

12 May 2024

Management Report on the Consolidated Financial Statements for period ending 31 March 2024.

1. Revenue, Profit, and earnings per share

The crisis in Sudan that continues to disrupt the business operations in some regions in Sudan. The internal displacement of people away from Khartoum region has created difficulties but the network availability and reconfiguration of sales and distribution network during the last two quarters has helped to recover the revenue. The SDG continues to depreciate against the USD and the fuel and electricity supplies are still constrained.

All telecom service providers suffered a complete service outage due to the conflict in Q1-2024 and Sudani was the first network to recover and resume services to its customers thanks to contingency plans that were in place since the beginning of the conflict. The network in Sudan is still operating at around less than half its full capacity in terms of sites that are active. However, the average daily revenue generated grew in Q1 for Sudan and is now approaching 80% of the level in Q1/2023, in USD terms.

The cost control is being maintained in Senegal however, tough market conditions including enforced blocking of internet access by government during the election process has restricted the growth in revenue that was expected. Mauritania revenue also fell short of the plan in this quarter; additional corrective actions are in being undertaken with group resources being added to the local team. The STG consolidated operating revenue for Q1 2024 was \$80.2m compared with \$142.3m in Q1 2023, representing decrease of about 44%.

The comparative analysis of Q1 2024 with Q1 2023 can be summarised as follows:

a) The profit/loss account resulted in a net loss of (\$25.9m) compared with net income \$16.9m reported for Q1 2023. The primary reason for this is the exchange rate adverse impact of more than \$32.7m.

b) The Sudani operations which encountered the most difficult economic conditions managed to reach the operating revenue for Q1 2024 to \$51.2m compared with \$109.2m in the Q1 2023 representing a 52% decrease.

c) The operation in Senegal remains challenging, combined with regulatory pressures creating disruption of operations and constraining recovery in the revenue. Effort on Cost control and revamping of prices and the service portfolio remains the priority. The revenue for Q1 2024 was \$15.2 m compared with \$16.3m in Q1 2023. In Mauritania the revenue was down in USD terms at \$10.7 m for the Q1 2024 compared with \$13.5m in Q1 2023. The Mauritanian currency also depreciated by nearly 13% relative to the USD.

d) Earnings per share for year ending 31 Mar 2023 has reduced to (\$0.0196) compared with \$0.0128 for the Q1 2023.

Sudatel Telecom Group Ltd.

Sudatel Tower – Khartoum Sudan – P.O. Box 11 155

Tel: +249 183 761 100 – 183979400

Contacts: stginfo@sudatel.sd

www.sudatel.sd

2. Group total assets -The Group's total assets have decreased to \$922.3m as of 31 March 2023 compared with the 31 December 2023 value of \$1,100.9m.

3. Capital expenditure -The group spent about \$10m investing in the network in Q1 2024.

4. Customer base remains at about 13 million across the Group.

5. Financial and other risks

All the operations remain exposed to currency fluctuations as the reporting currency is US\$.

The technical teams with the support of various vendors, continues to enhance the Sudan network to improve overall availability and improve coverage by adding more sites in the safe regions. The operational support systems are functioning after the disruptions over the previous months and the launch of the new data center in Port Sudan. All efforts are being made to resume services to the corporate clients as many of them have relocated to the Port Sudan area. The demand for services continues to rise as seen in the active recharging by existing customers for airtime. The cash liquidity remains tight and difficulties in the banking system are restricting some transactions.

6. Balance sheet extract – 31 March 2023

	31 December 2023	31 Mar 2024
Total Non-Current Assets	843,830,506	674,529,781
Total Current Assets	257,060,6981	247,731,859
Total Current Liabilities	476,618,583	473,493,055
Total Non-Current Liabilities	255,463,324	232,959,654
Total Shareholders' Equity	368,809,297	215,808,931

7. Summary of Income Statement – Q1 2023 v Q1 2024

	31 Mar 2023	31 Mar 2024
Total Operating Revenue	142,298,486	80,170,160
Net Operating Profit	36,888,225	(14,410,552)
Net Income	16,970,001	(25,962,697)
Earnings per share	0.0128	(0.0196)



Balbinder Ranbir Singh
Group Chief Financial Officer



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