabilities of €4,552,766 (31 December 2021: Net current liabilities of €12,513,293). In order to meet its day to day working capital requirements the company is reliant on the continued support from its related parties and of its ultimate controlling shareholder.

Mr A. Subaskaran, being the ultimate controlling party, founder and global chairman of the Lycamobile Group has provided confirmation that it his intention to continue provide support to the company for a period of at least 12 months from the date of approval of these financial statements.

The Company trades with other affiliated and related party companies and the Company, its affiliates and related parties are included within an operating model that ensures revenue and profits are economically allocated to the Company which has earned them. As such the Company has substantial trading transactions with other related party companies and there are significant amounts due to or from those parties that are repayable on demand. As a consequence of this, the operating model exposes each company to cash needs as well as operational risks of those affiliated and related companies. Within a number of those companies, there are net liabilities as well as net assets, elements of litigation with external parties and tax authority challenges and risks associated with local legislation interpretations. These factors could result in potential liabilities and a drain in cash resources across the operating model and the companies which are part of it. Accordingly, the timing and amount of cash available to the Company to meet its liabilities as they fall due may be affected by the uncertain future working capital needs of those parties.

LYCAMOBILE BELGIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Trading forecasts for the Company, Lyca affiliated companies and related party companies, have been prepared on an aggregate basis. The forecast takes account of the market conditions and risk factors faced by all entities involved in the model. This forecast shows the group of affiliated and related companies, being profit generating for the period to 31 December 2025 and that they have the ability to meet future resourcing requirements and settle related party debts as they fall due, within this group. Whilst those forecasts show a headroom over cash requirements, it is observed that the operational risks of the wider Lyca affiliated and related party companies could give rise to additional liabilities and a need for additional cash resources for certain companies.

On the basis of the trading forecasts of the group and those of related companies and the long term support as provided by affiliated and related companies and that of the ultimate controlling party, the directors are confident that the company will have adequate working capital resources to continue in operational existence for the foreseeable future and for those reasons they continue to adopt the going concern basis of accounting in preparing these financial statements. The financial statements do not include any adjustments that would be necessary were the going concern basis to be inappropriate.

1.3 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably;
- and
- the costs incurred and the costs to complete the contract can be measured reliably.

The Company adopts the following specific policies in relation to the recognition of revenue:

Mobile Service Revenue

This includes national and international airtime, data and roaming services provided to the end user.

Identifying the fair value of each element of the deliverable is achieved by assessing the tariffs at which the service or deliverable is normally sold on an individual basis after the deduction of any relevant offers, discounts or promotions.

Where it is too uncertain to clearly determine the fair value of the underlying elements of the revenue bundle, past customer experience of usage will be used to estimate the fair value of the bundle elements to allow the determination of the revenue to be recognised.

Mobile termination revenue (MTR)

Mobile termination revenue is recognised when the calls are terminated to Lycamobile through an interconnect partner.

Revenue for support services

Revenue from the supply of mobile shipment support services to related parties is recognize when the service is provided.

Deferred revenue

Deferred revenue (or deferred income) is a liability, such as cash received from a counterpart for services which are to be provided in a later accounting period, when such income item is earned, the related revenue item is recognised, and the deferred revenue is reduced.

LYCAMOBILE BELGIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Accrued Revenue

Estimation is required by Management to determine the value of accrued revenue and accrued content cost liability which is based on the content delivery to its customers. Due to the timing of confirmation of delivery of content to its customers from the service providers, management estimation is applied to determine the level of accrued revenue and accrued content liability to be recognised within the financial statements until confirmation is received. Management are required to utilise their professional judgment, business experience and knowledge in determining these amounts.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computers	25% straight line
-----------	-------------------

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

LYCAMOBILE BELGIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

LYCAMOBILE BELGIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

LYCAMOBILE BELGIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover

	2022	2021
	€	€
Turnover analysed by class of business		
Sale of international phone minutes	59,914,152	75,704,506

	2022	2021
	€	€
Turnover analysed by geographical market		
Belgium	59,914,152	75,704,506

4 Operating profit/(loss)

	2022	2021
	€	€
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(1,657,959)	1,461,192

5 Auditor's remuneration

	2022	2021
	€	€
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	42,700	14,000

6 Employees

The company had no employees other than the directors, who did not receive any remuneration (2021 - €Nil). The company has outsourced all of its administrative and support services to other related parties.

7 Taxation

	2022	2021
	€	€
Current tax		
Corporation tax on profits for the current period	3,083,900	3,481,468

LYCAMOBILE BELGIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

7 Taxation (Continued)

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2022 €	2021 €
Profit/(loss) before taxation	11,044,427	(6,214,602)
Expected tax charge/(credit) based on the standard rate of corporation tax of 12.50% (2021: 012.5%)	1,380,553	(776,825)
Tax effect of expenses that are not deductible in determining taxable profit	1,639,862	3,790,648
Adjustments in respect of prior years	-	404,160
Surcharge for late submission	63,485	63,485
Taxation charge for the year	3,083,900	3,481,468

8 Tangible fixed assets

	Computers €
Cost	
At 1 January 2022 and 31 December 2022	195,817
Depreciation and impairment	
At 1 January 2022 and 31 December 2022	195,817
Carrying amount	
At 31 December 2022	-
At 31 December 2021	-

9 Financial assets

	2022 €	2021 €
Investments in subsidiary companies	-	-

LYCAMOBILE BELGIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

9 Financial assets (Continued)

Movements in fixed asset investments

	Investments €
Cost or valuation	
At 1 January 2022 & 31 December 2022	1,783,572
Impairment	
At 1 January 2022 & 31 December 2022	1,783,572
Carrying amount	
At 31 December 2022	-
At 31 December 2021	-

In February 2017 Lycamobile Belgium Limited purchased 100% of the shares of Ortel Mobile NV (Ortel) a company incorporated in Belgium from Telenet Group BVBA for €1.78m. At the same time, Lycamobile Belgium Limited entered into a commitment with Telenet Group BVBA for the procurement of airtime. Following the acquisition, Ortel transferred its service trading activities relevant to Belgium to Lycamobile Europe Limited. Ortel ceased trading following the transfer of its trading activities and cessation of procurement of airtime from Telenet Group BVBA.

The directors have fully impaired the carrying value of its investment in Ortel Mobile NV, with an impairment of €1.78m recognised during the year of purchase.

10 Debtors

	2022 €	2021 €
Amounts falling due within one year:		
Amounts owed by group undertakings	77,276,286	46,173,546
Other debtors	2,015,679	5,552,782
	79,291,965	51,726,328

11 Creditors: amounts falling due within one year

	2022 €	2021 €
Trade creditors	1,111,742	1,583,243
Amounts owed to group undertakings	62,076,236	46,173,546
Corporation tax	13,463,174	10,379,274
Accruals	7,194,315	6,103,899
	83,845,467	64,239,962

LYCAMOBILE BELGIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

12 Profit and loss reserves

	2022	2021
	€	€
At the beginning of the year	(12,513,693)	(2,817,623)
Profit/(loss) for the year	7,960,527	(9,696,070)
At the end of the year	<u>(4,553,166)</u>	<u>(12,513,693)</u>

13 Contingent liabilities

The company may be from time to time, involved in a number of legal proceedings, including inquiries from or discussions with governmental authorities, that are incidental to their operations. However the directors have considered and concluded that the company is not currently involved in any legal or arbitration proceedings (including any governmental proceedings which are pending or known to be contemplated) which may have, or have had in the 12 months preceding the date of this report, a significant effect on the financial position or profitability of the company or the company's ability to continue to operate in the normal course of business for the foreseeable future (being 12 months from the date of approval of the financial statements).

14 Related party transactions

The following amounts were outstanding at the reporting end date:

	2022	2021
	€	€
Amounts due to related parties		
Lycatel Ireland Limited	23,866	23,866
Lycatel Services Limited	2,149,308	1,876
Gnanam Telecom Centres SPRL	43,127	2,525,562
Lycamobile SPRL	57,180,062	41,347,087
Lycatel BPO Limited	169,333	178,677
Ortel	2,094,894	2,095,832
One Stop Sim Lda	646	646
Lyca Finance Limited	415,000	-
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	2022	2021
	€	€
Amounts due from related parties		
Lycatelcom LDA	77,272,757	46,173,546
Ortel Mobile NV	3,529	-
	<u> </u>	<u> </u>

Lycatelcom LDA, Ortel Mobile NV, Lycatel Ireland Limited, Lycatel Services Limited, Gnanam Telecom Centres SPRL, Lycamobile SPRL, Lycatel BPO Limited, Ortel, One Stop Sim Lda and Lyca Finance Limited are considered related parties to the company by way of common ownership.

LYCAMOBILE BELGIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

15 Parent company

The company deems Salinasco Holdings Limited, a company registered in Cyprus, the parent company as it owns 98% of the shares in Lycamobile Belgium Limited.

Ultimate controlling party

The company considers Mr. A Subaskaran to be the ultimate controlling party of the company arising from his holding of 90% of the ordinary share capital in Salinasco Holdings Limited.

16 Cash generated from/(absorbed by) operations

	2022 €	2021 €
Profit/(loss) for the year after tax	7,960,527	(9,696,070)
Adjustments for:		
Taxation charged	3,083,900	3,481,468
Movements in working capital:		
Increase in debtors	(27,565,637)	(26,991,905)
Increase in creditors	16,521,605	33,195,634
Cash generated from/(absorbed by) operations	<u>395</u>	<u>(10,873)</u>

17 Analysis of changes in net funds

	1 January 2022 €	Cash flows €	31 December 2022 €
Cash at bank and in hand	<u>341</u>	<u>395</u>	<u>736</u>

18 Approval of financial statements

The directors approved the financial statements on