



SUDATEL TELECOMMUNICATIONS GROUP CO. LTD
CONSOLIDATED
FINANCIAL STATEMENTS
31 DEC 2025



MEMBER OF **HLB INTERNATIONAL**
THE GLOBAL ADVISORY AND ACCOUNTING NETWORK



National Audit Chamber of Sudan

Independent Auditor's Report To the Shareholders of the Sudatel Telecom Group Limited Report on the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Sudatel Telecom Group Limited (The “Company”) and its subsidiaries (together the “Group”), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

As disclosed in Note 2.3 to the consolidated financial statements, the Group’s operations in the Republic of Sudan, primarily in and around the regions of Khartoum, Darfour and Kordofan, have been significantly affected by the armed conflict that commenced in April 2023. As a consequence of the ongoing hostilities, certain operational sites have sustained damage, and the Group’s ability to access certain facilities and locations has remained restricted since the outbreak of the conflict. The management of the Group has been continuously monitoring the situation and has established internal processes to identify and document war-related damages / losses, including the retention of photographic evidence and internal damage assessment reports, reviewed and approved by the Group’s War Damage Assessment Committee, which has resulted in recognition of cumulative war losses and impairments of USD 38.890 million in the consolidated financial statements for the years 2023 to 2025 (including USD 3.114 million in 2025, USD 9.590 million in 2024, and USD 26.186 million in 2023) relating to damages sustained to Property, Plant and Equipment and Inventories located in the Republic of Sudan.

Due to the circumstances described above and the ongoing restrictions on physical access to certain locations in Sudan, we were unable to perform physical verification procedures to reasonable extent or alternative audit procedures to obtain sufficient appropriate audit evidence regarding the existence, condition, and completeness of Property, Plant and Equipment and Inventories located in the war affected areas of Sudan and the related impairment losses recognized by management in accordance with IAS 16 Property, Plant and Equipment, IAS 2 Inventories, and IAS 36 Impairment of Assets. Consequently, we were unable to determine whether any adjustments might have been necessary in respect of Property, Plant and Equipment or Inventories, and the related elements of the consolidated statement of profit or loss, consolidated statement of financial position, and consolidated statement of cash flows for the year ended December 31, 2025.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion, except for the possible effects of the matters described above.



MEMBER OF **HLB INTERNATIONAL**
THE GLOBAL ADVISORY AND ACCOUNTING NETWORK



National Audit Chamber of Sudan

Independent Auditor's Report To the Shareholders of the Sudatel Telecom Group Limited Basis of Qualified Opinion (continued)

Emphasis of Matters

We draw attention to the following matters disclosed in the consolidated financial statements. Our opinion is not modified in respect of these matters.

a) Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the consolidated financial statements, which indicates that the Group reported a net profit of **USD 117.535 million for the year ended December 31 2025** (2024: USD 18.252 million). As at that date, the Group's **current liabilities exceeded its current assets by USD 191.660 million** (2024: Re-Styled USD 224.984 million).

These conditions, along with other matters described in the note, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a Going Concern basis, which assumes that the Group will continue to realize its assets and discharge its liabilities in the normal course of business. The appropriateness of this assumption depends on the Group's ability to generate sufficient cash flows and secure adequate financing to meet its obligations as they fall due.

b) Economic Conditions in Sudan and Non-application of IAS 29

We draw attention to Note 2.2.1 to the consolidated financial statements, which describe the economic environment in the Republic of Sudan, where the Group maintains operations. Sudan has experienced prolonged economic instability, including significant currency devaluation and inflationary pressures in recent years. In February 2021, the Central Bank of Sudan floated the Sudanese Pound (SDG), leading to significant depreciation against the United States Dollar.

Management and the Board of Directors evaluated whether the economy of Sudan should be considered hyperinflationary for IAS 29 – Financial Reporting in Hyperinflationary Economies. Based on their assessment, management concluded that the application of IAS 29 to the Group's Sudan operations would not result in financial statements that faithfully represent the financial position and performance of those operations, primarily because:

- i. The Government of Sudan has not formally declared the economy to be hyperinflationary, and
- ii. Official general price indices or consumer price indices required for reliable restatement under IAS 29 have not been consistently available.

Accordingly, the Group has not restated the financial statements of its Sudan operations in accordance with IAS 29 for the year ended December 31 2025.

Management has disclosed that, had the financial statements of the Sudan operations been restated in accordance with IAS 29 using applicable official consumer price indices, the Group's net assets would have increased by approximately USD 208.601 million as at December 31 2025 (2024: USD 1,171.240 million) and the Group's profit after tax for the year ended December 31 2025 would have decreased by approximately USD 484.067 million (2024: USD 183.516 million).

Independent Auditor's Report To the Shareholders of the Sudatel Telecom Group Limited Emphasis of Matters (continued)

c) Restatement of Prior-Year Financial Statements

We draw attention to Note 2.4 to the consolidated financial statements, which explains that the Group has restated its prior-year financial statements to correct certain prior-period errors and omissions, in accordance with the requirements of IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. These errors and omissions relate to the operations of the Group in Mauritania, West Africa.

The comparative amounts presented in the consolidated financial statements have been retrospectively restated to reflect these corrections.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year ended December 31 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a) Revenue Recognition

Why was the matter considered significant

Revenue recognition was considered a key audit matter due to the complexity of the Group's telecommunications billing systems and the high volume of transactions processed through multiple information technology systems. The Group generates revenue from a wide range of telecommunications services involving multiple products, tariffs, promotional offers, and pricing structures.

The application of IFRS 15 – Revenue from Contracts with Customers requires management to exercise judgment in identifying performance obligations within customer contracts, determining standalone selling prices, and allocating transaction prices to those obligations.

The accounting policy relating to revenue recognition is disclosed in Note 2.6(d) to the consolidated financial statements.

How the audit addressed the matter

Our audit procedures included obtaining an understanding of the Group's revenue recognition processes, including the design and operation of the telecommunications billing systems and related IT environment. We evaluated the design and implementation of key internal controls over revenue recognition, including controls relating to tariff configuration, billing accuracy, and system change management, and tested the operating effectiveness of selected key controls.

With the involvement of our IT audit specialists, we performed procedures over the relevant billing systems, including reviewing system access controls and change management procedures. We also tested reconciliations between the billing systems and the general ledger, performed substantive analytical procedures, and conducted detailed testing of revenue transactions. In addition, we assessed management's judgments relating to the identification of performance obligations and the determination of standalone selling prices under IFRS 15.



MEMBER OF HLB INTERNATIONAL
THE GLOBAL ADVISORY AND ACCOUNTING NETWORK



National Audit Chamber of Sudan

Independent Auditor's Report To the Shareholders of the Sudatel Telecom Group Limited Key Audit Matters (continued)

b) Property, Plant and Equipment

Why was the matter considered significant

The Group's telecommunications operations require significant investment in infrastructure, including telecom network equipment, transmission systems, land and buildings. During the year, the Group completed network expansion projects relating to 3G and LTE infrastructure, resulting in material additions to Property, Plant and Equipment.

In addition, the ongoing armed conflict in Sudan since April 2023 has resulted in damage to certain network infrastructure assets, leading management to recognize impairment losses.

How the audit addressed the matter

Our audit procedures included evaluating the design and implementation of controls over the recognition and capitalization of property, plant, and equipment. We reconciled the Network Operations Centre (NOC) live site reports with the Group's property, plant, and equipment register to assess the completeness of capitalized network infrastructure. We tested a sample of capital additions to supporting documentation, including vendor invoices, contracts, and project completion reports.

We also re-performed depreciation calculations for selected assets to assess the accuracy of depreciation expense recognized during the year. For certain tangible assets other than network equipment, we performed sample-based physical verification procedures. In addition, we evaluated management's assessment of damages and related impairment losses arising from the conflict in Sudan by reviewing available reports and supporting documentation.

However, as described in the Basis for Qualified Opinion section of our report, due to restrictions on physical access to certain locations in Sudan, we were unable to obtain sufficient appropriate audit evidence regarding the completeness and accuracy of certain damages and losses recognized in respect of property, plant, and equipment and inventory.

c) Trade Receivables – Interconnect International Partners

Why was the matter considered significant

The Group's Sudan operations have material balances relating to trade receivables from international interconnect partners. These balances include amounts that have been outstanding for extended periods with limited settlement activity. The assessment of impairment for these balances requires management judgment in determining expected credit losses in accordance with IFRS 9 – Financial Instruments.



MEMBER OF HLB INTERNATIONAL
THE GLOBAL ADVISORY AND ACCOUNTING NETWORK



National Audit Chamber of Sudan

Independent Auditor's Report To the Shareholders of the Sudatel Telecom Group Limited Key Audit Matters (continued)

How the audit addressed the matter

Our audit procedures included evaluating the design and implementation of controls for monitoring and collecting interconnect receivables. We reviewed the ageing analysis of receivables from international interconnect partners and assessed management's methodology and assumptions used in estimating expected credit losses under IFRS 9.

We examined supporting documentation for claims and settlement discussions with counterparties, and assessed historical collection patterns and, where available, subsequent settlements. We also evaluated whether the allowance for expected credit losses recorded by management appropriately reflected the recoverability of these balances.

d) Unclaimed Dividends Payable

Why was the matter considered significant

The Group has material outstanding unclaimed dividend liability to its shareholders, for shares traded on Khartoum Stock Exchange and Abu Dhabi Stock Exchange. The dividend payable for shares listed on Khartoum Stock Exchange are paid once dividend is claimed by the shareholder from the Group, following the standard dividend payment process. The dividend payable for shares listed on Abu Dhabi Stock Exchange are disbursed through Abu Dhabi Stock Exchange, based on applicable shareholding of individual shareholders at the time of disbursement of dividend.

How the audit addressed the matter

Our audit procedures included review of the shareholder register of the Group along with allocation of dividend declared during years and recording of payment to shareholders. Due to current war situation in Sudan, the Khartoum Stock Exchange is not operational, hence the Group has received very limited dividend related claims from related shareholders, which has resulted in accumulation of unclaimed dividends payable to shareholders of Khartoum Stock Exchange. We reviewed the shareholder register and ledger of unclaimed dividends and verified the payments of dividends paid to the shareholders of Khartoum Stock Exchange and payments to Abu Dhabi Stock Exchange during the year

Independent Auditor's Report To the Shareholders of the Sudatel Telecom Group Limited Key Audit Matters (continued)

e) Loans and Borrowings – China Development Bank (CDB)

Why was the matter considered significant

The Group has a material long-term loan facility with China Development Bank (CDB) and has been in default under the loan agreement since November 2017 due to non-payment of principal and interest.

During the year, the Group entered into an arrangement with the sovereign guarantor of the loan to repay approximately EUR 228 million (equivalent to USD 269 million) in monthly installments spread over five years. However, as of the date of this report, this arrangement has not been formally acknowledged / agreed by CDB.

Due to the complexity of the arrangement and the judgment required in determining the accounting treatment and classification of the liability, this matter was considered a key audit matter.

How the audit addressed the matter

Our audit procedures included reviewing the loan agreements and related contractual documentation between the Group and China Development Bank. We examined correspondence between the Group, CDB, and the sovereign guarantor regarding the restructuring arrangements and repayment terms.

We assessed management's accounting treatment of the loan, including the classification between current and non-current liabilities. We also recalculated finance costs and foreign exchange revaluation adjustments recognized during the year and evaluated the adequacy of related disclosures in the consolidated financial statements.

Other Information

Other information includes the information included in the Group's 2025 annual report, other than the consolidated financial statements and our Audit report. Management is responsible for the other information in its annual report. When we read the annual report, if we conclude that there is a material misstatement, we are required to report that fact.

Our opinion on the consolidated financial statements does not cover the other information, and we do not and will not express any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



MEMBER OF **HLB INTERNATIONAL**
THE GLOBAL ADVISORY AND ACCOUNTING NETWORK



National Audit Chamber of Sudan

Independent Auditor's Report To the Shareholders of the Sudatel Telecom Group Limited (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 it is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements may 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 based on these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- i. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- ii. Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**Independent Auditor's Report
To the Shareholders of the Sudatel Telecom Group Limited
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
(continued)**

- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and assess whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with IFRS Accounting Standards.
- vi. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit, including determining the nature, timing, and extent of work to be performed on the financial information of components included in the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, related safeguards.

Based on matters communicated with those charged with governance, we determine which were most significant in the audit of the consolidated financial statements for the current period and are therefore key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Hisham Ali Mohamed Taher
Engagement Partner
HLB HAMT Chartered Accountants
United Arab Emirates, Dubai
Date: April 23, 2026



Mohamed Elhafiz Nasr Mohamed (FCCA)
Deputy Auditor General
Republic of the Sudan
Date: April 23, 2026

SUDATEL TELECOM GROUP LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December



	Notes	2025 USD	2024 USD
Continuing operation			
Operating revenues		452,475,244	381,688,228
Operating expenses		(194,301,719)	(194,607,147)
Gross profit		258,173,525	187,081,081
Profit from investments and deposits	22	54,247	96,774
Other operating loss	23	(21,292,704)	(58,845,098)
Marketing and selling expenses	24	(8,758,924)	(6,936,802)
General and administrative expenses	25	(69,733,416)	(55,716,857)
Operating profit		158,442,728	65,679,098
Share of profit/(loss) of associates and joint ventures	7	2,343,310	(37,639)
Finance cost	18	(6,984,029)	(16,347,341)
Profit before tax from continuing operations		153,802,009	49,294,118
Zakat	19	(6,489,183)	(2,350,580)
Taxation	20	(29,777,823)	(28,691,549)
Profit after tax from continuing operations		117,535,003	18,251,989
Profit after tax for the year from discontinued operations	26	-	-
Profit for the year		117,535,003	18,251,989
Attributable to:			
Equity holders of the parent		117,932,476	18,653,233
Non-controlling interests		(397,473)	(401,244)
		117,535,003	18,251,989
Earnings per share			
Basic and diluted EPS for the period attributable to the ordinary equity holders of the Group		0.0846	0.0131

The annexed notes from 1 to 34 form integral part of these financial statements

Ibrahim Gabir Ibrahim Karima

Chairman

Dr. Taha Eltaib Ahmed

Board Member

Eng. Magdi Mohammed Abdallah Taha

President/CEO





SUDATEL TELECOM GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December




	2025	2024
	USD	USD
Profit for the year	117,535,003	18,251,989
Other comprehensive loss:		
Exchange differences on translation of foreign operations	(85,183,256)	(272,163,495)
Net other comprehensive profit/(loss) to be reclassified to profit or loss in subsequent periods	(85,183,256)	(272,163,495)
Re-measurement losses on employees' end of service benefits	(2,773,991)	336,542
Revaluation of property, plant and equipment and intangible assets	640,783,892	-
Reversal of revaluation surplus due to impairment	(1,296,707)	-
Net impact on revaluation reserve	639,487,185	-
Net other comprehensive profit not to be reclassified to profit or loss in subsequent year	636,713,194	336,542
Other comprehensive profit/(loss) for the year, net of tax	551,529,938	(271,826,953)
Total comprehensive profit/(loss) for the year, net of tax	669,064,941	(253,574,964)
Attributable to:		
Equity holders of the parent	669,228,204	(253,295,195)
Non-controlling interests	(163,263)	(279,769)
	669,064,941	(253,574,964)

The annexed notes from 1 to 34 form integral part of these financial statements

Ibrahim Gabir Ibrahim Karima  Chairman

Dr. Taha Eltaib Ahmed  Board Member

Eng. Magdi Mohammed Abdallah Taha  President/CEO



SUDATEL TELECOM GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December



	Notes	2025 USD	2024 Re-Styled USD
Asset			
Non-current assets			
Property, plant and equipment	5	976,153,527	431,793,585
Intangible assets	6	223,830,811	135,604,569
Investments in associates and joint ventures	7	3,882,444	8,596,523
Other financial assets	8	47,670	58,088
Deferred tax asset	9	5,496,317	-
		<u>1,209,410,769</u>	<u>576,052,765</u>
Current assets			
Inventories	10	4,088,732	5,124,314
Trade and other receivables	11	128,769,993	139,081,320
Term deposits	12	30,186	37,330
Cash and bank balances	13	47,526,394	29,579,875
Assets classified as held for sale	26	6,581,128	6,713,619
		<u>186,996,433</u>	<u>180,536,458</u>
Total assets		<u>1,396,407,202</u>	<u>756,589,223</u>
Equity and liabilities			
Equity			
Share capital	14.1	1,388,691,077	1,388,691,077
Share premium		9,705,242	9,705,242
General reserve	14.2	74,673,448	74,673,448
Foreign currency translation reserve	14.3	(2,637,244,658)	(2,552,061,402)
Revaluation reserve	14.4	1,748,829,196	1,109,342,011
Actuarial loss		(30,288,933)	(27,514,942)
Retained earnings		232,956,427	123,023,951
Other components of equity		3,387	3,387
Equity attributable to equity holders of the parent		<u>787,325,187</u>	<u>125,862,772</u>
Non-controlling interests		(21,299,046)	(21,135,783)
Total equity		<u>766,026,141</u>	<u>104,726,989</u>
Non-current liabilities			
Loans and borrowings	15	226,495,255	183,019,788
Employees' end of service benefits	21	5,130,002	2,858,457
Deferred revenue	17	6,028,982	6,875,618
Non-current portion of trade payables and accruals	16	14,070,439	53,588,322
		<u>251,724,678</u>	<u>246,342,185</u>
Current liabilities			
Trade payables and accruals	16	210,527,693	248,171,944
Deferred revenue	17	12,784,640	17,847,462
Employees' end of service benefits	21	204,859	149,918
Zakat payable	19	5,341,461	4,152,794
Taxation payable	20	35,780,886	24,637,816
Finance costs payable	18	5,093,493	83,059,329
Loans and borrowings	15	90,270,017	8,471,925
Liabilities classified as held for sale	26	18,653,334	19,028,861
		<u>378,656,383</u>	<u>405,520,049</u>
Total liabilities		<u>630,381,061</u>	<u>651,862,234</u>
Total equity and liabilities		<u>1,396,407,202</u>	<u>756,589,223</u>

The annexed notes from 1 to 34 form integral part of these financial statements

Ibrahim Gabir Ibrahim Karima

Chairman

Dr. Taha Eltaib Ahmed

Board Member

Eng. Magdi Mohammed Abdallah Taha

President/CEO



SUDATEL TELECOM GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December



	Notes	2025 USD	2024 Re-Styled USD
Operating activities:			
Profit after tax from continuing operations		117,535,003	18,251,989
Profit after tax for the year from discontinued operations		-	-
Profit for the year		117,535,003	18,251,989
Adjustments to reconcile net profit to net cash flows:			
Depreciation	5	40,674,488	46,864,885
Amortization	6	17,541,303	18,483,392
Employees' end of service benefits provision	21	353,383	461,086
Provision for wartime damaged/lost assets	23	2,591,989	9,589,870
Profit from deposits and investments	22	(54,247)	(96,774)
Share of loss of associates and joint ventures	7	(2,343,310)	37,639
Finance cost	18	6,984,029	16,347,341
Provision for zakat	19	6,489,183	2,350,580
Provision for taxation	20	29,777,823	28,691,549
Deferred tax asset	9	(5,496,317)	-
Working capital adjustments:			
Decrease in inventories		1,035,582	3,876,462
Decrease in trade and other receivables		10,311,327	3,038,642
(Decrease) in trade payables and accruals		(89,772,130)	(42,761,720)
End of service benefits paid	21	(68,364)	(676,676)
Finance cost paid	18	(89,225)	(419,911)
Zakat paid	19	(2,846,203)	(1,556,968)
Tax paid	20	(24,829,006)	(12,736,904)
Net cash flows generated from operating activities		107,795,308	89,744,482
Investing activities			
Purchase of property, plant and equipment	5	(160,039,372)	(123,849,923)
Additions to intangible assets	6	(8,569,530)	(6,209,797)
Movement in investments in associates and joint ventures	7	7,057,389	(1,306,797)
Profit from deposits and investments	22	54,247	96,774
Net cash flows used in investing activities		(161,497,266)	(131,269,743)
Financing activities			
Movement of loans and borrowings-net		36,699,515	(16,353,478)
Dividends & other distributions-net		(6,291,631)	(18,633,089)
Non-controlling interests and disposal-net		234,211	121,475
Net cash flows generated/(used) in financing activities		30,642,095	(34,865,092)
Net increase in cash and cash equivalents		(23,059,863)	(76,390,353)
Effect of exchange rate changes on cash and cash equivalents		41,006,382	16,592,317
Cash and cash equivalents at beginning of the Year		29,579,875	89,377,911
Cash and cash equivalents at end of the Year	13	47,526,394	29,579,875

The annexed notes from 1 to 34 form integral part of these financial statements

Ibrahim Gabir Ibrahim Karima

Chairman

Dr. Taha Eltaib Ahmed

Board Member

Eng. Magdi Mohammed Abdallah Taha

President/CEO



SUDATEL TELECOM GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at December 31, 2025



	Attributable to the equity holders of the Parent										
	Share capital	Share premium	General reserve	Foreign currency translation reserve	Revaluation reserve	Other components of equity	Actuarial loss	Retained earnings	Total	Non-controlling interests	Total equity
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
1 January, 2024	1,322,562,930	9,705,242	74,673,448	(5,279,897,907)	1,109,342,011	3,387	(27,851,484)	182,559,947	391,096,974	(20,856,014)	370,240,960
Prior Year Adjustment - Note 2.4											
1 January, 2024 - Re-Styled	1,322,562,930	9,705,242	74,673,448	(2,279,897,907)	1,109,342,011	3,387	(27,851,484)	170,498,865	379,036,492	(20,856,014)	358,180,478
Profit for the period	-	-	-	-	-	-	-	18,655,233	18,655,233	(401,244)	18,254,089
Other comprehensive movement	-	-	-	(272,163,495)	-	-	336,542	-	(271,826,953)	-	(271,826,953)
Other comprehensive income NCI	-	-	-	-	-	-	-	-	-	121,475	121,475
Bonus share issue	66,128,147	-	-	-	-	-	-	(66,128,147)	-	-	-
31 December 2024 - Re-Styled	1,388,691,077	9,705,242	74,673,448	(2,552,061,402)	1,109,342,011	3,387	(27,514,942)	123,023,951	125,862,772	(21,135,753)	104,726,989
Profit for the period								117,932,476	117,932,476	(397,473)	117,535,003
Other comprehensive movement				(85,183,256)	639,487,185	-	(2,773,991)	-	551,529,938	-	551,529,938
Other comprehensive income NCI								-	-	234,211	234,211
Dividends & other distributions								(8,000,000)	(8,000,000)	-	(8,000,000)
31 December 2025	1,388,691,077	9,705,242	74,673,448	(2,637,244,658)	1,748,829,196	3,387	(30,288,933)	232,956,427	787,325,187	(21,299,046)	756,026,141

The annexed notes from 1 to 34 form integral part of these financial statements



Ibrahim Gabir Ibrahim Karima

Chairman

Dr. Taha Eltaib Ahmed

Board Member

Eng. Magdi Mohammed Abdallah Taha

President/CEO

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. CORPORATE INFORMATION

Sudatel Telecom Group Limited (“Sudatel”, “the Group”, “the Company” or “the Parent”), previously known as Sudan Telecommunication Company Limited, is a public listed company incorporated in the Republic of Sudan in accordance with the Sudan Commercial Companies Law (1925) under Commercial Registration (CR) number 7484. The Group has its registered office at Sudatel Tower, Building 9/A, Block No.2, West Khartoum, Republic of Sudan. The Group’s shares are listed on the Khartoum Stock Exchange in Sudan and the Abu Dhabi Securities Exchange in the United Arab Emirates.

The Group and its subsidiaries (collectively referred to as “the Group”) are engaged in the provision of installation, maintenance, and operation of telecommunication services, infrastructure development and wire and wireless telecommunication services in Sudan, Middle East and other African countries. Information on the Group’s structure is provided in Note 2.5. Information on other related party relationships of the Group is provided in Note 30.

The consolidated financial statements for the year ended December 31, 2025, were approved and authorised for issue by a resolution of the Board of Directors on April 23, 2026, and are subject to the approval of the shareholders at their forthcoming Annual General Meeting.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 GOING CONCERN

The Group has generated profit during the year of **USD 117.535 million** (2024: USD 18.252 million), as of that date, the Group’s current liabilities exceeded its current assets by **USD 191.660 million** (Re-Styled 2024: USD 224.984 million). The consolidated financial statements of the Group have been prepared on a going concern basis, which assumes that the Group will continue to be in existence in the foreseeable future, except for the operations of Intercel Plus Guinea S.A. in Guinea Conakry, which were discontinued in 2018. The operations of the Group have been affected due to the deterioration in the value of the functional currencies against the United States Dollars. Management is confident in its ability to generate sufficient operating cash flows, obtain new financing facilities, and renegotiate favourably its terms of payments with existing creditors and lenders balances payable to whom are presented in notes 15 & 16.

2.2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), except for IAS 29 “Financial Reporting in Hyper Inflationary Economies” which represents a departure from IFRS as explained below. The consolidated financial statements have been prepared on a historical cost basis of measurement except for certain property, plant and equipment and intangible assets that are measured at revalued amounts as at December 31, 2021, financial assets at fair value through profit or loss and fair value through OCI measured at fair value, assets held for sale measured at fair value less costs to sell and defined employee benefit plans measured at present value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The consolidated financial statements are presented in US dollars (USD). The functional currency of the Parent is Sudanese Pounds (SDG).

As set out in Note 2.1, these consolidated financial statements have been prepared under the going concern basis except for the operations of Intercel Plus Guinea S.A (Guinea-Conakry), which have been prepared on a breakup value basis. Operations of Intercel Plus Guinea S.A. were discontinued, and the Company has been under receivership following the withdrawal of its operation license by the of Ministry of Communication of Guinea-Conakry in October 2018. Further, during February 2019, the local court also appointed an administrator for the liquidation of Intercel Plus Guinea S.A.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.2.1 Hyperinflationary economic conditions in Sudan and departure from IAS 29

The economy of the Republic of Sudan has been subject to prolonged economic instability, including significant currency devaluation and inflationary pressures. In February 2021, the Central Bank of Sudan floated the Sudanese Pound, resulting in a devaluation of approximately 1,413% against the United States Dollar. These conditions resulted in hyperinflationary indicators during 2022, which were further aggravated in 2023 and 2024 due to the ongoing armed conflict. In 2025, the Sudanese Pound experienced a further devaluation of approximately 80% against the United States Dollar.

Management and the Board of Directors evaluated the applicability of IAS 29 Financial Reporting in Hyperinflationary Economies to the Group's Sudan operations. While management acknowledges that hyperinflationary indicators exist, it concluded that the application of IAS 29 would not faithfully represent the financial position and performance of the Sudan operations at this time, primarily due to the following exceptional circumstances:

- i. The Government of Sudan has not formally declared the economy to be hyperinflationary; and
- ii. Official and reliable general price indices / consumer price indices ("CPI") required for the application of IAS 29 have not been consistently available to enable a reliable and systematic restatement of financial statements.

Accordingly, the Group has not applied IAS 29 in preparing the consolidated financial statements for the year ended 31 December 2025. In the absence of IAS 29 restatement, the Group has accounted for the Sudan operations by applying its stated accounting policies, including translation into the presentation currency in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates. Had the financial statements of the Sudan operations been restated in accordance with IAS 29 using applicable official consumer price indices (and taking into account the revaluation of fixed assets as at 31 December 2025), management estimates that:

- i. The net assets of the Group would have increased by approximately USD 208.601 million as at December 31, 2025 (2024: USD 1,171.240 million); and
- ii. The profit after tax of the Group for the year ended December 31, 2025, would have decreased by approximately USD 484.067 million (2024: USD 183.516 million).

These amounts are estimates and are subject to significant measurement uncertainty due to the economic and security conditions prevailing in Sudan and availability of data related to indexation.

2.3 POLITICAL UNCERTAINTY IN SUDAN AND GOING CONCERN

Since mid-April 2023, the Republic of Sudan has been affected by an armed conflict in and around Khartoum and other regions, which has adversely impacted the country's economy and security environment. The conflict has directly affected the Group's operations and certain telecommunication assets, with restrictions on access to some operational sites and banking facilities.

Since the onset of the conflict, management has continuously monitored the condition and availability of network and base station equipment, particularly in areas experiencing significant downtime. The Group has implemented various mitigation measures, including the reallocation of staff to secure locations, establishment of a data center in Port Sudan, implementation of disaster recovery and business continuity plans, fuel supply arrangements for cell sites, and electronic distribution of recharge vouchers through major local banks. As a result, a substantial portion of the network remains operational and continues to generate revenue.

Management has prepared and reviewed financial forecasts covering a period of at least three years, incorporating downside scenarios relating to the ongoing conflict. These forecasts are based on the following key assumptions:

- i. No substantial escalation in hostilities that would significantly reduce the number of active network sites;
- ii. Continued ability to perform maintenance and repair activities in accessible regions while ensuring staff safety;

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

- iii. No extreme volatility in fuel prices, foreign exchange rates, or other major operating costs beyond the forecast assumptions;
- iv. Continued availability and operation of critical IT and network infrastructure; and
- v. Generation of sufficient service revenue to meet operating expenses and essential capital expenditure.

During the year, management recognized cumulative impairment and loss charges of USD 38.890 million in respect of property, plant and equipment and inventories located in Sudan. These estimates are based on the best information available to management at the reporting date and may be revised in future periods as more detailed assessments become possible.

Despite the ongoing conflict, the Group generated profit for the year of USD 117.535 million and continues to operate the only nationwide mobile network in Sudan capable of providing uninterrupted service to the general public, with more than 60% of the network currently operational. However, as at December 31, 2025, the Group's current liabilities exceeded its current assets, and the Group remains exposed to significant operational, liquidity and geopolitical risks, including the impact of the conflict, restrictions on access to funds, and the restructuring of certain material borrowings.

These conditions indicate the existence of material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a 'going concern' basis, which assumes that the Group will continue to realize its assets and discharge its liabilities in the normal course of business. The appropriateness of this assumption depends on the Group's ability to generate sufficient operating cashflows and to successfully manage its liquidity and financing arrangements. The consolidated financial statements do not include any adjustments that would be required if the Group were unable to continue as a going concern.

2.4 CORRECTION OF PRIOR YEAR ERRORS

During the year 2025 accounting transaction recording errors were identified which affected these financial statements resulted in Re-Statement of 2024 comparative figures and opening balance of Retained Earnings as at January 1, 2025.

Accounting Transaction Recording Errors in Chinguitel S.A. Mauritania

In the financial statements of Chinguitel S.A. of Mauritania number of accounting transaction errors were identified related to wrong recording of collections and payments as settlement against receivable and payable balances without recording of related invoices in Account Receivables and Accounts Payable modules of oracle. These errors resulted in understatement of receivable and liability balances. After recording of adjustments to resolve the identified errors now receivable and payable balances reflect the accurate position of the company as at December 31, 2024 and 2025. Following is the accumulated impact of re-statements clustered in applicable financial statement line items:

Financial Statement Line Items (FSLI)	31-Dec-24	31-Dec-24	Change
		Re-Styled	
	USD million		
Retained Earnings – decrease	182.559	170.499	(12.060)
Property, plant and equipment – increase	430.448	431.794	1.346
Inventories – decrease	5.034	5.124	(0.091)
Trade and other receivables – decrease	142.404	139.081	(3.323)
Cash and bank balances – decrease	29.713	29.580	(0.133)
Trade payables and accruals – increase	256.000	248.172	(7.828)
Deferred revenue – increase	19.879	17.847	(2.031)

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.5 Lack of Exchangeability

The Group's consolidated financial statements are prepared in accordance with IAS 21, the Effects of Changes in Foreign Exchange Rates. Foreign currency transactions are initially recorded by the Group entities at the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing exchange rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction, while non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value is measured

During the year, the Group was exposed to a jurisdiction (the Republic of Sudan) in which access to foreign currency markets was restricted and, as a result, the relevant foreign currency was not exchangeable into the Group's functional currency at the reporting date for certain transactions and balances. In accordance with IAS 21, where an observable spot exchange rate is not available due to lack of exchangeability, management applies a best-estimate exchange rate that reflects the rate at which the Group would have been able to exchange the currency at the measurement date, had exchangeability been available.

The exchange rates applied in such circumstances were determined using observable inputs to the maximum extent practicable, including official rates published by relevant authorities, cross-currency reference rates and other market-based indicators. Where necessary, management applied judgment to derive a rate that represents the underlying economic substance of the transactions and balances. The application of the estimated exchange rates resulted in foreign exchange differences being recognized in profit or loss, except where exchange differences were recognized in other comprehensive income in accordance with IAS 21

Management considers the determination of exchange rates in circumstances of lack of exchangeability to be a significant area of judgment. The key judgements relate to the selection of appropriate data sources and the calibration of the rate to reflect the economic conditions prevailing at the reporting date. As of the reporting date, significant monetary assets and liabilities subject to lack of exchangeability amounted to USD 43.065 and USD 304.785 million respectively. Exchange differences recognized in profit or loss arising from such balances during the year amounted to USD 10.767 million.

The Group continues to actively monitor regulatory developments and market conditions in relevant jurisdictions. Any improvement or deterioration in exchangeability could have a material impact on future reported results and financial position.

The Group used the following rates for the purpose of translating its operations in the Republic of Sudan

Closing Rate	1 USD = 3,600 SDG
Average Exchange Rate	1 USD = 2,996 SDG
Cross Currency used	1 USD = AED 3.67

The source of cross-currency is based on actual financial transactions through formal financial institutions.

2.6 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

Generally, there is a presumption that a majority of voting or similar rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The financial statements of subsidiaries are included in the consolidated financial statements on a line-by-line basis, from the date on which control is transferred to the Group until the date that control ceases.

Non-controlling interest in an acquiree is stated at the non-controlling interest's proportionate share in the recognized amounts of the acquiree's identifiable net assets at the acquisition date and the non-controlling interest's share of changes in the equity since the date of the combination. Total comprehensive income is attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Changes in the Group's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary, and any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Group's shareholders. Non-controlling interest is presented separately in the consolidated statements of financial position, consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income.

The non-controlling interests are classified as a financial liability to the extent there is an obligation to deliver cash or another financial asset to settle the non-controlling interest. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances based on the latest audited financial statements of subsidiaries. Intragroup balances, transactions, income, expenses and dividends are eliminated in full. Profits and losses resulting from intragroup transactions that are recognized in assets are eliminated in full. Intragroup losses that indicate an impairment are recognized in the consolidated financial statements. When the Group loses control of a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, as well as related non-controlling interests. Any investment retained is recognized at fair value at the date when control is lost. Any resulting difference, along with amounts previously directly recognized in equity, is transferred to the consolidated statement of profit or loss.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

Group Information

The following table sets out the details of the subsidiaries, associates and joint ventures of Sudatel Telecom Group Limited as at 31 December:

Subsidiaries:

Company	Country of incorporation	Effective shareholding		Principal activity
		2025	2024	
Expresso Telecom Holding Company **	UAE	100%	100%	Invest in and manage the Group's international operations
Sudanese Internet Company Limited	Sudan	100%	100%	Internet and Data Services
Expresso Advanced Solutions LLC***	Qatar	100%	-	Telecom Services
Expresso International Company SPC***	Oman	100%	-	Telecom Services & Management Support to operations of the Group in other territories
Expresso Digital LLC***	Oman	100%	-	Digital Services

** The following table sets out Expresso Telecom Holding Company's (a wholly owned subsidiary) directly owned subsidiaries as at 31 December.

*** These entities are newly incorporated by group during 2025.

Company	Country of incorporation	Effective shareholding	
		2025	2024
Expresso Senegal	Senegal	100%	100%
Chinguitel Telecom Company Limited	Mauritania	95.50%	95.50%
InterCel Plus Guinea S.A	Guinea Conakry	72%	72%
ETSN International Limited	British Virgin Island	100%	100%
Expresso Senegal (BVI) Limited	British Virgin Island	100%	100%
EMR International Limited	British Virgin Island	100%	100%
InterCel Holding SA	Luxemburg	72%	72%
Expresso General Trading LLC *	UAE	100%	100%

*Management has determined that the Group controls Expresso General Trading LLC notwithstanding an equity ownership interest of 49%, because the Group has (i) power over relevant activities through contractual arrangements, (ii) exposure to variable returns, and (iii) the ability to use power to affect returns. The contractual arrangements provide the Group with decision-making authority over operating and financial policies, and responsibility for results. The non-controlling interest represents the equity interest held by the other shareholder. The Group's involvement exposes it to risks including [credit risk, liquidity support, guarantees, operational performance]. There are [no / describe] restrictions on transferring funds from this subsidiary to the parent in the form of cash dividends or loan repayments.

Associates:

Company	Country of incorporation	Effective shareholding	
		2025	2024
Arab Submarine Cables Company Limited	KSA	50%	50%
Electronic Banking Services	Sudan	30%	30%
Al Gadida Asima Services Company Limited*	Sudan	60%	60%

* The Group does not exercise control over Al Gadida Asima Services Company Limited even though it has 60% shareholding, and hence the entity is classified as an associate with significant influence.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

Joint Ventures

Company	Country of incorporation	Effective shareholding	
		2025	2024
Sudasat Company	Sudan	60%	60%
Sudani Fintech Services Company Limited*	Sudan	60%	-
Dolphin Telecommunications JLT **	UAE	-	60%

*Sudani Fintech Services Company Limited a Joint Venture with Africa and Gulf Bank was established in May 2025. For this Joint Venture the Central Bank of Sudan (CBoS) has granted the license for “Financial Institutions for Mobile Payments”.

** Pursuant to the sale agreement, Espresso Telecom Holding Company transferred its entire shareholding in Dolphin Telecommunications JLT and the transaction was executed on July 1, 2025. Accordingly, the financial results of Dolphin Telecommunications JLT of the UAE are not included in these consolidated financial statements. The financial impact of this sale transaction is incorporated in these consolidated financial statements. An income of USD 1.374 million has been recognized in these consolidated financial statements generated from this sale transaction

2.7 SUMMARY OF MATERIAL ACCOUNTING POLICIES

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date, with changes in fair value recognised in profit or loss.

b) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence but not control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of contractual arrangement that gives parties joint control of the arrangement. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

The Group's investment in its associates and joint ventures is accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss.

c) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for trading
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duties. The Group assesses their revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group have concluded that they are acting as a principal in all their revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised. The management evaluates the applicability of IFRS 15 'Revenue from contracts with customers'. As per the evaluation, management concluded that the Group is compliant with the requirements of IFRS 15.

Revenue from telecommunication services

Access charges and airtime used by contract customers are invoiced and recorded as part of a periodic billing cycle and recognised as revenue over the related access period, with unbilled revenue resulting from services already provided from the billing cycle date to the end of each period, and accrued and unearned revenue from services provided in periods after each accounting period deferred. The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Revenue from the sale of prepaid credit is recognised on the actual utilisation of the prepaid credit and is deferred as deferred income until such time as the customer uses the airtime or the credit expires. Revenue from data services and information provision is recognised when the Group has performed the related service and, depending on the nature of the service, is recognised either at the gross amount billed to the customer or the amount receivable by the Group as commission for facilitating the service. Incentives are provided to customers in various forms and are usually offered on signing a new contract or as part of a promotional offering. Where such incentives are provided on connection of a new customer or the upgrade of an existing customer, revenue representing the fair value of the incentive, relative to other deliverables provided to the customer as part of the same arrangement, is deferred and recognised in line with the Group's performance of its obligations relating to the incentive.

In revenue arrangements including more than one deliverable that have value to a customer on a standalone basis, the arrangement consideration is allocated to each deliverable based on the relative fair value of the individual elements. The Group generally determines the fair value of individual elements based on prices at which the deliverable is regularly sold on a standalone basis.

Revenue from interconnection and roaming of voice and data traffic with other domestic and international telecommunications carriers is recognised at the time the services are performed based on the actual recorded traffic.

Revenue from the sale of equipment

Revenue from sales of equipment, including handsets, is recognised when the significant risks and rewards of ownership of the goods are passed to the buyer, and the amount of revenue can be measured reliably.

Interest income

Interest income is accrued on an effective yield basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount.

Dividend income

Dividend income is recognised when the right to receive the dividend is established, which is generally when the shareholders approve the dividend.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

e) Zakat & Taxation

Deferred income taxes

Deferred income tax is provided, using the liability method, on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantially enacted at the statement of financial position date.

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

Provision for taxes, mainly withholding taxes, which could arise on the remittance of retained earnings, principally relating to subsidiaries, is only made where there is a current intention to remit such earnings. The principal temporary differences arise from depreciation on property, plant and equipment, provisions for pensions, other post-retirement benefits, accounts receivable, and tax losses carried forward.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in OCI is recognised in OCI and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The Group was exempted from business profit from its operation in Sudan up to 2011. However, as at the standalone financial statements, the Group is subject to business profit tax as well as social development tax, which are provided in accordance with the Chamber of Taxation Fiscal Regulations in Sudan.

Value Added Tax (VAT)

Revenues, expenses and assets from operations in Africa are recognised at amounts net of value added tax except:

- Where VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or part of the expense items, as applicable.
- Where receivables and payables are stated with the amount of VAT included.

Zakat

Zakat is provided in accordance with the laws and regulations of the Chamber of Zakat in Sudan.

f) Foreign currencies

The Group's consolidated financial statements are presented in USD. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation, and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss, with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or in the statement of profit or loss are also recognised in OCI or profit or loss, respectively).

ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into USD at the rate of exchange prevailing at the reporting date, and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

g) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. Costs to distribute are the incremental costs directly attributable to the distribution, excluding the finance costs and income tax expense.

The criteria for held for distribution classification are regarded as met only when the distribution is highly probable, and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the decision to distribute will be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for distribution are presented separately as current items in the statement of financial position.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
 - Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations
- Or

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 26. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

h) Cash dividend and non-cash distribution to equity holders of the parent

The Group recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Group. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed, with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

i) Property, plant and equipment/Depreciation

Property and equipment are initially recorded at cost and subsequently are stated at cost less accumulated depreciation and any impairment in value, except for the freehold land, which is recorded at the market value. Freehold land and capital work in progress are not depreciated. The cost of other property and equipment is depreciated on a straight-line basis over the estimated economic useful lives of the assets. The cost of a self-constructed asset includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset are included in the cost of that asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. The telecom network-related projects are capitalized based on the issuance of final completion certificates issued by the vendor.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use. The excess of carrying value over the estimated recoverable amount is charged to the consolidated statement of comprehensive loss.

Leasehold improvements are depreciated on a straight-line basis over the shorter of the useful life of the improvements or the term of the lease.

Expenditure for repair and maintenance is charged to the income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalised.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

• Buildings	Over 15 to 40 years
• Network equipment and cables	Over 5 to 25 years
• Communication equipment	Over 5 to 25 years
• Furniture and computers	Over 5 to 10 years
• Motor vehicles	5 years
• Earth station	25 years
• Submarine cable	25 years

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Revaluation:

The Group's freehold land, buildings, communication and network equipment, and software and licenses are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such assets is credited to the property's revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to the consolidated statement of profit or loss to the extent of the decrease previously expensed.

A decrease in carrying amount arising on the revaluation of such assets is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued assets is recognized in profit or loss. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the asset's revaluation reserve is transferred directly to retained earnings.

Capital work in progress:

Properties or assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes all direct costs attributable to the design and construction of the property, including related staff costs, and for qualifying assets. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment category and is depreciated in accordance with the Group's policies.

j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Qualifying assets are those assets that take a substantial period to get ready for their intended use. The borrowing costs eligible for capitalization are the actual borrowing costs incurred on the borrowing during the year, less any investment income on the temporary investment of those borrowings.

The borrowing costs eligible for capitalization are determined by applying capitalization rate to the expenditures on the qualifying assets. The capitalization rate is the weighted average of the borrowing applicable to the borrowings of the Group that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining the qualifying assets.

Capitalization of borrowing costs commences when:

- Expenditures for the qualifying assets are being incurred.
- Borrowing costs are being incurred, and
- Activities that are necessary to prepare the qualifying assets for their intended use or sale are in progress.

Capitalization of borrowing costs ceases when substantially all activities necessary to prepare the qualifying assets for their intended use or sale are complete. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

k) Intangible assets (excluding goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised, and expenditure is reflected in the consolidated statement of profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit in the expense category consistent with the function of the intangible asset.

Indefeasible rights of use (“IRU”)

IRUs correspond to the right to use a portion of the capacity of a submarine transmission cable granted for a fixed period. IRUs are recognised at cost as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibres or dedicated wavelength bandwidth, and the duration of the right is for the major part of the underlying asset’s economic life. They are amortised on a straight line basis over the shorter of the expected period of use and the life of the contract, which ranges between 12 to 25 years.

Telecom licenses have been granted for periods ranging between 15 to 20 years by the relevant government agency with the option of renewal at the end of the period. The useful lives estimated by the management for the amortisation of intangible assets are as follows:

	Number of years
Licenses	Over 15 to 20 years
Software	Over 5 to 20 years

l) Investments

Investments are initially recognized at cost, being the fair value of the consideration paid, including the transaction charges associated with the investment. The Group determine the classification of its investments on initial recognition.

m) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non- financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units; otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for assets previously revalued with the revaluation taken to other comprehensive income. For such assets, the impairment is recognized in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such an indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes expenditure incurred in bringing each product to its present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

o) Financial instruments – initial recognition and subsequent measurement

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Except trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model to hold financial assets in order to collect contractual cash flows
And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade and other receivables (excluding prepayments, advances and VAT receivable), due from related parties, other financial assets and cash and cash equivalents.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify its equity investments irrevocably as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments, which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained all of the risks and rewards of the asset substantially, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The provision matrix is as follows:

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

Overdue	Individual Outstanding Balances	Corporate Outstanding Balances
>1 year	25% provision	10% provision
>2 years	50% provision	20% provision
>3 years	100% provision	30% provision
>4 years	Write-off	50% provision
>5 to 6 years	-	100% provision
>7 years	-	Write-off

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 7 years past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

I. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings, including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

II. Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

p) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts, as they are considered an integral part of the Group's cash management.

q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised in the consolidated statement of profit or loss as a finance cost.

r) Employees' end-of-service benefits

The Group provides end-of-service benefits to its employees in accordance with the requirements of the Sudanese Labour Act 1997. The entitlement to these benefits is usually based on the employees' length of service and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. The Group also makes monthly payments based on a percentage of the salaries to the Social Insurance Fund according to the requirements of the Social Insurance Act, 1990. The cost of providing the benefits is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in the subsequent period.

For the subsidiaries in the UAE, estimated amounts required to cover employees' end-of-service indemnity at the date of the statement of financial position are computed pursuant to the UAE Federal Labour Law as per Law No. 8 of 1980, based on the employees' accumulated period of service and current remuneration at the date of the statement of financial position.

s) Leases

The Group as a lessee

The Group assesses whether the contract is or contains a lease at the inception of the Contract. The Group recognizes a right-of-use asset and a corresponding lease liability on the date on which the lessor makes the asset available for use by the Group (the commencement date). On that date, the Group measures the right of use at cost, which comprises:

- the amount of the initial measurement of the lease liability.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- an estimate of costs to be incurred to restoring the underlying asset to the condition required by the terms and conditions of the lease as a consequence of having used the underlying asset during a particular period; this is recognized as part of the cost of the right of use asset when the Group incurs the obligation for those costs, which may be at the commencement date or as a consequence of having used the asset during a particular period.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. On that date, the lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Payments associated with leases of short-term leases and low-value assets are recognized on a straight-line basis as an expense in profit or loss.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Subsequent measurement

After the commencement date, the Group measures the right-of-use asset at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the asset's useful life. The Group determines whether a right-of-use asset is impaired and recognizes any impairment loss identified in the statement of profit or loss. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss.

After the commencement date, the Group measures lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payment made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed, or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payment change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The constant periodic rate of interest is the discount rate used at the initial measurement of lease liability. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Sale and leaseback

The Group enters into sale and leaseback transactions whereby it sells certain assets to a third-party and immediately leases them back. Where sale proceeds received are judged to reflect the fair value, any gain or loss arising on disposal is recognized in the statement of profit or loss, to the extent that it relates to the rights that have been transferred. Gains and losses that relate to the rights that have been retained are included in the carrying amount of the right-of-use asset recognized at the commencement of the lease. Where sale proceeds received are not at the fair value, any below-market terms are recognized as a prepayment of lease payments, and above market terms are recognized as additional financing provided by the lessor.

Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the contract to each component.

s) Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

2.8 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

During the year, there were no changes in the accounting policies, the Group has no material impact from the adoption of any new standard, interpretation or amendment that has been issued but is not yet effective.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about the assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Employees' end-of-service indemnity

The cost of the end-of-service benefits and the present value of these benefits' obligation is determined using actuarial valuations. Actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated), including the consideration of the life of the underlying assets on the premises.

Discounting of lease payments

The Group, as a lessee, measures the lease liability at the present value of the unpaid lease payments at the commencement date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of equal value to the right-of-use asset in a similar economic environment.

The Group determines its incremental borrowing rate with reference to its current and historical cost of borrowing adjusted for the term and security against such borrowing.

Classification of properties

In the process of classifying properties, management has made various judgments. Judgement is needed to determine whether a property qualifies as an investment property, property, plant and equipment, property held for trading or development property. The Group develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment, property held for trading and development property. In making this judgement, management considered the detailed criteria and related guidance for classification of properties as set out in IAS 40, IAS 16, and IAS 2, and in particular, the intended usage of property as determined by the management.

Revaluation of property, plant and equipment

Revaluation of property, plant and equipment & Intangibles

The Group measures property, plant and equipment at revalued amounts with changes in fair value being recognized in other comprehensive income. The fair value measurements of the buildings were performed by independent valuers not related to the Group, having appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The fair value of the freehold land was determined based on the comparable market approach that reflects recent transaction prices for similar properties.

Revenue from contracts with customers

IFRS 15 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It establishes a five-step model that will apply to revenue arising from contracts with customers.

Step 1: Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2: Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3: Determine the transaction price: Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocated the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

Step 5: Recognize revenue as and when the entity satisfies a performance obligation.

The Group allocates the transaction price to the performance obligations in a contract based on the input method, which requires revenue recognition on the basis of the Group's efforts or inputs to the satisfaction of the performance obligations. The Group estimates the costs to complete the projects in order to determine the amount of revenue to be recognized.

When the Group satisfies a performance obligation by delivering the promised goods and services, it creates a contractual asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized, this gives rise to a contractual liability.

Control over subsidiaries

The Group follows the guidance of 'IFRS 10 Consolidated Financial Statements' in determining whether it controls an entity, and this determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the power it has over the investee, the rights to variable returns from its involvement with the entity, and the ability to use its power to affect the returns of the entity. The Group considers all relevant facts and circumstances in assessing whether the voting rights in an investee are enough to give it power.

The Group considers that it controls Espresso General Trading LLC, UAE, even though it owns less than 50% of the voting rights, since it meets the definition of control as per IFRS 10.

Significant influence assessment

When determining significant influence over an investee, management considers whether the Group has the power to participate in the financial and operating policies of decisions of the investee if it holds less than 20% of the investee's voting rights. The assessment, which requires significant judgement, involves consideration of the Group's representation of the investees' board of directors, participation in policy-making decisions and material transactions between the entities.

Investment in joint arrangements

The Group follows the guidance of IFRS 11 while classifying its investments in joint arrangements as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement. Before assessing whether the Group has joint control over an arrangement, it first assesses whether the parties, or a group of the parties, control the arrangement in accordance with the definition of control in IFRS 10 'Consolidated Financial Statements'. After concluding that all the parties, or a group of the parties, control the arrangement collectively, the Group assesses whether it has joint control of the arrangement in accordance with IFRS 11.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts, this estimation is performed on an individual basis based on expected future usage. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence.

Classification of spectrum license fees

Management applies judgment in determining whether spectrum-related costs are recognised as intangible assets or financial liabilities, based on the substance of the underlying agreements and the requirements of IAS 38 – Intangible Assets and IAS 1 – Presentation of Financial Statements. Spectrum fees that grant the Group the right to use radio frequencies over a defined period and from which future economic benefits are expected are recognised as intangible assets and amortised over the licence period. Where payment for spectrum licences is deferred or payable over time, the corresponding obligation is recognised as a financial liability, measured at amortised cost. This judgment affects the classification, measurement and presentation of spectrum-related balances in the consolidated financial statements.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangible assets are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives of its plant and equipment and intangible assets for calculating depreciation and amortization respectively. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charges would be adjusted where management believes the useful lives differ from previous estimates.

Business combinations

To allocate the cost of a business combination, management exercises significant judgment to determine identifiable assets and liabilities and contingent liabilities whose fair value can be reliably measured, to determine provisional values on initial accounting and final values of a business combination and to determine the amount of Goodwill and the cash-generating unit to which it should be allocated.

Classification of investments

The Group classifies its financial assets as follows:

- Financial assets at amortised cost
- Financial assets at Fair Value Through Other Comprehensive Income (FVOCI)
- Financial assets at Fair Value Through Profit or Loss (FVTPL)

To determine their classification and measurement category, all financial assets, except equity instruments and derivatives, is assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Contingent liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

Fair values - unquoted equity investments and business combinations

The valuation techniques for unquoted equity investments and identifiable assets, liabilities and contingent liabilities arising in a business combination make use of estimates such as future cash flows, discount factors, yield curves, current market prices adjusted for market, credit and model risks and related costs and other valuation techniques commonly used by market participants where appropriate.

Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes a liability for anticipated taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Any changes in the estimates and assumptions used, as well as the use of different, but equally reasonable estimates and assumptions, may have an impact on the carrying values of the deferred tax assets.

Impairment of financial assets

The Group apply forward looking 'Expected Credit Loss' (ECL) model, under IFRS 9, to calculate impairment of its financial assets. The Group recognizes ECL for cash and bank balances, other receivables using the general approach and uses the simplified approach for trade receivables, as required by IFRS 9.

General approach

The Group applies a three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with a significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1, and ECL is recognized based on the probability of default (PD) of the counterparty occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless they are credit-impaired and an ECL is recognized based on the PD of the customer within the next 12 months. Financial assets are assessed as credit-impaired when there is a detrimental impact on the estimated future cash flows of the financial asset.

Simplified approach

The Group applies a simplified approach to measuring credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled customer receivables and have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract, including amortisation. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money purposes, as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Group incorporates forward-looking information based on expected changes in macro-economic factors in the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

4 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

4.1 New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Group has applied the below amendments to IFRS Accounting Standards and interpretations issued by the International Accounting Standard Board (IASB) that are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements except as disclosed below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability - Amendments to IAS 21

In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21). The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's consolidated financial statements.

International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception, the use of which is required to be disclosed - applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2025, but not for any interim periods ending on or before 31 December 2023.

4.2 New and amended IFRS Accounting Standards in issue but not yet effective and not early adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

IFRS S2 Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

The Group is currently assessing the impact of the IFRS S1 and IFRS S2 on the consolidated financial statements.

Standards and interpretations effective in the current year

New and revised IFRS	Summary
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	The amendments clarify how an entity assesses whether a currency is exchangeable and how to determine the exchange rate when exchangeability is temporarily lacking.

New and revised IFRS in issue but not effective and not early adopted

New and revised IFRSs	Effective for the annual periods beginning or after
Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	January 1 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1 2026
IFRS 18 - Presentation and Disclosures in Financial Statements	January 1 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	January 1 2027
Amendments to IAS 21-Translation to a Hyper inflationary Presentation Currency	January 1 2027

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

5 PROPERTY, PLANT AND EQUIPMENT

2025	Freehold Land	Buildings	Network equipment and cables	Communication equipment	Computers & equipment	Motor vehicles	Office furniture	Earth station	Submarine cable	Capital work-in-progress	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Cost											
As at 1 Jan 2025 - Re-Stated	47,762,218	28,692,313	411,815,922	144,901,643	2,412,481	3,103,414	9,232,537	1,241,340	4,348,554	134,399,336	787,909,758
Additions			729,738			118,500	31,726			159,159,408	160,039,372
Transfers		6,154,127	39,041,897	33,471,129	21,858,492	1,015,869	688,409			(102,229,923)	-
Disposals at cost						(88,761)					(88,761)
Surplus on Revaluation	157,037,161	32,416,713	74,852,412	264,892,833					12,459,003		541,658,122
Elimination of accumulated depreciation related to revalued fixed assets		(1,013,213)	(5,368,898)	(22,399,910)					(671,048)		(29,453,069)
Currency translation adjustment											
Discontinued operations	(21,197,923)	(15,699,177)	(10,395,454)	(59,469,507)	(1,070,712)	(405,109)	(158,211)	(550,934)	(1,929,984)	(52,651,495)	(163,528,506)
As at 31 Dec 2025	183,601,456	52,317,277	537,214,752	361,396,188	23,200,261	4,045,399	10,584,592	690,406	14,206,525	142,151,101	1,329,407,957
Accumulated Depreciation											
As at 1 Jan 2025	-	(6,184,381)	(277,912,304)	(33,929,038)	(666,304)	(2,607,756)	(8,765,662)	(744,804)	(904,901)	-	(331,715,150)
Disposals						64,079					64,079
Depreciation		(1,456,749)	(23,758,085)	(11,557,569)	(3,346,444)	(122,678)	(65,947)	(165,919)	(201,097)		(40,674,488)
Elimination of accumulated depreciation related to revalued fixed assets		1,013,213	5,368,898	22,399,910					671,048		29,453,069
Currency translation adjustment											
Discontinued operations		2,861,509	9,244,534	16,629,084	857,180	401,582	289,356	358,398	210,234		30,851,877
As at 31 Dec 2025	-	(791,225)	(26,530,848)	(6,457,613)	(3,155,568)	(2,549,454)	(648,860)	(552,325)	(224,716)	-	(28,255,614)
Fixed assets impaired due to war in Sudan (note 5.1)											(12,978,204)
Net book value											
As at 31 Dec 2025	183,601,456	47,759,644	223,626,947	354,938,575	20,044,693	1,495,945	1,393,480	138,081	13,981,809	142,151,101	976,453,527

5.1 The management of the Group has been constantly monitoring the war situation in the Republic of Sudan, including assessment related to existence and damages to the assets of the Group in the Republic of Sudan. By the end of Financial Year 2025, with respect to property, plant and equipment, the management has recorded accumulated charge of USD 26,993,011 including USD 2,591,989 for the year 2025, USD 7,409,457 for the year 2024 and USD 16,991,565 for the year ended 2023. Due to devaluation functional currency of Sudan the accumulated value of war losses related to property, plant and equipment has been reduced by USD 14,014,807 as at December 31, 2025. These estimates may increase or decrease in subsequent periods as more detailed and accurate evaluation and assessment could be possible after security situation improves in war effected areas. For details refer note 23.1.

2024	Freehold Land	Buildings	Network equipment and cables	Communication equipment	Computers & equipment	Motor vehicles	Office furniture	Earth station	Submarine cable	Capital work-in-progress	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Cost											
As at 1 Jan 2024	114,360,241	53,356,683	419,707,257	195,668,314	3,057,407	4,066,024	9,963,691	2,972,221	10,412,031	196,857,590	1,010,421,459
Additions	-	-	-	-	-	-	-	-	-	123,849,923	123,849,923
Transfers	-	-	3,854,753	106,776,282	1,135,565	69,065	348,488	-	-	(112,184,153)	-
Disposals at cost	-	-	-	-	-	-	-	-	-	-	-
Currency translation adjustment	(66,598,023)	(26,466,447)	(38,819,507)	(157,542,953)	(1,780,491)	(1,339,231)	(1,885,680)	(1,730,881)	(6,063,477)	(79,013,536)	(381,240,226)
Discontinued operations	-	1,802,077	27,073,419	-	-	307,556	806,038	-	-	3,543,708	33,532,798
As at 31 Dec 2024	47,762,218	28,692,313	411,815,922	144,901,643	2,412,481	3,103,414	9,232,537	1,241,340	4,348,554	133,053,532	786,563,954
Accumulated Depreciation											
As at 1 Jan 2024	-	(7,597,611)	(271,266,165)	(50,515,764)	(787,114)	(2,724,322)	(9,028,561)	(1,188,889)	(1,444,444)	-	(344,552,870)
Disposals	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(1,630,145)	(27,153,382)	(16,260,857)	(427,795)	(337,162)	(358,663)	(314,626)	(382,255)	-	(46,864,885)
Currency translation adjustment	-	3,850,528	47,572,208	32,847,583	548,605	669,445	1,283,485	758,711	921,798	-	88,452,364
Discontinued operations	-	(807,153)	(27,064,965)	-	-	(215,717)	(661,923)	-	-	-	(28,749,759)
As at 31 Dec 2024	-	(6,184,381)	(277,912,304)	(33,929,038)	(666,304)	(2,607,756)	(8,765,662)	(744,804)	(904,901)	-	(331,715,150)
Fixed assets impaired due to war in Sudan (note 5.1)											(24,401,023)
Prior Year Adjustment - Note 2.4										1,345,804	1,345,804
Net book value - Re-Stated											
As at 31 Dec 2024	47,762,218	22,507,932	133,903,618	110,972,605	1,746,177	495,658	466,875	496,536	3,443,653	134,399,336	431,793,585

5.1 The management of the Group has been constantly monitoring the war situation in the Republic of Sudan, including assessment related to existence and damages to the assets of the Group in the Republic of Sudan. By the end of Financial Year 2024, with respect to property, plant and equipment, the management has recorded accumulated charge of USD 24,401,023 including USD 7,409,457 for the year 2024 and USD 16,991,565 for the year ended 2023. These estimates may increase or decrease in subsequent periods as more detailed and accurate evaluation and assessment could be possible after security situation improves in war effected areas. For details refer note 23.1.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

5 PROPERTY AND EQUIPMENT (continued)

The Group's freehold land, buildings, communication & network equipment and software and licenses, related to Sudan are stated at their revalued amounts, evaluated by the independent valuer, being the fair value at the date of revaluation, less any depreciation and impairment losses as at December 31, 2025. The valuation was performed as at December 31, 2025 using combination of market and cost approaches as applicable in respective asset categories. The Group intends to carry out revaluation exercise in 3 to 5 years intervals.

Details of the Group's freehold land, buildings, communication and network equipment about the fair values are as follows:

	FV as at 2025 USD	FV as at 2024 USD
- Freehold land	183,601,456	47,762,218
- Buildings	47,759,644	22,507,932
- Communication equipment	354,938,575	110,972,605
- Network equipment and cables	223,626,947	133,903,618
- Earth station	138,081	496,536
- Submarine cable	13,981,809	3,443,653
	<u>824,046,512</u>	<u>319,086,562</u>

Freehold land and building with carrying value amounting to USD 0.8 million (2024 USD 0.80 million) are held under Murabaha and Finance Lease agreement.

Network equipment with carrying value amounting to USD 6.95 million (2024: USD 12.5 million) are subject to a first charge guarantee to secure the Murabaha finance.

5.2 Depreciation has been allocated in the consolidated statement of profit or loss as follows:

	2025 USD	2024 USD
Operating expenses	35,682,798	44,111,120
General and administration expenses	4,991,690	2,753,765
	<u>40,674,488</u>	<u>46,864,885</u>

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

6 INTANGIBLE ASSETS

2025	Software	License	Total
	USD	USD	USD
Cost			
As at 1 Jan 2025	1,778,121	277,013,010	278,791,131
Additions	2,097,053	6,472,477	8,569,530
Surplus on Revaluation	345,903	98,779,867	99,125,770
Elimination of accumulated amortization related to revalued intangible assets	(33,483)	(6,181,532)	(6,215,015)
Exchange adjustments	(789,169)	(27,343,537)	(28,132,706)
Discontinued operations		22,666,556	22,666,556
As at 31 Dec 2025	3,398,425	371,406,841	374,805,266
Accumulated Amortization			
As at 1 Jan 2024	(238,150)	(142,948,412)	(143,186,562)
Amortisation	(417,043)	(17,124,260)	(17,541,303)
Elimination of accumulated amortization related to revalued intangible assets	33,483	6,181,532	6,215,015
Exchange adjustments	(529,898)	26,733,634	26,203,736
Discontinued operations		(22,665,341)	(22,665,341)
As at 31 Dec 2025	(1,151,608)	(149,822,847)	(150,974,455)
Net book value:			
As at 31 Dec 2025	2,246,817	221,583,994	223,830,811
Cost			
As at 1 Jan 2024	4,257,474	326,110,783	330,368,257
Additions		6,209,797	6,209,797
Disposal		(2,524,177)	(2,524,177)
Exchange adjustments	(2,479,353)	(75,906,271)	(78,385,624)
Discontinued operations	-	23,122,878	23,122,878
As at 31 Dec 2024	1,778,121	277,013,010	278,791,131
Accumulated Amortization			
As at 1 Jan 2024	(1,937,005)	(135,779,422)	(137,716,427)
Amortisation	(265,072)	(18,218,320)	(18,483,392)
Disposal			-
Exchange adjustments	1,963,927	34,170,968	36,134,895
Discontinued operations	-	(23,121,638)	(23,121,638)
As at 31 Dec 2024	(238,150)	(142,948,412)	(143,186,562)
Net book value:			
As at 31 Dec 2024	1,539,971	134,064,598	135,604,569

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

6 INTANGIBLE ASSETS (Continued)

Intangible assets include operator licenses that have been granted for a period of 15 to 20 years by the relevant government agencies with the option of renewal at the end of the license period subject to applicable conditions. The Group's operating licenses, related to Sudan are stated at their revalued amounts, evaluated by the independent valuer, being the fair value at the date of revaluation, less any amortization as at December 31, 2025. The valuation was performed as at December 31, 2025 using combination of market and cost approaches as applicable. The Group intends to carry out revaluation exercise in 3 to 5 years intervals.

Amortisation has been allocated in the consolidated statement of profit or loss as follows:

	2025 USD	2024 USD
Operating expenses	17,124,260	18,218,320
General and administration expenses (note 24)	417,043	265,072
	<u>17,541,303</u>	<u>18,483,392</u>

Details of the licenses as at December 31, 2025 are as follow:

	Type	Date granted/ renewed	Term
Republic of the Sudan	800 MHz	2023	10 years
Republic of the Sudan	850, 900, 1800 MHz	2007	20 years
Republic of Senegal	800, 900, 1800, 2100 MHz	2007	20 years
Islamic Republic of Mauritania	800, 900, 1800, 2100 MHz	2006	15 years
Guinea Conakry	900 MHz	2006	13 years

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

7 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's interest in associates and joint ventures is accounted for using the equity method in the consolidated financial statements. The following table illustrates the changes in the Group's investments in associates and joint ventures:

	Associated Companies			Joint Ventures			
	Arab Submarine Cables Company Limited	Electronic Banking Services	Al Gadida Asima Services Company Limited	Sudani Fintech Services Ltd	Sudasat Company	Dolphin Telecom JLT	Total
	USD			USD			
<i>As at 1 Jan 2024</i>	4,945,284	492,965	105,435	-	-	4,397,275	9,940,959
Other equity movements	(1,889,220)	(287,079)	(61,400)	-	-	930,902	(1,306,797)
Share of profit / (loss)	973,993	-	-	-	-	(1,011,632)	(37,639)
As at 31 Dec 2024	4,030,057	205,886	44,035	-	-	4,316,545	8,596,523
<i>2024 Shareholding %</i>	50%	30%	60%	60%	60%	60%	
Other equity movements	(895,499)	(205,886)	(53,117)	16,667	-	(5,919,554)	(7,057,389)
Share of profit / (loss)	731,202	-	9,099	-	-	1,603,009	2,343,310
As at 31 Dec 2025	3,865,760	-	17	16,667	-	-	3,882,444
<i>2025 Shareholding %</i>	50%	30%	60%	60%	60%	60%	

8 OTHER FINANCIAL ASSETS

	Financial assets at Fair value through profit or loss / Other Comprehensive Income				
	Shama	Shahama	Quoted	Other Investments	Total
	USD	USD	USD	USD	USD
As at 1 Jan 2024	7,175	4,287	37,383	38,243	87,088
Addition net	-	-	-	-	-
Exchange adjustments	(4,178)	(2,497)	(21,770)	(555)	(29,000)
As at 31 Dec 2024	2,997	1,790	15,613	37,688	58,088
Addition net	-	-	-	-	-
Exchange adjustments	(1,330)	(793)	(7,926)	(369)	(10,418)
As at 31 Dec 2025	1,667	997	7,687	37,319	47,670

Shama and Shahama certificates which will mature at less than twelve months of the statement of financial position date and earn an average profit of 13.30% (2024: 13.30%) Shahama & 17.00% (2024: 17.00%) for Shama and all will mature in next year.

In August 2017, Sudatel acquired 10% holding (2,400,964 shares) of a company (listed company in Khartoum Stock Exchange "KSE"). The market value of these shares at the time of acquisition was USD 3 million.

Other investments are carried at cost because the fair value cannot be determined with sufficient reliability due to the unpredictable nature of future cash flows and the absence of other reliable methods of valuation.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

9 DEFERRED TAX ASSET

This deferred tax asset is related to Corporate Tax Losses accumulated till December 31, 2025 in Expresso Telecom Group Limited, Dubai, United Arab Emirates, subsidiary of Sudatel Telecom Group Limited. The working of which is follows:

Expresso Telecom Group Limited	2025
Dubai - United Arab Emirates	USD
Profit / (loss) before tax	(67,039,271)
Add: Non-deductable expenses	7,572,087
Less: Exempt income	(1,603,000)
Tax base	(61,070,184)
Tax at the applicable rate of 9%	(5,496,317)

	Notes	2025	2024
		USD	Re-Statesd
			USD
10 INVENTORIES			
Modem, handsets and accessories		4,338,731	6,963,483
SIM & scratch cards and others		354,010	1,036,459
Spare parts and other materials		361,543	542,785
Transmission cables and materials		536,223	350,508
		5,590,507	8,893,235
Provision for slow moving and obsolete inventories	10.1	-	(210,528)
Provision for wartime loss - inventory	23.1	(1,501,775)	(3,558,393)
		4,088,732	5,124,314
10.1	Movement in provision for slow moving and obsolete items:		
	Opening balance	(210,528)	(423,320)
	Write off	210,528	-
	Exchange adjustment		212,792
	Closing balance	-	(210,528)
11 TRADE AND OTHER RECEIVABLES			
Trade debtors		117,484,345	111,031,968
Loss allowance	11.1	(18,700,507)	(15,103,030)
		98,783,838	95,928,938
Advances paid to suppliers		14,278,539	27,185,666
Prepaid Rent		302,407	158,902
Advances to staff under vehicle ownership scheme	11.2	473,980	1,019,338
Advances paid to staff loans and others		4,088,080	4,451,252
Security deposits		-	9,739
Related party receivables		10,843,149	10,327,485
		128,769,993	139,081,320
11.1	The movement of impairment allowance for the trade receivables during the year is as follows:		
	Opening balance	(15,103,030)	(25,156,527)
	Charge for the period	(7,031,021)	(444,959)
	Write off	-	-
	Exchange adjustment	3,433,544	10,498,456
	Closing balance	(18,700,507)	(15,103,030)
11.2	This represents advances given to qualifying employees of the Group under vehicle ownership scheme. The employees are given advance to procure vehicles which could be transferred in their name after successful completion of two years of qualifying service. 40% cost of the vehicle is borne by the Company and 60% by employee which is deducted from monthly pay of the employee over 2 years period.		

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

11.3 The ageing analysis of trade debtors is as follows:

	2025	2024 Re-Styled
	USD	USD
< 1 Year	69,453,323	65,709,959
1 to 2 Years	22,715,696	22,425,835
2 to 3 Years	2,758,068	2,722,874
3 to 4 Years	5,718,981	5,646,004
4 to 5 Years	1,909,502	1,885,136
5 to 6 Years	4,042,761	3,991,173
6 Years and above	10,886,014	8,650,987
Total	117,484,345	111,031,968

12 TERM DEPOSITS

These represent deposits placed with Sudanese Banks according to commercial rates. These deposits are subject to collateral against a guarantee given to a vendor.

	2025	2024
	USD	USD
Opening balance	37,330	96,845
Addition	-	-
Exchange adjustment	(7,144)	(59,515)
Closing balance	30,186	37,330

13 CASH AND BANK BALANCES	Notes	2025	2024 Re-Styled
		USD	USD
Cash on hand		1,479,496	23,226
Local current account		39,338,602	16,857,132
Foreign current account	13.1	6,708,296	12,699,517
		47,526,394	29,579,875

13.1 These are non-interest bearing, maintained with different banks that are denominated in foreign currency.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

		2025 USD	2024 USD
14	SHARE CAPITAL AND RESERVES		
14.1	Share Capital		
	Number of authorised (Ordinary shares of USD 1 each)	2,500,000,000	2,500,000,000
	Issued and fully paid up (Ordinary shares of USD 1 each)	1,388,691,077	1,388,691,077
14.2	General reserve In accordance with Article 82 of the memorandum of incorporation of the Group, the Board of Directors are authorized to appropriate an amount from the Group's profit to the general reserve as deemed adequate which can be utilized to fulfil any of the Group's needs or to finance its investments.		
14.3	Foreign currency translation reserve The foreign currency translation reserve is principally used to record exchange differences arising from the translation of the financial statements of the Parent and its subsidiaries from their functional currency into the presentation currency "US Dollars", in addition to the exchange differences arising from the retranslation of balances relating to foreign operations.		
14.4	Revaluation reserve The properties revaluation reserve arises on the revaluation of land & buildings. When revalued land or buildings are sold, the portion of the properties revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in the properties revaluation reserve will not be reclassified subsequently to profit or loss.		
15	LOANS AND BORROWINGS		
	Vendor finance	37,305,362	3,175,262
	Bank finance - principle amount	201,658,916	188,316,451
	Bank finance - CDB loan finance cost payable	88,574,044	-
	Bank finance - total	290,232,960	188,316,451
	Less: Payments made to the Guarantor of CDB Loan	327,538,322 (10,773,050)	191,491,713 -
	Current	90,270,017	8,471,925
	Non-current	226,495,255	183,019,788
	Non-current portion of loans and borrowings	316,765,272	191,491,713
15.1	This relates to Equipment Supply Contract between the Group and Huawei Technologies Co. Ltd for implementation of Sudatel Network Resilience Project for Sudan. As per this contract Huawei Technologies Co. Ltd is providing vendor financing, according to which 25% of the invoice amount is paid on delivery and submission of invoices, whereas, balance is payable in 4 equal instalments spread over 24 months from delivery of shipping documents. The finance cost related to vendor financing is implicit in the invoices raised by Huawei Technologies Co. Ltd under the contract and capitalized along with the Project.		

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

15.2 This relates largely to long and medium terms foreign and local currency loans. The tenors of these range between 2 and 5 years and interest rates range between 4.9% and 17.34%. The largest loan is from China Development Bank (CDB) with a balance equivalent to Euro 228 million, including balance of principal and related accrued finance cost as at August 31, 2025, as confirmed by CDB in formal communication with the Group. In accordance with the loan agreement with CDB the Group is in default since no principal and / or interest payments has been made to CDB since November 2017. The management has been negotiating the restructuring of the loan with CDB the terms of are not finalized yet. During the year CDB also communicated with the guarantor of the loan for recourse. In response of this communication the Group and the guarantor of the loan has agreed on five year repayment term, but this is not formally agreed by CDB.

15.3 During 2025 the Group and the guarantor of CDB loan formally executed an agreement for repayment of CDB loan to the guarantor in 60 equal instalments starting from October 2025. The repayments are denominated in SDG at the official exchange rate applicable on October 1 of each year. Under this agreement the guarantor of the loan has taken the responsibility to make onward repayments to CDB. The Group and the guarantor has communicated to CDB about this agreement, formal acknowledgement and concurrence is awaited. This amount represent 3 monthly instalments paid by the Group to the guarantor during 2025.

16	TRADE PAYABLES AND ACCRUALS	Notes	2025	2024
			USD	Re- Stated USD
	Trade creditors		100,670,177	122,570,615
	Accrued expenses		11,140,067	12,890,070
	Spectrum license fees payable	16.1	29,455,918	69,167,312
	Provision for regulatory fees		22,016,698	29,812,447
	Unclaimed dividends	16.2	44,212,938	42,504,569
	Dealer commission payable		1,994,211	3,172,681
	Postpaid subscriber security deposit		1,793,101	1,814,873
	VAT payable		5,320,791	9,638,456
	Provision for employee bonus		6,002,661	5,692,243
	Related party payables		57	406
	Other liabilities		1,991,513	4,496,594
			224,598,132	301,760,266
	Less: Non current portion		(14,070,439)	(53,588,322)
			210,527,693	248,171,944

16.1 This relates to balance of cost of acquisition of additional spectrum by the Group's Sudan operation, in 2024, for total cost of USD 97.5 million. Originally the cost of spectrum acquisition was denominated in USD, but subsequently, as per agreement between Telecommunication Regulatory Authority, Ministry of Finance and the Group the spectrum liability was converted into SDG. As per agreed payment schedule this liability will be fully paid by December 31, 2027.

16.2	UNCLAIMED DIVIDEND	16.2.1	2025	2024
			USD	USD
	As at 1 Jan			
	-Khartoum Stock Exchange Shareholders		36,299,721	42,501,753
	-Abu Dhabi Stock Exchange Shareholders		6,204,848	12,052,649
	Total		42,504,569	54,554,402
	Declared during the year			
	-Khartoum Stock Exchange Shareholders		4,598,518	
	-Abu Dhabi Stock Exchange Shareholders		3,401,482	
	Total		8,000,000	-
	Paid during the year			
	-Khartoum Stock Exchange Shareholders		(4,917,522)	(6,202,032)
	-Abu Dhabi Stock Exchange Shareholders		(1,374,109)	(5,847,801)
	Total		(6,291,631)	(12,049,833)
	As at December 31			
	-Khartoum Stock Exchange Shareholders		35,980,717	36,299,721
	-Abu Dhabi Stock Exchange Shareholders		8,232,221	6,204,848
	Total		44,212,938	42,504,569

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

16.2.1 The above balances of unclaimed dividends is related to shares traded on Khartoum Stock Exchange and Abu Dhabi Stock Exchange. The dividend payable for shares listed on Khartoum Stock Exchange are paid once dividend is claimed by the shareholder from the Group, following the standard dividend payment process. The dividend payable for shares listed on Abu Dhabi Stock Exchange are disbursed through Abu Dhabi Stock Exchange, based on applicable shareholding of individual shareholders at the time of disbursement of dividend.

	Note	2025 USD	2024 Re-Styled USD
17	DEFERRED REVENUE		
	Deferred revenue - leased capacity	7,089,974	11,334,470
	Deferred revenue - subscribers	11,723,648	13,388,610
		18,813,622	24,723,080
	Less: Non current portion - leased capacity	(6,028,982)	(6,875,618)
		12,784,640	17,847,462

17.1 This represent broadband capacity leased to a local telecom operator. Full consideration has been received in advance. The terms of the agreement range from 2 years to 15 years.

	Note	2025 USD	2024 USD
18	FINANCE COSTS PAYABLE		
	Opening balance	83,059,329	70,214,442
	Charge for the period	6,984,029	16,347,341
	Transferred to loans and borrowings	(88,574,044)	-
	Paid during the period	(89,225)	(419,911)
	Exchange adjustment	3,713,404	(3,082,543)
	Closing balance	5,093,493	83,059,329

18.1 During 2025 the Group and the guarantor of CDB loan formally executed an agreement for repayment of CDB loan balance to the extent of Euro 228 million, including balance of principal and finance cost, to the guarantor in 60 equal instalments starting from October 2025. accordingly the finance cost related to CDB loan accrued for the period till August 31, 2025 has been transferred from finance cost payable to loans and borrowings.

	Note	2025 USD	2024 USD
19	ZAKAT PAYABLE		
	Opening balance	4,152,794	8,443,881
	Charge for the period	6,489,183	2,350,580
	Payments	(2,846,203)	(1,556,968)
	Exchange adjustment	(2,454,313)	(5,084,699)
	Closing balance	5,341,461	4,152,794

	Note	2025 USD	2024 USD
20	TAXATION PAYABLE		
	Opening balance	24,637,816	23,409,305
	Charge for the period	29,777,823	28,691,549
	Payments	(24,829,006)	(12,736,904)
	Exchange adjustment	6,194,253	(14,726,134)
	Closing balance	35,780,886	24,637,816

Status of tax assessments

Tax returns are duly filed by each of the operational entity of the Group after completion of each year's audit. Tax assessments are performed by related tax authorities in each operational entity, based assessments if any adjustments are required these are recorded in the year adjustments are identified.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

	2025 USD	2024 USD
21 EMPLOYEES' END OF SERVICE BENEFITS		
As at 1 January	3,008,375	4,781,247
Employee end of service charge for the year	353,383	461,086
Actuarial loss	2,773,991	(336,542)
Payments	(68,364)	(676,676)
Exchange adjustment	(732,524)	(1,220,740)
As at 31 December	<u>5,334,861</u>	<u>3,008,375</u>
Current portion	204,859	149,918
Non-current portion	<u>5,130,002</u>	<u>2,858,457</u>
	<u>5,334,861</u>	<u>3,008,375</u>

Employees end of service benefits are mainly related to the Parent Company in Sudan.

The actuarial valuations were performed using the projected-unit-credit cost method. The following were the principal actuarial assumptions at the reporting date:

	2025	2024
Discount rate:	28.3% per annum	28.3% per annum
Salary increase rate:	70 % per annum	19.9% per annum
Salary next year :	70.00% per annum	30.00% per annum
Withdrawal Rates:	3.27 % per annum	3.57% per annum
Exchange rate variation:	3.573-35	1,579.95

The Group's defined benefit pension plan is a final salary plan for employees. The liability in respect of employees' end of service benefit scheme is backed by a provision held in Group's financial position. This plan is governed by the employment laws of Sudan, which require final salary payments to be adjusted for the consumer price index once in payment during retirement. The level of benefits provided depends on the member's length of service and salary at retirement age.

	2025 USD	2024 USD
Charges recognised in the consolidated statement of profit or loss for the year		
Current service cost	125,549	162,507
Interest cost	227,834	204,377
Past service cost (due to change in rules)	-	94,202
Charge recognised in the consolidated statement of profit or loss	<u>353,383</u>	<u>461,086</u>
Actuarial loss recognized in consolidated statement of other comprehensive income	<u>2,773,991</u>	<u>(336,542)</u>
Movement in the present value of defined benefit obligation		
Present value of defined benefit obligation at the beginning of the year	3,008,375	4,781,247
Charge recognized in the consolidated statement of profit or loss	353,383	461,086
Actuarial loss on the obligation	2,773,991	(336,542)
Benefits paid to the outgoing employees during the year	(68,364)	(676,676)
Exchange (loss)/gain	(732,524)	(1,220,740)
Present value of defined benefit obligation at the end of the year	<u>5,334,861</u>	<u>3,008,375</u>
Reconciliation of liability recognized in the Company's consolidated statement of financial position		
Present value of defined benefit obligation	<u>5,334,861</u>	<u>3,008,375</u>
Net liability as at the end of the year	<u>5,334,861</u>	<u>3,008,375</u>

There are no investments made by the Group's defined benefit pension plan during the year.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

	Note	2025 USD	2024 USD
22 PROFIT FROM INVESTMENTS AND DEPOSITS			
Fixed deposits		54,247	95,883
Investment funds		-	891
		<u>54,247</u>	<u>96,774</u>
23 OTHER OPERATING LOSS			
Exchange gain/(loss)		(13,346,559)	(49,052,347)
Provision for wartime damaged/lost assets	23.1	(2,591,989)	(7,567,269)
Exchange gain/(loss) related to wartime damaged / lost assets		(522,551)	(2,022,601)
Provision for bad debts		(7,031,021)	(444,959)
Loss on disposal		(52,415)	-
Training fee income		45,271	24,260
Miscellaneous income		2,206,560	217,818
		<u>(21,292,704)</u>	<u>(58,845,098)</u>
23.1 Provision for wartime damaged / lost assets income statement and balance sheet reconciliation:			
	Notes	2025 USD	2024 USD
Income Statement:			
Provision for wartime damaged/lost assets		<u>3,114,540</u>	<u>9,589,870</u>
Balance Sheet:			
Fixed assets impaired due to war in Sudan	5.1	2,591,989	7,409,457
Provision for wartime lost inventory	10	-	593,464
Provisions assets impaired opening balance		-	(435,652)
Exchange adjustment		522,551	2,022,601
		<u>3,114,540</u>	<u>9,589,870</u>
Accumulated war loss provision including 2023 & 2024 & 2025		<u>38,890,309</u>	35,775,769
Fixed assets wartime damage / loss		2,591,989	7,409,457
Exchange Adjustment		522,551	1,872,613
		<u>3,114,540</u>	<u>9,282,070</u>
Accumulated provision for wartime damaged / lost fixed assets		<u>26,993,011</u>	24,401,022
Less: Sudani to USD Exchange loss impact		(14,014,807)	
Net Balance Sheet Balance	5	<u>12,978,204</u>	<u>24,401,022</u>
Inventory wartime damage / loss		-	593,464
Exchange Adjustment		-	149,988
		<u>-</u>	<u>743,452</u>
Accumulated provision for wartime damaged / lost inventory		<u>3,558,393</u>	3,558,393
Less: Sudani to USD Exchange loss impact		(2,056,618)	
Net Balance Sheet Balance	9	<u>1,501,775</u>	<u>3,558,393</u>

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

		2025	2024
		USD	USD
24	MARKETING AND SELLING EXPENSES		
	Marketing & advertisement	6,065,427	5,136,716
	Business promotion	2,348,323	1,693,959
	Sales & distribution	345,174	106,127
		8,758,924	6,936,802
		2025	2024
		USD	USD
25	GENERAL AND ADMINISTRATIVE EXPENSES		
	Salaries & wages	43,506,386	38,348,099
	Depreciation of property, plant and equipment	5.2 4,991,795	2,753,765
	Amortization	6 417,043	265,072
	Repairs, maintenance & utilities	1,173,562	1,618,421
	Corporate social responsibility	25.1 2,138,256	956,517
	Traveling and transport	3,081,995	2,468,197
	Rental expense	2,187,715	1,648,271
	Consumables & stationary	524,024	375,653
	Legal and other consultancy charges	1,457,816	2,743,726
	Audit expense	411,540	608,076
	Business premises security	549,342	702,133
	Entertainment expenses	298,627	719,581
	Insurance fee	71,721	99,223
	Training expenses	329,069	274,674
	Bank charges	25.2 1,747,667	400,556
	Board member expenses	25.3 3,909,042	-
	Other administrative expenses	2,937,816	1,734,893
		69,733,416	55,716,857

25.1 Considering the profitability of the Group during the year the Board of Directors of the Group has approved increased financial allocation for corporate social responsibility actions.

25.2 Bank charges relates to the cost incurred on financial transactions for the letter of credits, transfer of funds from one territory to another, processing of credit lines & loans and conversion of cash and bank balances from one local currency to foreign currency. Due to geopolitical conditions in Sudan, financial transaction execution costs has increased.

25.3 Remuneration for the Board of Directors of the Group is approved to compensate the Directors for significant responsibilities and risks entrusted in them, and align director's interests with those of shareholders.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

26 DISCONTINUED OPERATIONS

The operations of Intercel Plus Guinee S.A in Guinea-Conakry which have been prepared on breakup value basis. During 2018, the operations of Intercel Plus Guinee S.A. were discontinued as per instructions of Ministry of Communication of Guinea-Conakry dated October 19, 2018. Further, during February 2019, the local court also appointed administrator for the liquidation of the Intercel Plus Guinee S.A.. The liquidation is still on-going until the end of the current financial year.

The major classes of assets and liabilities of Operation in Guinea at the date of disposal are as follow:

	2025	2024
	USD	USD
ASSETS		
Property, plant and equipment	4,615,427	4,708,345
Intangible assets	1,215	1,240
Other financial assets	382,650	390,353
Trade and other receivables	1,561,854	1,593,297
Cash and bank balances	19,982	20,384
Assets classified as held for sale	6,581,128	6,713,619
Liabilities		
Loans and borrowings from the Parent	67,255,763	68,609,751
Loans and borrowings	33,116	33,782
Accounts payable and accruals	18,620,218	18,995,079
Liabilities directly associated with assets classified as held for sale	85,909,097	87,638,612
Net assets directly associated with disposal group	(79,327,969)	(80,924,993)
Non-controlling interests	(22,211,831)	(22,658,998)
Share of equity attributable to Parent	(57,116,138)	(58,265,995)
Foreign exchange translation reserve	(11,429,157)	(8,715,780)

During the year there has been no change in the status, assets and liabilities of the discontinued operation, except for impact related to exchange difference.

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

27 BASIC AND DILUTED EARNINGS PER SHARE

Basic Earnings Per Share ("EPS") is calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2025 USD	2024 USD
Profit attributable to ordinary equity holders of the Parent from continuing operations	<u>117,535,003</u>	<u>18,251,989</u>
Weighted average number of shares	<u>1,388,691,077</u>	<u>1,388,691,077</u>
Earnings per share	<u>0.0846</u>	<u>0.0131</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these consolidated financial statements.

28 SEGMENT INFORMATION

Management monitors the operating results of its business units separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss as explained in the table below. Group financing and taxation are managed on a Group basis and are not allocated to operating segments.

Capital expenditure consists of additions to property, plant and equipment and intangible assets.

The Group has identified its main operating segments by the type of services provided by the Group. Transactions between the operating segments occur in accordance with the normal trade provisions and terms. There are no other substantial revenues or expenses between segments. The main operating segments of the Group are as follows:

- Voice, contains mainly the airtime consumption by subscribers.
- Data, for which the main services are: leased data transmission circuits, DSL and internet.
- Wholesale, contains revenue from transmission service rendered to other operators and corporate organizations.
- Others, containing items which could not be linked with the main operating segments of the Group.

The following table shows the information according to the Group's main activities for the year ended 31 December 2025:

Revenue	Voice USD	Data USD	Wholesale USD	Others USD	Total USD
Revenue from services	174,205,896	191,368,333	77,597,558	9,303,457	452,475,244
Interconnect expense	(12,305,170)		(989,473)		(13,294,643)
Depreciation and amortisation	(23,386,351)	(23,964,637)	(9,717,371)	(1,147,432)	(58,215,791)
Net revenue from services after amortization and depreciation	<u>138,514,375</u>	<u>167,403,696</u>	<u>66,890,714</u>	<u>8,156,025</u>	<u>380,964,810</u>
Total assets	538,234,729	591,260,602	239,749,065	27,162,806	1,396,407,202
Total liabilities	242,784,817	266,703,520	108,145,071	12,747,653	630,381,061

The following table shows the information according to the Group's main activities for the year ended 31 December 2024:

Revenue	Voice USD	Data USD	Wholesale USD	Others USD	Total USD
Revenue from services	123,142,244	171,773,330	73,647,898	13,124,756	381,688,228
Interconnect expense	(16,703,418)	-	(1,878)	-	(16,705,296)
Depreciation and amortisation	(20,650,879)	(26,404,082)	(12,350,708)	(5,000,519)	(64,406,188)
Net revenue from services after amortization and depreciation	<u>85,787,947</u>	<u>145,369,248</u>	<u>61,295,312</u>	<u>8,124,237</u>	<u>300,576,744</u>
Total assets	244,804,788	341,482,599	146,410,829	23,891,007	756,589,223
Total liabilities	207,126,205	298,783,755	123,876,333	22,075,941	651,862,234

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

28 SEGMENT INFORMATION (Continued)

According to geographical location:

The Group has divided its main operations into domestic and international operations.

The following table shows the information according to Group operations for :

<u>2025</u>	Domestic	Foreign				Foreign Sub Total	STG Group Total
	Sudan	Senegal	Mauritania	Guinea Conakry	UAE		
	USD	USD	USD	USD	USD		USD
Operating revenue 31 Dec 2025	341,782,874	55,824,321	43,896,416	-	10,971,633	110,692,370	452,475,244
Profit / (loss) after zakat and tax 31 Dec 2025	137,375,583	(4,491,807)	(8,832,742)	-	(6,516,031)	(19,840,580)	117,535,003
Total assets 31 Dec 2025	1,003,805,015	184,744,697	166,976,451	6,581,128	34,299,911	392,602,187	1,396,407,202

The following table shows the information according to Group operations for :

<u>2024</u>	Domestic	Foreign				Foreign Sub Total	STG Group Total
	Sudan	Senegal	Mauritania	Guinea Conakry	UAE		
	USD	USD	USD	USD	USD		USD
Operating revenue 31 Dec 2024	264,875,955	63,900,950	41,314,218	-	11,597,105	116,812,273	381,688,228
Profit / (loss) after zakat and tax 31 Dec 2024	35,932,129	436,157	(8,916,544)	-	(9,199,753)	(17,680,140)	18,251,989
Total assets 31 Dec 2024	393,794,267	197,021,455	131,402,675	6,713,620	27,657,206	362,794,956	756,589,223

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

29 COMMITMENTS AND CONTINGENCIES

Commitments:

Capital expenditure

Estimated capital expenditure contracted at the balance sheet date amounted to USD 10 million (2024: USD 34.104 million).

Letters of credit

There are no commitments related to outstanding letters of credit (2024: 0.00 million).

Letters of guarantee

There are no commitments related to outstanding letters of guarantees (2024: 0.00 million).

Contingencies:

The Group has committed to provide the necessary financial support to its joint ventures and subsidiaries to enable them to continue their operations and to meet their obligations as they fall due. Further, the Group has committed not to demand any payment on its loan to the subsidiaries within the next 12 months.

There were no other significant contingencies or commitments to report as at December 31, 2025.

30 RELATED PARTY TRANSACTIONS / BALANCES

Related parties represent major shareholders, directors, associates and key management personal of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's Board of Directors.

The related party balances included in the consolidated statement of financial position are as follows:

	Relationship with the Group	2025 USD	2024 USD
<u>Related party receivable</u>			
<i>Ahmed Baba EMR</i>	Minority interest	3,995,055	4,231,512
<i>Sudasat Company</i>	Joint Venture	140,495	170,933
<i>Electronic Banking Services</i>	Associated Company	7,889	-
<i>Sudani Fintech Services Company Limited</i>	Joint Venture	276,989	-
<i>Expresso Digital LLC - NEW</i>	Subsidiary	6,422,552	-
<i>Arab Submarine Cables Company Limited</i>	Associated Company	169	-
		10,843,149	4,402,445
<u>Related party payable</u>			
<i>Arab Submarine Cables Company Limited</i>	Associated Company	169	-
<i>Al Gadida Asima Services Company Limited</i>	Associated Company	(226)	(406)
		(57)	(406)

In the normal course of business, the Group provides telecom services to certain Government organizations at the normal commercial terms. Similarly, the Group receives services such as electricity and other infrastructure support from certain Government organizations at normal commercial terms. However, in the management's view, these services are not material in the overall context of these consolidated financial statements.

The expenses incurred by the Group with respect to Board of Directors. The Group approved to compensate the Directors for significant responsibilities and risks entrusted in them, and align director's interests with those of shareholders.

	2025 USD	2024 USD
Board member expenses	3,909,042	-

The expenses incurred by the Group in respect of key management personnel are set out below:

	2025 USD	2024 USD
Short term employee benefits	1,947,171	1,662,203
Post-employment benefits	601,046	553,737
	2,548,217	2,215,940

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

30.1 Material partly-owned subsidiaries

Financial information of subsidiaries of the Group that have material non-controlling interests is provided below:

Name	Country of incorporation and operation	2025 USD	2024 USD
Chinguitel Telecom Company Limited	Mauritania	95.5%	95.5%
Intercel Plus Guinea	Guinea Conakry	72%	72%
		USD	USD

Accumulated balances of material non-controlling interest

Chinguitel Telecom Company Limited	1,076,778	1,523,215
Intercel Plus Guinea S.A	(22,211,831)	(22,658,998)

Profit/(loss) allocated to material non-controlling interest

Chinguitel Telecom Company Limited	(397,473)	(401,244)
Intercel Plus Guinea S.A	-	-

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss for 2025:

	Chinguitel Telecom Company Limited	Intercel Plus Guinea S.A
	USD	USD
Operating revenue	43,896,744	-
Operating expenses	(42,602,045)	-
General and administrative expenses	(7,878,529)	-
Other income	1,391,330	-
Finance costs	-	-
Profit before tax	(5,192,500)	-
Taxation	(3,640,307)	-
Zakat	-	-
Profit for the year from continuing operations	(8,832,807)	-
Other comprehensive income	(4,732,100)	1,597,025
Total comprehensive income	(13,564,907)	1,597,025

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

30.1 Material partly-owned subsidiaries (Continued)

Summarised statement of profit or loss for 2024:

	Chinguitel Telecom Company Limited	Intercel Plus Guinee S.A
	USD	USD
Operating revenue	41,314,217	-
Operating expenses	(38,960,591)	-
General and administrative expenses	(8,286,645)	-
Other income	1,718,510	-
Finance costs	-	-
Profit before tax	(4,214,509)	-
Taxation	(4,702,035)	-
Zakat	-	-
Profit for the year from continuing operations	(8,916,544)	-
Other comprehensive income	(569,189)	-
Total comprehensive income	(9,485,733)	-

Attributable to non-controlling interests
Dividends paid to non-controlling interests

Summarised statement of financial position as at 31 December 2025:

	Chinguitel Telecom Company Limited	Intercel Plus Guinee S.A
	USD	USD
Non-current assets	131,685,300	5,099,938
Current assets	35,288,953	1,613,681
Trade and other payables (current)	(61,360,362)	(18,995,079)
Interest bearing loans and borrowings (non-current)	(84,560,065)	(33,782)
Other non current liabilities	(769,586)	(68,609,751)
Interest bearing loans and borrowings (current)		
Total equity	20,284,240	(80,924,993)
Attributable to:		
Equity holders of parent	19,371,449	(58,713,162)
Non-controlling interest	912,791	(22,211,831)

Summarised statement of financial position as at 31 December 2024:

	Chinguitel Telecom Company Limited	Intercel Plus Guinee S.A
	USD	USD
Non-current assets	108,425,287	4,999,292
Current assets	32,133,680	1,581,836
Trade and other payables (current)	(73,119,395)	(18,620,218)
Interest bearing loans and borrowings (non-current)	(32,813,369)	(33,115)
Other non current liabilities	(776,969)	(67,255,763)
Interest bearing loans and borrowings (current)	-	-
Total equity	33,849,234	(79,327,968)
Attributable to:		
Equity holders of parent	32,326,019	(56,668,970)
Non-controlling interest	1,523,215	(22,658,998)

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

30.2 Interest in Joint Ventures

Financial information of Joint Ventures of the Group that have material non-controlling interests is provided below:

Name	Country of incorporation and operation	2025	2024
Sudasat Company	Republic of Sudan	60%	60%
Dolphin Telecommunications JLT	UAE	0%	60%
		USD	USD

Accumulated balances of Joint Venture partners

Sudasat Company	(2,702,993)	(2,618,593)
Dolphin Telecommunications JLT	-	(777,492)

Profit allocated to Joint Venture partners

Sudasat Company	(126,600)	(27,133)
Dolphin Telecommunications JLT	-	(2,645,302)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss for 2025:

	Sudasat Company USD	Dolphin Telecommunications USD
Operating revenue	689,145	-
Operating expenses	(538,431)	-
General and administrative expenses	(361,991)	-
Other income/(expense) including impairment	277	-
Finance costs	-	-
Profit before tax	(211,000)	-
Taxation	-	-
Zakat	-	-
Profit for the year from continuing operations	(211,000)	-
Total comprehensive income	(211,000)	-

Summarised statement of profit or loss for 2024:

	Sudasat Company USD	Dolphin Telecommunications USD
Operating revenue	731,947	9,199,517
Operating expenses	(599,104)	(7,969,160)
General and administrative expenses	(252,565)	(2,046,623)
Other income	74,501	(561,288)
Finance costs	-	(792,285)
Profit before tax	(45,221)	(2,169,839)
Taxation	-	(108,988)
Zakat	-	-
Profit for the year from continuing operations	(45,221)	(2,278,827)
Total comprehensive income	(45,221)	(1,826,616)

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

30.2 Interest in Joint Ventures (Continued)

Summarised statement of financial position as at 31 December 2025

	Sudasat Company	Dolphin Telecommunications
	USD	USD
Non-current assets		
Current assets	22,868	-
Trade and other payables (current)	1,613,082	-
Interest bearing loans and borrowings (non-current)	(7,280,041)	-
Other non current liabilities	-	-
Interest bearing loans and borrowings (current)	-	-
Total equity	(5,644,091)	-
Attributable to:		
Equity holders of parent	(3,386,455)	-
Non-controlling interest	(2,257,636)	-

Summarised statement of financial position as at 31 December 2024:

	Sudasat Company	Dolphin Telecommunications
	USD	USD
Non-current assets	65,427	11,814,862
Current assets	1,855,094	3,592,040
Trade and other payables (current)	(8,470,003)	(3,926,017)
Interest bearing loans and borrowings (non-current)		
Other non current liabilities		(10,672,261)
Interest bearing loans and borrowings (current)		
Total equity	(6,549,482)	808,624
Attributable to:		
Equity holders of parent	(3,930,889)	3,412,733
Non-controlling interest	(2,618,593)	(777,492)

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Group's activities but it is managed through a process of continuous identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into interest/profit rate risk, foreign currency risk and equity price risk. They are monitored through the Group's strategic planning process.

The Group's principal financial liabilities comprise of bank overdrafts, trade payables and accruals, amounts due to related parties and term loans. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as cash & bank balances, trade receivables, amounts due from related parties and investments which arise directly from its operations.

The management of the Group is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

The management of the Group reviews and agrees policies for managing each of these risks which are summarised below.

31.1 Credit risk

Credit risk is the risk that counterparty will cause a financial loss to the Group by failing to discharge an obligation. Credit risk arises in the Group's normal course of business. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables in addition to obtaining security deposit from prospective customers that wish to enjoy postpaid status

Collateral and other credit enhancements

The Company has no collateral against any of its financial assets at 31 December 2025.

Risk concentration of maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The Group minimizes concentrations of credit risk by undertaking transactions with a large number of customers and with customers in various industries. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is significant. The maximum exposure for the trade receivables is the carrying amount as disclosed in note 11.

With respect to credit risk arising from the other financial assets of the Group, which comprise bank balances, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Bank balances are placed with financial institutions of strong repute.

31.2 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind and monitors liquidity on a daily basis. In addition to this, about 78.5% (2024: 73.85%) of the Group's sales are in cash. The war in Sudan created new liquidity challenges with some of the banks being out of operation and disruption of internet services. The war in Sudan created new liquidity challenges with some of the banks being out of operation and disruption of internet services. The Group's credit sales require amounts to be paid within 30 days of the date of sale. Trade payables are normally settled within 30 to 365 days from the date of purchase.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

Year ended 31 December 2025

	On demand	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years
	USD	USD	USD	USD	USD
Loans & borr.	-	45,135,008	45,135,008	226,495,255	-
Trade creditors	45,301,580	25,167,544	30,201,053	-	-
Other liabilities	41,122,347	90,003,436	135,005,153	14,070,439	-
	86,423,927	160,305,988	210,341,215	240,565,694	-

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

31.2 Liquidity risk (Continued)

Year ended 31 December 2024

	On demand	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years
	USD	USD	USD	USD	USD
Loans & borr.	13,315,081	7,192,163	7,170,798	163,813,671	-
Trade creditors	38,994,875	39,113,599	6,867,287	23,548,507	14,046,347
Other liabilities	12,046,556	100,015,482	150,023,223	136,546,578	7,777,818
	<u>64,356,512</u>	<u>146,321,244</u>	<u>164,061,308</u>	<u>323,908,756</u>	<u>21,824,165</u>

31.3 Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect the future profitability or the fair value of financial assets. All financial assets are either variable profit rate based or short term in nature.

The Group has profit bearing financial assets (term deposits and investments). The effective profit rates as of the year end range from 8% to 20% per annum (2024: 8% to 16% per annum).

The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes in profit rates, with all other variables held constant.

	Increase/ (Decrease) in basis points	Effect on profit before tax USD
Year Ended 31 December 2025	100	779
	100	(779)
Year Ended 31 December 2024	100	160
	100	(160)

31.4 Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is mainly exposed to foreign currency risk on its trade receivable, trade payable and term loans and over drafts denominated in foreign currencies and net investment in foreign operations.

The Group manages its currency risk based on the limits determined by management and a continuous assessment of the Group's open positions, current and expected exchange rate movements and also through forward foreign exchange contracts.

The consolidated financial statements of the Group are prepared using the closing rate (1 USD = 3,600 SDG) for translation of Balance Sheet except for equity which is translated using historical rate and average rate (1 USD = 2,996 SDG) for profit and loss account related to the operations of the Group in Sudan.

	Increase/ Decrease SDG rate to USD	Effect on profit Before tax USD
Year Ended 31 December 2025	10%	(1,975,731)
	-10%	1,975,731
Year Ended 31 December 2024	10%	(5,845,015)
	-10%	5,845,015

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

31.5 Fair value of financial assets and liabilities

(a) Financial instruments measured at fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on Abu Dhabi stock exchange and Khartoum Stock Exchange.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques.

(b) Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments quoted on exchanges.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of the OTC derivative contracts, traded loans and issued structured debt. The sources of input parameters like LIBOR yield curve or counterparty credit risk are Bloomberg and Reuters.

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

Assets measured at fair value

31 December 2025

	Level 1	Level 2	Level 3	Total
Investments at FVTOCI	8,683			8,683
Fair value through profit or loss		1,667	37,319	38,986
Total assets	8,683	1,667	37,319	47,669

31 December 2024

	Level 1	Level 2	Level 3	Total
Investments at FVTOCI	15,613	-	-	15,613
Fair value through profit or loss	-	4,787	37,688	42,475
Total assets	15,613	4,787	37,688	58,088

Sudatel Telecom Group Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

32 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Group. The Board seeks to maintain a balance between the higher returns and growth that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Board of Directors monitors the return on capital, which the Group defines as total equity and the level of dividends to shareholders. The primary objective of the Group's capital management is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risks.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits, excluding discontinued operations. During last 5 years the capital management has been significantly negatively impacted by the currency exchange losses sustained by the Group due to devaluation of SDG against USD, since SDG is the functional currency of Group's operations in Sudan. The Management and Board of Directors are constantly trying to manage the currency exchange risk through re-negotiation of foreign currency denominated liabilities with the objective to convert them into local currencies and enhance foreign currency revenues.

	2025 USD	2024 USD
Interest bearing loans and borrowings other than convertible preference shares	316,765,272	191,491,713
Trade and other payables	224,598,132	301,760,266
Less: cash and short-term deposits	<u>(47,526,394)</u>	<u>(29,579,875)</u>
Net debts	400,805,192	455,673,178
Total equity	<u>787,325,187</u>	<u>137,923,254</u>
Capital and net debt	1,188,130,379	593,596,432
Gearing ratio	51%	330%

33 SUBSEQUENT EVENTS

In the opinion of the management, there have been no other significant subsequent events since the year-end that require disclosure or adjustment in these consolidated financial statements.

34 RESTATEMENT AND RECLASSIFICATION OF PRIOR YEAR PRESENTATION

As stated in note 2.4 of the consolidated financial statements, In the financial statements of Chinguitel S.A. of Mauritania number of accounting transaction error were identified related wrong recording of collections and payments as settlement against receivable and payable balances without recording of related invoices in Account Receivables and Accounts Payable modules of oracle. These errors resulted understatement of receivable and liability balances. After recording of adjustments to resolve the identified errors now receivable and payable balances reflect the accurate position of the company as at Decembre 31, 2024 and 2025. Following is the accumulated impact of re-statements clustered in applicable financial statement line items:

	2024 Prior to Adjustment	2024 Adjusted	Difference
	USD	USD	USD
Retained Earnings – decrease	182,559,347	170,498,865	(12,060,482)
Property, plant and equipment - increase	430,447,781	431,793,585	1,345,804
Inventories - decrease	5,033,575	5,124,314	(90,739)
Trade and other receivables - decrease	142,403,853	139,081,320	(3,322,533)
Cash and bank balances - decrease	29,713,201	29,579,875	(133,326)
Trade payables and accruals - increase	256,000,214	248,171,944	(7,828,270)
Deferred revenue - increase	19,878,879	17,847,462	(2,031,417)

Specific comparative figures have been reclassified/regrouped, wherever necessary, as to conform to the presentation adopted in these consolidated financial statements.