



Sudatel Telecom Group Limited
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
31 MARCH 2025

Sudatel Telecom Group Limited
Independent Auditor's Review Report to the Board of Directors
on the Interim Condensed Financial Information
for the Quarter Ended March 31, 2025

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Sudatel Telecom Group Limited and its subsidiaries (together called "the Group") as at March 31, 2025, and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cashflows for the quarter then ended. Management is responsible for the preparation and presentation of this financial information in accordance with International Accounting Standard – 34 "*Interim Financial Reporting*" (IAS 34). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information* performed by the Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, except for the effects of the matters described in the Basis for Qualified Conclusion paragraph below, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with International Accounting Standard – 34 "*Interim Financial Reporting*".

Basis for Qualified Conclusion

The Group's Sudan operations in and around the city of Khartoum and some other areas have been affected by the war since mid-April 2023. Due to hostilities, the Group has sustained damages/losses to its Property, Plant & Equipment and Inventory in the affected areas, and physical access to the operational sites of the Group in the affected areas remained minimal or limited. The management of the Group, till March 31, 2025, has assessed accumulated impairment/loss to the extent of USD 26.369 million. This impairment/loss includes accumulated USD 22.928 million related to Property, Plant & Equipment and USD 3.440 million related to Inventory in the books net of any currency exchange impact. The damages/losses have been assessed based on detailed assessments performed by the operational teams on the ground and reviewed/approved by the War Damage Assessment Committee. Due to the noted circumstances, we were not able to:

- i. Confirm the completeness of damages/losses related to Property, Plant & Equipment and Inventory sustained by the Group in the Republic of Sudan through physical verification or other substantive audit procedures. Although, management has designed and implemented controls for identification and verification of identified war damages/losses related to Property, Plant & Equipment and Inventory, including archival of photographic evidence of damages, but due to minimal or limited physical access to all physical locations in the Republic of Sudan, identification and verification of war damages/losses cannot be ascertained; and

Sudatel Telecom Group Limited
Independent Auditor's Review Report to the Board of Directors
on the Interim Condensed Financial Information
for the Quarter Ended March 31, 2025 (Continued)

- ii. Confirm the completeness and accuracy of quarter-end bank, trade receivable and payable balances, related to the Group's operations in the Republic of Sudan, through review of bank and trade receivable and payable reconciliations between the balances as per the books of account and confirmed by the banks and third parties.

Emphasis of matters

Without qualifying our conclusion, we draw attention to;

- a. Note 2.1 of the condensed consolidated financial statements which indicates that the Group has generated profit during the quarter ended March 31, 2025 of **USD 22.347 million** (2024: loss USD 25.962 million), as of that date, the Group's current liabilities exceeded its current assets by **USD 189.001 million** (December 31, 2024: USD 211.577 million). This condition and other matters indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. However, the consolidated financial statements have been prepared on going concern basis, and the validity of this assumption depends upon the generation of sufficient cash flow by the Group to meet its liabilities as they fall due.
- b. Note 2.2 in the consolidated financial statements mentions that the Republic of Sudan has been economically unstable for several years. In February 2021, the Central Bank of Sudan floated SDG (Local Currency of Sudan) to open the market, which resulted in a devaluation of SDG against USD by 1,413%. Consequently, in 2022, the economy of the Republic of Sudan experienced hyperinflationary conditions, which was further aggravated in 2023 due to war. These hyperinflationary economic conditions continued with devaluation of SDG against USD by 139% in 2024 and by 25% in Q1 2025. The management and the Board of Directors of the Group evaluated the adoption of IAS 29 and concluded that the adoption/restatement of the financial statements as per IAS 29 will not represent the true and fair view of the operational results and financial position of the Sudan Operations of the Group; therefore, IAS 29 is not adopted for the Republic of Sudan Operations, for the Quarter ended March 31, 2025, on the basis that:
 - i. The Government of Sudan has not officially declared the economy of the country as Hyper Inflationary, and
 - ii. No official General Price Index / Consumer Price Index (CPI) has been published for the restatement of the financial statements as per IAS 29.



Hisham Ali Mohamed Taher
Engagement Partner
HLB HAMT
Chartered Accountants
United Arab Emirates, Dubai
Date: May 26, 2025

SUDATEL TELECOM GROUP LIMITED
INTERIM CONDENSED CONSOLIDATED
STATEMENT OF PROFIT OR LOSS (UNAUDITED)



	Notes	March 31, 2025 USD	March 31, 2024 USD
Continuing operation			
Operating revenues		98,283,061	80,170,160
Operating expenses		(43,456,230)	(48,747,854)
Gross profit		54,826,831	31,422,306
Profit from investments and deposits	21	27,949	340
Other operating loss	22	(3,551,248)	(32,710,114)
Marketing and selling expenses	23	(1,304,750)	(1,702,383)
General and administrative expenses	24	(14,174,461)	(11,420,701)
Operating profit		35,824,321	(14,410,552)
Share of loss of associates and joint ventures	7	90,798	(241,548)
Finance cost	17	(3,561,822)	(4,217,833)
Profit before tax from continuing operations		32,353,297	(18,869,933)
Zakat	18	(1,689,944)	(860,847)
Taxation	19	(8,315,587)	(6,231,917)
Profit / (Loss) after tax from continuing operations		22,347,766	(25,962,697)
Profit after tax for the quarter from discontinued operations	25	-	-
Profit / (Loss) for the quarter		22,347,766	(25,962,697)
Attributable to:			
Equity holders of the parent		22,436,710	(25,913,547)
Non-controlling interests		(88,944)	(49,150)
		22,347,766	(25,962,697)
Earnings per share			
Basic and diluted EPS for the quarter attributable to the ordinary equity holders of the Group		0.0161	(0.0196)

The annexed notes from 1 to 28 form integral part of these financial statements

Eng. Magdi Mohammed Abdallah Taha

President/CEO

Balbinder Ranbir Singh

Group Chief Financial Officer



SUDATEL TELECOM GROUP LIMITED
INTERIM CONDENSED CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)



March 31, 2025 March 31, 2024
USD **USD**

Profit / (Loss) for the quarter	22,347,766	(25,962,697)
Other comprehensive loss:		
Exchange differences on translation of foreign operations	(41,088,934)	(127,022,372)
<i>Net other comprehensive (loss) to be reclassified to profit or loss in subsequent periods</i>	(41,088,934)	(127,022,372)
<hr/>		
Other comprehensive (loss) for the quarter, net of tax	(41,088,934)	(127,022,372)
<hr/>		
Total comprehensive (loss) for the quarter, net of tax	(18,741,168)	(152,985,069)
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Attributable to:		
Equity holders of the parent	(18,673,575)	(152,920,622)
Non-controlling interests	(67,593)	(64,447)
	(18,741,168)	(152,985,069)

The annexed notes from 1 to 28 form integral part of these financial statements

Eng. Magdi Mohammed Abdallah Taha

President/CEO

Balbinder Ranbir Singh

Group Chief Financial Officer

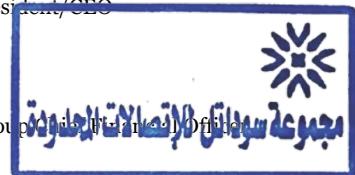


Notes	Unaudited March 31, 2025 USD	Audited December 31, 2024 USD	Unaudited March 31, 2024 USD
Asset			
Non-current assets			
Property, plant and equipment	5 391,137,913	430,447,781	507,217,127
Intangible assets	6 122,257,889	135,604,569	158,278,097
Investments in associates and joint ventures	7 7,890,812	8,596,523	8,962,028
Other financial assets	8 54,424	58,088	72,529
	521,341,038	574,706,962	674,529,781
Current assets			
Inventories	9 5,765,725	5,215,053	23,476,337
Trade and other receivables	10 160,284,613	142,403,854	141,775,663
Term deposits	11 39,384	37,330	69,392
Cash and bank balances	12 48,793,069	29,713,201	75,655,422
Assets classified as held for sale	25 6,738,291	6,713,619	6,755,045
	221,621,082	184,083,057	247,731,859
Total assets	742,962,120	758,790,019	922,261,640
Equity and liabilities			
Equity			
Share capital	13.1 1,388,691,077	1,388,691,077	1,322,562,930
Share premium	9,705,242	9,705,242	9,705,242
General reserve	74,673,448	74,673,448	74,673,448
Foreign currency translation reserve	(2,593,150,336) -	2,552,061,402	(2,406,920,279)
Revaluation reserve	1,109,342,011	1,109,342,011	1,109,342,011
Actuarial loss	(27,514,942) -	27,514,942	(27,851,484)
Retained earnings	157,521,143	135,084,433	155,214,137
Other components of equity	3,387	3,387	3,387
Equity attributable to equity holders of the parent	119,271,030	137,923,254	236,729,392
Non-controlling interests	(21,292,320) -	21,135,783	(20,920,461)
Total equity	97,978,710	116,787,471	215,808,931
Non-current liabilities			
Loans and borrowings	14 186,910,621	183,019,788	189,754,003
Employees' end of service benefits	20 2,547,401	2,858,457	3,412,925
Deferred revenue	16 6,918,711	6,875,619	7,789,984
Non-current portion of trade payables and accruals	15 37,984,500	53,588,322	32,002,742
	234,361,233	246,342,185	232,959,654
Current liabilities			
Trade payables and accruals	15 238,003,093	240,343,674	328,443,176
Deferred revenue	16 22,536,655	15,816,045	13,818,315
Employees' end of service benefits	20 149,918	149,918	255,128
Zakat payable	18 3,933,666	4,152,794	8,368,531
Taxation payable	19 26,667,492	24,637,816	18,197,302
Finance costs payable	17 89,499,166	83,059,329	73,263,989
Loans and borrowings	14 10,733,396	8,471,925	12,000,337
Liabilities classified as held for sale	25 19,098,791	19,028,861	19,146,277
	410,622,178	395,660,362	473,493,055
Total liabilities	644,983,410	642,002,548	706,452,709
Total equity and liabilities	742,962,121	758,790,019	922,261,640

The annexed notes from 1 to 28 form integral part of these financial statements

Eng. Magdi Mohammed Abdallah Taha

President/CEO



Balbinder Ranbir Singh

**SUDATEL TELECOM GROUP LIMITED
INTERIM CONDENSED CONSOLIDATED
STATEMENT OF CASH FLOWS (UNAUDITED)**



	Notes	March 31, 2025 USD	March 31, 2024 USD
Operating activities:			
Profit / (Loss) after tax from continuing operations		22,347,766	(25,962,697)
Profit after tax for the period from discontinued operations		-	-
Profit / (Loss) for the quarter		22,347,766	(25,962,697)
Adjustments to reconcile net profit / (loss) to net cash flows:			
Depreciation	5	9,984,237	12,515,488
Amortization	6	4,277,097	5,245,419
Employees' end of service benefits provision	20	11,218	126,831
Profit from deposits and investments	21	(27,949)	(340)
Share of loss of associates and joint ventures	7	(90,798)	241,548
Finance cost	17	3,561,822	4,217,833
Provision for zakat	18	1,689,944	860,847
Provision for taxation	19	8,315,587	6,231,917
Working capital adjustments:			
(Increase) in inventories		(3,990,904)	(16,488,843)
(Increase) in trade and other receivables		(17,880,759)	9,961,564
(Decrease) in trade payables and accruals		(14,122,578)	(16,830,569)
End of service benefits paid	20	(17,768)	(900,956)
Finance cost paid	17	(34,590)	(195,100)
Zakat paid	18	(1,089,473)	1,825,756
Tax paid	19	(1,631,568)	(4,062,892)
Net cash flows generated from operating activities		11,301,284	(23,214,194)
Investing activities			
Purchase of property, plant and equipment	5	(2,222,074)	(9,988,419)
Additions to intangible assets	6	(507)	-
Movement in investments in associates and joint ventures	7	796,509	737,383
Additions of term deposits-net	11	-	(493)
Profit from deposits and investments	21	27,949	340
Net cash flows used in investing activities		(1,398,122)	(9,251,189)
Financing activities			
Movement of loans and borrowings-net		6,152,304	(6,090,851)
Dividends & other distributions-net		(1,824,727)	(4,093,267)
Non-controlling interests and disposal-net		(67,593)	(15,297)
Net cash flows generated/(used) in financing activities		4,259,984	(10,199,415)
Net increase in cash and cash equivalents		14,163,146	(42,664,798)
Net Effect of Unrealized Foreign Exchange Difference		4,916,723	28,942,309
Cash and cash equivalents at beginning of the quarter		29,713,201	89,377,911
Cash and cash equivalents at end of the quarter	12	48,793,070	75,655,422

The annexed notes from 1 to 28 form integral part of these financial statements

Eng. Magdi Mohammed Abdallah Taha

President/CEO

Balbinder Ranbir Singh

Group Chief Financial Officer



	Attributable to the equity holders of the Parent										Non-controlling interests	Total equity
	Share capital	Share premium	General reserve	Foreign currency translation reserve	Revaluation reserve	Other components of equity	Actuarial loss	Retained earnings	Total			
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
1 January 2024	1,322,562,930	9,705,242	74,673,448	(2,279,897,907)	1,109,342,011	3,387	(27,851,484)	182,559,347	391,096,974	(20,856,014)	370,240,960	
Profit for the year	-	-	-	-	-	-	-	18,653,233	18,653,233	(401,244)	18,251,989	
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)	-	-	-	
1 January 2025	1,388,691,077	9,705,242	74,673,448	(2,552,061,402)	1,109,342,011	3,387	(27,514,942)	135,084,433	137,923,254	(21,135,783)	116,787,471	
Profit for the quarter	-	-	-	-	-	-	-	22,436,710	22,436,710	(88,944)	22,347,766	
Other comprehensive movement	-	-	-	(41,088,934)	-	-	-	-	(41,088,934)	-	(41,088,934)	
Other comprehensive income NCI	-	-	-	-	-	-	-	-	-	(67,593)	(67,593)	
31 March 2025 - Unaudited	1,388,691,077	9,705,242	74,673,448	(2,593,150,336)	1,109,342,011	3,387	(27,514,942)	157,521,143	119,271,030	(21,292,320)	97,978,710	

The annexed notes from 1 to 28 form integral part of these financial statements

Eng. Magdi Mohammed Abdallah Taha



President/CEO

Balbinder Ranbir Singh



Group Chief Financial Officer



Sudatel Telecom Group Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 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 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 United Arab Emirates.

The Group and its subsidiaries (collectively referred to as “the Group”) are engaged in the provision of installation, maintenance, operation of telecommunication infrastructure and related services. The Subsidiaries of the Group are as follows:

1. Espresso Telecom Holding Company of UAE
2. Sudanese Internet Company Limited of Sudan

Following are the **wholly owned subsidiaries of Espresso Telecom Holding Company:**

1. Espresso Senegal of Senegal
2. Chinguitel Telecom Company Limited of Mauritania
3. Intercel Plus Guinee S.A of Guinea Conakry
4. ETSN International Limited of British Virgin Island
5. Espresso Senegal (BVI) Limited of British Virgin Island
6. EMR International Limited of British Virgin Island
7. Intercel Holding SA of Luxemburg
8. Espresso General Trading LLC UAE

Associated Companies of the Group:

1. Arab Submarine Cables Company Limited of Kingdom of Saudi Arabia
2. Electronic Banking Services of Sudan
3. Al Gadida Asima Services Company Limited of Sudan

The **Joint Ventures** in which the Group is one of the Joint Venture Partner are:

1. Sudasat Company of Sudan
2. Dolphin Telecommunications JLT of UAE

The interim condensed consolidated financial statements for the quarter ended March 31, 2025 were approved and authorised for issue in accordance with a resolution of the Board of Directors on May 23, 2025.

2. SIGNIFICANT ACCOUNTING POLICES

2.1 GOING CONCERN

The Group has generated profit during the quarter ended March 31, 2025 of **USD 22.347 million** (2024: loss USD 25.962 million), as of that date, the Group’s current liabilities exceeded its current assets by **USD 189.001 million** (December 31, 2024: USD 211.577 million). The condensed 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 Guinee S.A Company 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 as well as renegotiate favourably its terms of payments with existing creditors and lenders.

Sudatel Telecom Group Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2025

2.2 BASIS OF PREPARATION

The condensed 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”. The condensed 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 condensed 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 condensed consolidated financial statements have been prepared under the going concern basis except for the operations of Intercel Plus Guinee S.A in Guinea-Conakry which have been prepared on breakup value basis. Operations of Intercel Plus Guinee 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 administrator for the liquidation of the Intercel Plus Guinee S.A.

The economy of the Republic of Sudan is economically unstable from number of years, in February 2021, the Central Bank of Sudan floated SDG (Local Currency of Sudan) to open the market, which resulted in a devaluation of SDG against USD by 1,413%. Consequently, in 2022, the economy of the Republic of Sudan experienced hyperinflationary conditions, which was further aggravated in 2023 due to war. These hyperinflationary economic conditions continued with devaluation of SDG against USD by additional 139% in 2024. The management and the Board of Directors of the Group evaluated the adoption of IAS 29 and concluded that the adoption/restatement of the financial statements as per IAS 29 will not represent the true and fair view of the operational results and financial position of the Sudan Operations of the Group; therefore, IAS 29 is not adopted for the Republic of Sudan Operations, ~~for the year ended December 31, 2024~~, on the basis that:

- i. The Government of Sudan has not officially declared the economy of the country as Hyper Inflationary, and
- ii. No official General Price Index / Consumer Price Index (CPI) has been published for the restatement of the financial statements as per IAS 29.

2.3 POLITICAL UNCERTAINTY IN SUDAN

Since mid-April 2023 Sudan have been affected by the war in and around capital city Khartoum, which has adversely affected the economy and security situation of the Country. The Conflict has directly affected the Company's operations and its telecommunication assets, as Khartoum and certain other areas in Sudan continue to experience hostilities. Since the start of the war the management of the Company has been continuously monitoring the network and base station equipment particularly in areas experiencing significant downtime. Management of the Company have taken actions, such as reallocation of staff to secure locations, design and implementation of data center in Port Sudan, development and implementation of emergency disaster recovery capabilities, arrangement of fuel for cell sites and electronic distribution of top up voucher through large local bank etc., due to which large portion of network is available and generating revenue. Due to damage to main data center in Khartoum, the billing system of operations was down for an accumulated period of 10 weeks, during the year. As social responsibility, management during this period ensured availability of the network for the customers free of charge which also had a positive effect on customer retention during these difficult times.

Sudatel Telecom Group Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2025

The management has prepared and reviewed the financial forecasts for upcoming three years, taking into consideration most likely possible downside scenarios for the ongoing impacts of war on the business of the Company in Sudan. These forecasts were based on following key assumptions:

- i. There will be no substantial increase in the intensity of hostilities, thereby no significant adverse impact on the number of active sites
- ii. The Company will have the capacity to conduct maintenance and repair tasks in the affected territories, ensuring a satisfactory level of network performance in regions where it is feasible while considering the physical security of technical specialists.
- iii. There will be no significant fluctuations in the fuel rate, foreign exchange rates and other major costs during the course of the conflict
- iv. The Company will be able to ensure the uninterrupted functioning of its crucial IT infrastructure, aligning with management's implemented measures and incident response and disaster recovery plans
- v. The revenue from services will be sufficient for the Company to meet both operating expenses and essential capital investments.

As per these forecasts, considering negative scenarios, management expects that the Company possesses adequate resources to effectively handle its operations in Sudan for the foreseeable future. The management of the Company has been constantly monitoring the situation in Sudan, including assessments related to the existence and damages to the Assets, including both Fixed Assets and Inventory of the Company located in Sudan. The management of the Group, till March 31, 2025 has assessed accumulated impairment / loss to the extent of USD 26.369 million. This impairment / loss includes accumulated USD 22.928 million related to Property, Plant & Equipment and USD 3.440 million related to Inventory in the books net of any currency exchange impact. These estimates may increase or decrease in subsequent periods as more detailed and accurate evaluations and assessments are possible.

Despite the ongoing war in the Republic of Sudan, the Group has managed to generate profit of USD 22.347 million (Q1 2024: loss of USD 25.962 million), for the quarter ended March 31, 2025, although the operations of Group in Sudan are disrupted, and currently, 60% of the Network is operational. Group's operations in Sudan are the only reliable Mobile Network for the general public operating without disruption in its services. During Q1 2024 for an extended period the billing system of the Company in Sudan was not operational due to which the Company was not able to recognize any revenue from the customers. But, considering the need of the customer telecom services remained available. Accordingly, the revenue reported in Q1 2025 is materially high as compared to revenue reported for Q1 2024 for Company's operations in Sudan.

After evaluating the forecasts and current operational conditions, the management has assessed the Group's capability to operate as a going concern at the time of releasing these financial statements. As a result, it has been determined by the management that there are no significant uncertainties that could impact the Group's infrastructure and operations that cast significant doubt on its ability to continue as a going concern. Consequently, the Group is expected to be able to realize its assets and fulfill its obligations in the ordinary course of business. The management has concluded that it is appropriate to prepare the financial statements on a going concern basis.

Sudatel Telecom Group Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) 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 duty. The Group assesses their revenue arrangements against specific criteria in order to determine if they are acting as principal or agent. The Group have concluded that they are acting as a principal in all their revenue arrangements.

b) Foreign currencies

The Group's condensed 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.

c) 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.

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

d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial quarter 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 quarter 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.

e) Intangible assets

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 cost, are not capitalised and expenditure is reflected in the condensed 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.

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

Sudatel Telecom Group Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2025

f) 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.

g) 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.

h) Financial assets at fair value through profit and 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. These 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.

i) 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.

j) 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 condensed consolidated statement of profit or loss as a finance cost.

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Sudatel Telecom Group Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2025

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's condensed consolidated financial statements require 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 quarters.

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
- Impairment of non-financial assets
- Useful lives of property, plant and equipment and intangible assets
- Business combinations
- Classification of investments
- Contingent liabilities
- Fair values - unquoted equity investments and business combinations
- Zakat & Taxes
- Impairment of financial assets

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 2023 (unless otherwise stated). Their adoption has not had any material impact on the disclosures or on the amounts reported in these condensed 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.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Group's condensed consolidated financial statements.

Sudatel Telecom Group Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2025

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no material impact on the Group's condensed consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

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 condensed 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 2023, 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.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must apply retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed. The amendments are not expected to have a material impact on the Group's condensed consolidated financial statements.

Sudatel Telecom Group Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2025

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

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. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalized any amendments that result from its research project on the equity method. Early application of the amendments is still permitted. The amendments address the conflict between IFRS 10 Condensed Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments must be applied prospectively. Early application is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Group's condensed consolidated financial statements.

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.

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.

Sudatel Telecom Group Limited

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2025

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

Standards and interpretations effective in the current year

New and revised IFRS	Summary
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	The amendment aims to promote consistency in applying the requirements by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current in the statement of financial position.
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.
Non-current Liabilities with Covenants (Amendments to IAS 1)	The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect liability classification.
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	The amendments add disclosure requirements and 'signposts' within existing disclosure requirements that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

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
Lack of Exchangeability (Amendments to IAS 21) The amendments contain guidance specifying when a currency is exchangeable and how to determine the exchange rate when it is not.	January 1 2025
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments. The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments	January 1 2026
IFRS 18 Presentation and Disclosure in Financial Statements IFRS 18 sets out requirements for presenting and disclosing information in general-purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 replaces IAS 1 Presentation of Financial Statements	January 1 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standard	January 1 2027

SUDATEL TELECOM GROUP LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 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	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
Additions	-	-	-	-	-	-	-	-	-	2,222,074	2,222,074
Transfers	-	-	-	994,854	18,205	-	19,043	-	-	(1,032,102)	-
Currency translation adjustment	(9,509,632)	(5,201,590)	(21,263,242)	(28,850,448)	(480,333)	(305,920)	(609,112)	(247,156)	(865,813)	(218,789)	(67,552,035)
Discontinued operations	-	1,808,700	27,172,913	-	-	308,686	809,000	-	-	3,556,731	33,656,030
As at 31 March 2025 - Unaudited	38,252,586	25,299,423	417,725,593	117,046,049	1,950,353	3,106,180	9,451,468	994,184	3,482,741	137,581,446	754,890,023
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)
Depreciation	-	(506,879)	(6,284,946)	(2,920,756)	(91,566)	(44,092)	(27,206)	(49,117)	(59,675)	-	(9,984,237)
Currency translation adjustment	-	1,662,330	20,294,871	6,720,189	131,560	270,191	399,827	147,701	179,449	-	29,806,118
Discontinued operations	-	(810,120)	(27,164,428)	-	-	(291,479)	(664,356)	-	-	-	(28,930,383)
As at 31 March 2025 - Unaudited	-	(5,839,050)	(291,066,807)	(30,129,605)	(626,310)	(2,673,136)	(9,057,397)	(646,220)	(785,127)	-	(340,823,652)
Fixed assets impaired due to war in Sudan (note 5.1)											(22,928,458)
Net book value											
As at 31 March 2025 - Unaudited	38,252,586	19,460,373	126,658,786	86,916,444	1,324,043	433,044	394,071	347,964	2,697,614	137,581,446	391,137,913

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. 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. No additional charge has been recognized during the Quarter ended March 31, 2025. During the quarter only impact of exchange difference due to conversion rate variance between SDG and USD has impact this amount to the extent of USD 1,472,565.

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)	-
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 - Audited	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)
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)
As at 31 Dec 2024 - Audited	47,762,218	22,507,932	133,903,618	110,972,605	1,746,177	495,658	466,875	496,536	3,443,653	133,053,532	430,447,781

5.2 As at March 31, 2024 the accumulated cost of fixed assets was USD 849,750,932, accumulated provision for depreciation was USD 330,445,447 and value fixed asset impaired due to war in Sudan was USD 12,088,358 leading to net fixed asset book value of USD 507,217,127.

SUDATEL TELECOM GROUP LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2025****5 PROPERTY AND EQUIPMENT (continued)**

The Group's freehold land, buildings, communication and network equipment and software and licenses are stated at their revalued amounts, being the fair value at the date of revaluation, less any depreciation and impairment losses. The fair value measurements of the Group's freehold land, buildings, communication and network equipment and software and licenses at 31 December 2021 was performed by an independent valuer.

The fair value of the freehold land was determined based on fair value basis, comparable and residual method and the fair value of buildings, communication and network equipment and software and licenses was determined using replacement cost and fair value method, in accordance with IFRS. 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, software and licenses and information about the fair values are as follows:

	FV as at 31-Mar-25 USD	FV as at 31-Dec-24 USD
- Freehold land	38,252,586	47,762,218
- Buildings	19,460,373	22,507,932
- Communication equipment	86,916,444	110,972,605
- Network equipment and cables	126,658,786	133,903,618
- Earth station	347,964	496,536
- Submarine cable	2,697,614	3,443,653
	274,333,767	319,086,562

Freehold land and building with carrying value amounting to USD 0.8 million (December 31, 2024: USD .8 million) are held under Murabaha and Finance Lease agreement.

Network equipment with carrying value amounting to USD 12.5 million (December 31, 2024: USD 12.5 million) are subject to a first charge guarantee to secure the Murabaha finance.

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

	31-Mar-25 USD	31-Mar-24 USD
Operating expenses	9,314,494	11,644,780
General and administration expenses	669,743	870,708
	9,984,237	12,515,488

SUDATEL TELECOM GROUP LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2025

6 INTANGIBLE ASSETS

2025

Cost

As at 1 Jan 2025

Software

USD

License

USD

Total

USD

Additions

507

507

Exchange adjustments

(354,030)

(24,402,569)

(24,756,599)

Discontinued operations

-

23,207,853

23,207,853

As at 31 March 2025 - Unaudited

1,424,091

275,818,801

277,242,892

Accumulated Amortization

As at 1 Jan 2025

(238,150)

(142,948,412)

(143,186,562)

Amortisation

(26,325)

(4,250,772)

(4,277,097)

Exchange adjustments

(1,025,617)

16,625,910

15,600,293

Discontinued operations

-

(23,121,637)

(23,121,637)

As at 31 March 2025 - Unaudited

(1,290,092)

(153,694,911)

(154,985,003)

Net book value:

As at 31 March 2025 - Unaudited

133,999

122,123,890

122,257,889

Cost

As at 1 Jan 2024 - Audited

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 - Audited

1,778,121

277,013,010

278,791,131

Accumulated Amortization

As at 1 Jan 2024 - Audited

(1,937,005)

(135,779,422)

(137,716,427)

Amortisation for the year

(265,072)

(18,218,320)

(18,483,392)

Exchange adjustments

1,963,927

34,170,968

36,134,895

Discontinued operations

-

(23,121,638)

(23,121,638)

As at 31 Dec 2024 - Audited

(238,150)

(142,948,412)

(143,186,562)

Net book value:

As at 31 Dec 2024 - Audited

1,539,971

134,064,598

135,604,569

- 6.1 As at March 31, 2024 the accumulated cost of Intangible Assets was USD 303,195,729, accumulated amortization was USD 144,917,632 leading to net book value of Intangible Assets was USD 158,278,097.

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

	Unaudited	Unaudited
	31-Mar-25	31-Mar-24
	USD	USD
Operating expenses	4,250,772	5,071,954
General and administration expenses (note 24)	26,325	173,465
	4,277,097	5,245,419

Details of the licenses as at 31 March 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED MARCH 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	Sudasat Company	Dolphin Telecommunications JLT	Total
	USD	USD	USD	USD	USD	USD
As at 1 Jan 2024	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
Shareholding %	50%	30%	60%	60%	60%	60%
Other equity movements	(802,398)	(40,993)	(8,768)	-	55,650	(796,509)
Share of (loss)	-	-	-	-	90,798	90,798
As at 31 March 2025	3,227,659	164,893	35,267	-	4,462,993	7,890,812
Shareholding %	50%	30%	60%	60%	60%	60%

7.1 As at March 31, 2024 the book value of Investments in associates and joint ventures was USD 8,962,028.

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
	USD	USD	USD	USD	USD
As at 1 Jan 2024	13,650	8,272	71,119	1,215,695	1,308,736
Addition net	7,175	4,287	37,383	38,243	87,088
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	(597)	(356)	(3,109)	398	(3,664)
As at 31 March 2025 - Unaudited	2,400	1,434	12,504	38,086	54,424

8.1 As at March 31, 2024 the book value of Investments in associates and joint ventures was USD 72,529.

8.2 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.

8.3 In August 2017, Sudatel aquired 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 aquisition was USD 3 million.

8.4 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE QUARTER ENDED MARCH 31, 2025

	Notes	Unaudited	Audited	Unaudited
		31-Mar-25 USD	31-Dec-24 USD	31-Mar-24 USD
9 INVENTORIES				
Modem, handsets and accessories		3,605,044	4,089,293	4,938,702
SIM & scratch cards and others		517,822	1,036,459	1,473,909
Spare parts and other materials		3,438,034	3,507,714	6,252,651
Transmission cables and materials		1,645,057	350,508	13,277,338
		9,205,957	8,983,974	25,942,600
Provision for slow moving and obsolete inventories		-	(210,528)	(362,242)
Provision for wartime lost inventory	9.1	(3,440,232)	(3,558,393)	(2,104,021)
		5,765,725	5,215,053	23,476,337

- 9.1** The management of the Group has been constantly monitoring the war situation in Sudan, including assessment related to existence and damages to the inventory of the Group in Sudan. Till the close of the year with respect to inventory, the management estimates the damages to the extent of USD 0.5 million. These damages are not currently classified in class of inventory since they are initial estimates. These estimates may increase or decrease in subsequent periods as more detailed and accurate evaluation and assessment is done. No additional charge has been recognized during the Quarter ended March 31, 2025. During the quarter only impact of exchange difference due to conversion rate variance between SDG and USD has impact this amount to the extent of USD 118,161.

		Unaudited	Audited	Unaudited
		31-Mar-25 USD	31-Dec-24 USD	31-Mar-24 USD
10 TRADE AND OTHER RECEIVABLES				
Trade debtors		125,734,491	114,354,502	122,133,731
Loss allowance		(15,384,314)	(15,103,030)	(23,610,285)
		110,350,177	99,251,472	98,523,446
Advances paid to suppliers		40,243,475	27,185,666	30,839,810
Prepaid Rent		137,478	158,902	214,718
Advances to staff under vehicle ownership scheme	10.1	711,205	1,019,338	2,350,421
Advances paid to staff loans and others		4,308,473	4,451,252	5,626,861
Security deposits		394,772	9,739	9,758
Related party receivables		4,139,033	10,327,485	4,210,649
		160,284,613	142,403,854	141,775,663

- 10.1** 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.

11 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.

	Unaudited	Audited	Unaudited
	31-Mar-25 USD	31-Dec-24 USD	31-Mar-24 USD
Opening balance	37,330	96,845	96,845
Addition	-	-	493
Exchange adjustment	2,054	(59,515)	(27,946)
Closing balance	39,384	37,330	69,392

12 CASH AND BANK BALANCES

Cash on hand		693,868	23,226	2,156,423
Local current account	12.1	31,401,606	16,857,132	46,242,013
Foreign current account	12.2	16,697,595	12,832,843	27,256,986
		48,793,069	29,713,201	75,655,422

- 12.1** Subsequent to the quarter end due to civil unrest in Republic of Sudan, the access to funds in Sudani banks is limited, except for balances in Bank of Khartoum.

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

SUDATEL TELECOM GROUP LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE QUARTER ENDED MARCH 31, 2025

	Notes	Unaudited	Audited	Unaudited
		31-Mar-25	31-Dec-24	31-Mar-24
		USD	USD	USD
13	SHARE CAPITAL AND RESERVES			
13.1	Share Capital			
	Number of authorised (Ordinary shares of USD 1 each)	QTY	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
				1,322,562,930
14	LOANS AND BORROWINGS			
14.1		Unaudited	Audited	Unaudited
		31-Mar-25	31-Dec-24	31-Mar-24
		USD	USD	USD
	Vendor finance	1,632,556	3,175,262	5,703,324
	Bank finance	196,011,461	188,316,451	196,051,016
		197,644,017	191,491,713	201,754,340
	Current			
	Current portion of loans and borrowings	10,733,396	8,471,925	12,000,337
	Non-current			
	Non-current portion of loans and borrowings	186,910,621	183,019,788	189,754,003
		197,644,017	191,491,713	201,754,340
14.1	This relates largely to long and medium terms foreign and local currencies loans, whose tenors range between 2 and 5 years and interest rates range between 4.9% and 17.34%. This includes loan from China Development Bank (CDB) with a balance equivalent to Euro 147.7 million as at December 31, 2024. In accordance with the the loan agreement with CDB the Company 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 which have been largely agreed in principle. As soon as the negotiation is concluded new loan agreement will be signed and servicing of the loan will start as per new agreement.			
15	TRADE PAYABLES AND ACCRUALS	Unaudited	Audited	Unaudited
		31-Mar-25	31-Dec-24	31-Mar-24
		USD	USD	USD
	Trade creditors	108,098,908	122,612,183	125,616,711
	Accrued expenses	14,343,412	10,170,595	31,219,864
	Spectrum license fees payable	55,395,847	69,167,312	87,750,000
	Provision for regulatory fees	31,621,728	24,662,084	32,676,003
	Unclaimed dividends	40,679,842	42,504,569	57,044,391
	Dealer commission payable	2,751,115	3,172,681	3,322,372
	Postpaid subscriber security deposit	1,715,716	1,814,873	2,752,742
	VAT payable	11,671,570	9,638,456	9,050,603
	Provision for employee bonus	6,953,055	5,692,243	4,257,611
	Related party payables	366,495	406	692
	Other liabilities	2,389,905	4,496,594	6,754,929
	Less: Non current portion	275,987,593	293,931,996	360,445,918
		(37,984,500)	(53,588,322)	(32,002,742)
		238,003,093	240,343,674	328,443,176

15.1 This relates to 87% balance of cost of acquisition of additional spectrum by the Group's Sudan operations of total cost \$97.5 million, out of which \$12.9 million was paid. It was agreed with TPRA and MOF to hedge and translate the balance of the contract (\$ 84.6 million) into its equivalent SDG at 1,637 SDG/\$ rate and rescheduled for payment in monthly installments for three years starting January 2025 and ending December 2027.

SUDATEL TELECOM GROUP LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE QUARTER ENDED MARCH 31, 2025

	Notes	Unaudited	Audited	Unaudited
		31-Mar-25 USD	31-Dec-24 USD	31-Mar-24 USD
16 DEFERRED REVENUE				
Deferred revenue - leased capacity	16.1	12,614,536	11,334,470	3,556,545
Deferred revenue - subscribers		16,840,830	11,357,193	18,051,754
		29,455,366	22,691,663	21,608,299
Less: Non current portion - leased capacity		(6,918,711)	(6,875,618)	(7,789,984)
		22,536,655	15,816,045	13,818,315
16.1	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 to 15 years.			
17 FINANCE COSTS PAYABLE				
Opening balance		83,059,329	70,214,442	70,214,442
Charge for the quarter		3,561,822	16,347,341	4,217,833
Paid during the quarter		(34,590)	(419,911)	(195,100)
Exchange adjustment		2,912,605	(3,082,543)	(973,186)
Closing balance		89,499,166	83,059,329	73,263,989
18 ZAKAT PAYABLE				
Opening balance		4,152,794	8,443,881	8,443,881
Charge for the quarter	18.1	1,689,944	2,350,580	860,847
Payments		(1,089,473)	(1,556,968)	1,825,756
Exchange adjustment		(819,599)	(5,084,699)	(2,761,953)
Closing balance		3,933,666	4,152,794	8,368,531
18.1	Zakat is charged at a provinal rate of 25% of the income tax charge for the quarter only related to the Sudan operations of the Group.			
19 TAXATION PAYABLE				
Opening balance		24,637,816	23,409,305	23,409,305
Charge for the quarter		8,315,587	28,691,549	6,231,917
Payments		(1,631,568)	(12,736,904)	(4,062,892)
Exchange adjustment		(4,654,343)	(14,726,134)	(7,381,028)
Closing balance		26,667,492	24,637,816	18,197,302
20 EMPLOYEES' END OF SERVICE BENEFITS				
Opening balance		3,008,375	4,781,247	4,781,247
Employee end of service charge for the quarter		11,218	461,086	126,831
Actuarial loss		-	(336,542)	-
Payments		(17,768)	(676,676)	(900,956)
Exchange adjustment		(304,506)	(1,220,740)	(339,069)
Closing balance		2,697,319	3,008,375	3,668,053
Current portion		149,918	149,918	255,128
Non-current portion		2,547,401	2,858,457	3,412,925
		2,697,319	3,008,375	3,668,053

SUDATEL TELECOM GROUP LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2025

	Notes	Three Months Ended	
		Unaudited	
		March 31, 2025	March 31, 2024
		USD	USD
21 PROFIT FROM INVESTMENTS AND DEPOSITS			
Fixed deposits		27,810	-
Investment funds		139	340
		27,949	340
22 OTHER OPERATING LOSS			
Exchange gain/(loss)		(3,525,474)	(32,743,418)
Provision for bad debts		(57,933)	-
Miscellaneous income		32,159	33,304
		(3,551,248)	(32,710,114)
23 MARKETING AND SELLING EXPENSES			
Marketing & advertisement		913,153	867,364
Business promotion		380,963	709,944
Sales & distribution		10,634	125,075
		1,304,750	1,702,383
24 GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries & wages		10,546,430	8,328,453
Depreciation of property, plant and equipment	5	669,743	870,708
Amortization	6	26,325	173,465
Repairs, maintenance & utilities		202,041	167,128
Corporate social responsibility		219,034	62,981
Traveling and transport		628,603	309,014
Rental expense		390,567	341,337
Consumables & stationary		62,044	53,451
Legal and other consultancy charges		207,591	451,113
Audit expense		129,987	32,617
Business premises security		85,157	94,406
Entertainment expenses		67,950	72,610
Insurance fee		5,381	37,270
Training expenses		109,596	3,856
Bank charges		32,375	97,238
Other administrative expenses		791,637	325,054
		14,174,461	11,420,701

SUDATEL TELECOM GROUP LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2025****25 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 quarter.

	Unaudited March 31, 2025 USD	Audited December 31, 2024 USD	Unaudited March 31, 2024 USD
ASSETS			
Property, plant and equipment	4,725,648	4,708,345	4,737,397
Intangible assets	1,244	1,240	1,248
Other financial assets	391,788	390,353	392,762
Trade and other receivables	1,599,152	1,593,297	1,603,128
Cash and bank balances	20,459	20,384	20,510
Assets classified as held for sale	6,738,291	6,713,619	6,755,045
Liabilities			
Loans and borrowings	33,906	33,782	33,990
Accounts payable and accruals	19,064,885	18,995,079	19,112,287
Liabilities directly associated with assets classified as held for sale	19,098,791	19,028,861	19,146,277
Net assets directly associated with disposal group	(12,360,500)	(12,315,242)	(12,391,232)
Non-controlling interests			
	(22,742,269)	(22,658,998)	(22,798,814)
Share of equity attributable to Parent	10,381,769	10,343,756	10,407,582
Included in other comprehensive income to be classified as profit or loss on disposal			
Foreign exchange translation reserve	(8,785,586)	(8,715,780)	(9,703,458)

During the quarter 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2025**

26 SEGMENT INFORMATION

According to geographical location:

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

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

<u>2025 - Unaudited</u>	Domestic					Foreign		Foreign Sub Total	STG Group Total
	Sudan	Senegal	Mauritania	Guinea Conakry	UAE				
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Operating revenue 31 March 2025	72,491,134	14,340,988	10,219,346	-	1,231,593		25,791,927		98,283,061
Profit / (loss) after zakat and tax 31 Mar 2025	29,543,585	(2,455,587)	(1,976,542)	-	(2,763,690)		(7,195,819)		22,347,766
Total assets 31 Mar 2025	353,297,651	213,629,073	141,299,878	6,738,291	27,997,227		389,664,469		742,962,120

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

<u>2024 - Unaudited</u>	Domestic					Foreign		Foreign Sub Total	STG Group Total
	Sudan	Senegal	Mauritania	Guinea Conakry	UAE				
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Operating revenue 31 Mar 2024	51,292,087	15,244,265	10,738,363	-	2,895,445		28,878,073		80,170,160
Profit / (loss) after zakat and tax 31 Mar 2024	(21,662,354)	(2,321,211)	(1,092,227)	-	(886,905)		(4,300,343)		(25,962,697)
Total assets 31 Dec 2024	393,794,267	197,021,455	133,603,470	6,713,620	27,657,206		364,995,751		758,790,018

SUDATEL TELECOM GROUP LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2025****27 COMMITMENTS AND CONTINGENCIES****Commitments:***Capital expenditure*

Estimated capital expenditure contracted at the balance sheet date amounted to USD 83.7 million (December 31, 2024: USD 110.6 million).

Letters of credit

The commitments on outstanding letters of credit are USD 2.6 million (December 31, 2024: 0.0 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 31 March 2025.

28 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	Unaudited	Audited
	31-Mar-25	31-Dec-24
	USD	USD
Related party receivable		
Expresso Telecom Group - JLT	Associated Company	-
Ahmed Baba EMR	Minority interest	3,995,055
Sudasat Company	Joint Venture	136,900
Sudaservice		7,078
Arab Submarine Cables Company Limited	Associated Company	-
Dolphin	Joint Venture	-
		4,139,033
		4,402,445
Related party payable		
Arab Submarine Cables Company Limited	Associated Company	(366,170)
Sudasat Company		-
Al Gadida Asima Services Company Limited	Associated Company	(325)
		(366,495)
		(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 in respect of key management personnel are set out below:

	Unaudited	Audited
	31-Mar-25	31-Mar-24
	USD	USD
Short term employee benefits	831,223	696,609
Post-employment benefits	228,463	231,872
	1,059,686	928,481