

Management Report on the Consolidated Financial Statement for the period ended 30 June 2020

1-Revenue, Profit and Earnings Per Share:

The effect of the Covid-19 pandemic has negatively impacted almost all businesses across the world. Currency devaluation and its corresponding effect of eroding citizens' purchasing power in Sudan has further impacted many businesses. However, despite the pandemic and effect of the currency devaluation our company succeeded in recorded significant improvement in its H1 2020 financial performance as highlighted below compared to corresponding period in the previous year. Investments made in the last few years in both network and human capital contributed significantly in reducing the negative effect these events on our business, and this says a lot about the foresight and vision of our board and management team.

The comparative analysis below of the key performance indicators sheds more light on the Company's H1 2020 performance compared to corresponding period in the previous year:

- a) Revenue from operation increased by USD 14 million (11%) from USD 124 million in H1-2019 to USD 138 million in H1-2020. Gross Profit also increased by USD 1.9 million from USD 45.6 million posted in H1-2019 to USD 47.5 million posted in H1-2020
- b) General and admin expenses as well as marketing, selling and distribution costs dropped by USD 4 million from USD 28 million reported in H1-2019 to USD 24 million recorded in H1-2020. The company has started reaping the benefits of implementing its strategic initiatives of optimizing its business processes and operations in general
- c) Net Income increased by 7% from USD 8.5 million reported in H1 2019 to USD 9.1 million reported in H1 2020. Earnings Per Share correspondingly increased from USD 0.0070 per share in H1-2019 to USD 0.0072 reported in H1-2020.

2- Group Net Assets:

Compared to 31 December 2019, the Group Net Assets decreased by USD 50 million from USD 325 million to USD 275 million, as at 30 June 2020 due to the effect of currency devaluation.

3- Capital expenditure:

The Group spent USD 11 million on capital expenditure for the period ended 30 June 2020.

4- Operating Highlights:

Our mobile subscribers' position from various countries of operation of 12 million subscribers remained unchanged.

5- Financial risk:


The group is exposed to and affected by the instability and foreign exchange rate fluctuation being experienced in some countries of its operation. As economies and businesses around the world continue to go back to business, we expect to record improvement in our foreign currency denominated revenue streams to help us cushion the effect of the financial risk

6- Brief of the balance sheet:

| | 30-Jun-2020 | 31-Dec-19 |
|--------------------------------|-------------|-------------|
| Total Non -Current Assets | 671,239,370 | 776,938,162 |
| Total Current Assets | 158,448,530 | 143,410,707 |
| Total Current liabilities | 336,287,424 | 351,306,999 |
| Total Non -Current liabilities | 217,999,999 | 243,844,636 |
| Total Shareholders' Equity | 275,400,477 | 325,197,234 |

7- Brief of the Income Statement:

| | 30-Jun-2020 | 30-Jun-19 |
|--------------------------|-------------|-------------|
| Total Operating Revenues | 137,547,550 | 123,890,805 |
| Net Operating profit | 23,566,845 | 19,148,606 |
| Net Income | 9,062,757 | 8,480,671 |
| Earnings per share | 0.0072 | 0.0070 |



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