

Respected Shareholders,

We are pleased to present to you a summary of the results of the operations for the year ended 31<sup>st</sup> December 2021.

Operating performance:

REVENUE: Group Revenue for the year ended 31<sup>st</sup> December 2021 has reached RO 2,408.3 million compared to RO 2,511.0 million for the corresponding period 2020. The Group revenue include acquired business of Zain Group, which contributed revenues of RO 1,887.0 Mn.

**Omantel (Domestic performance)** Revenues reached RO 531.4 million compared to RO 533.1 million for the corresponding period 2020. Revenues growth achieved in Mobile Postpaid, Fixed Broadband and Wholesale Cable Capacity have contributed in managing the Margin for the year 2021.

EXPENSES: Group's total Operating expenses decreased to RO 2,030.6 Mn compared to RO 2,096.4 Mn for the corresponding period 2020, a decrease of 3.1%.

NET PROFIT: The Group achieved an after tax Net Profit of RO 233.6 Mn compared to RO 229.0 Mn in 2020. After adjusting for minority interest the net profit for the period is RO 67.1 Mn compared to RO 66.9 Mn in 2020, an increase of 0.2%

**Oman Domestic operation** Net profit for the Year 2021 stands at RO 73.2 Mn, which is a decline of 5.3% in comparison to Year 2020 performance. In Year 2020, Net Profit include One Time cost savings. Adjusted for this, the net profit for the Year 2020 could have been RO 68.2 Mn compared to RO 73.2 Mn, representing an increase of 7.3% YoY. The impressive performance was contributed by comparatively high margin Capacity sales, growth in Postpaid Mobile (YOY 19.2%) and Fixed Broad Band revenue (YoY 9.1%) inspite of decline in pre-paid mobile revenue segment. This was further supplemented by a reduction in Operation and Maintenance costs and depreciation driven by proactive cost optimization measures.

Group Earning per Share (EPS) for the year ended 31<sup>st</sup> December 2021 is RO 0.089 compared to RO 0.089 for the corresponding period of year 2020.

Dividend

Board has recommended a dividend of 55 bz per share which will be subject to the approval of AGM. The payout ratio is 61.5% of the Group Profit.

SUBSCRIBER BASE

The total domestic subscriber base as of December 2021 (including mobile and fixed businesses) was 3.207 Mn (excluding Mobile Resellers) compared to 3.267 Mn of the corresponding period of the previous year, recording a decline of 1.8% over the last period. Total subscriber base with mobile resellers reached 3.7 Mn.

## Subsidiary Companies:

### 1) **Mobile Telecommunication Company (Zain):**

Zain Group revenues reached RO 1,887.0 Mn as of December 2021 compared to the corresponding period revenues of RO 1,988.5 Mn. EBITDA stands at RO 780.2 Mn, compared to the corresponding period EBITDA of RO 821.1 Mn recording a decline of 5.0%. Net profit stands at RO 249.8 Mn compared to RO 254.8 Mn of the previous period.

Total customer base of Zain Group increased by 2% to 48.9 Mn compared to 47.8 Mn of the previous period.

Market Share: Omantel's Mobile market share (*including Mobile Resellers*) is 51.9% with a revenue share of 60.2%. The Fixed Telephone (post & pre-paid) market share is 70.0% with a revenue market share of 80.0%.

Corporate Social Responsibility (CSR): As part of its ongoing commitment to support the society and environment, Omantel has embarked on number of CSR initiatives and programs and has extended its support to various organizations and events. The below summarizes the major initiatives and events supported during the year 2021:

1. **Mobile Maintenance Centers:** an agreement was signed with the Telecommunications Regulatory Authority to establish three centers for mobile sales and maintenance and their accessories in Muscat and Musandam governorates, which is with the objective for creating job opportunities for Omanis from social security families.
2. **Tropical Cyclone Shaheen:** Omantel supported the efforts to reduce the effects of Tropical Cyclone Shaheen in Al Batinah Governorate. The company, based on the directives of the board of directors, donated RO 500 K to Oman Charitable Organization as part of Omantel contribution to enhance standard of living for effected families, and the same was disclosed to public.
3. **Supporting affected families in Al Batinah:** A charitable campaign in cooperation with the Oman Charitable Organization to support families affected by rain and thunderstorms.
4. **Reopening of Omantel Innovation Center :** After it was closed for more than a year due to COVID-19 Omantel reopened "Omantel Innovation Center" ". The objective is to identify and support innovation to maintain Omantel's technology leadership position in Oman and to invest in a portfolio of promising startups that are strategically aligned with Omantel especially in Information and Communications Technology (ICT). .
5. **Other CSR Initiatives: Ramadan Campaign, Outward Bound Oman, Omantel Research Fund, Upgrade 5, Edaad Program** (It is a training program coupled with employment provided in cooperation with the Ministry of Higher Education, Scientific Research & Innovation), **Edlal 2.0**(Omantel and its partner in Edlal Organization launched the second version of the Edlal

platform. Which is the first Omani digital platform to enrich the Arabic e-content and targeting Arab youth) , **Scholarships for 11 students belonging to Social Security families (second year payment)**, **Mubadera Award**<sup>3</sup>( Omantel announced the 3<sup>rd</sup> version of the award during the Sultanate's celebrations of Oman Women's Day during an annual ceremony, The award targets Woman associations and seeks to encourage Omani women in various governorates to launch initiatives that add value to society), **OCA Walkathon** (Omantel cooperated with Oman Cancer Association (OCA) in providing 370 cancer patients who are under Chemo & Radio therapy with nutritional supplements free of cost), Participation in the **National Campaign for Immunization against COVID-19, Innovation and Technology Transfer Centre** (3<sup>rd</sup> year payment), **IT & Coding Curriculum** (2<sup>nd</sup> year payment).

#### Future outlook:

The Covid-19 outbreak continues to have a profound impact on the global and local economies as well as the telecom sector in specific. Following the acceleration of vaccination programs, the expectation of a return to normal is growing and the domestic economy is expected to gradually return back into a growth scenario. Nevertheless, the unpredictable impact of emerging variants of the virus means that we need to remain cautious. Despite these challenges, the current situation also offers unique opportunities for the telecom sector in general: the "New Normal" has led to a dramatic shift in how telecommunication services are being used and how much capacity is required (*Working from Home, acceleration of the 4th Industrial Revolution - 4IR showing an increase of online business transactions and extended digitalization of services*).

With the arrival of the third operator in Oman, we see a profound impact on the current competitive dynamics. The Omani market is showing clear signals of saturation and we are witnessing a decline in both core telecom market revenues (such as voice, data and messaging) and subscribers. The entry of the third operator has already impose further challenges on the existing operators, and we do not see a scenario leading to market growth of core telecom services in short to medium term horizon, unless significant turnaround in macro-economic situation .

At the same time, the continuing growth of OTT (over-the-top) services such as Netflix, WhatsApp, YouTube and Instagram drives an increasing demand of bandwidth volumes, which is in principle a potential for operators to grow revenues. Nevertheless, the popularity of free services and the dominance of global content players with a capability to leverage a global customer base while being subjected to limited domestic regulation, makes it challenging for domestic telecom operators to compete on value added services. Furthermore, investment in expanding the infrastructure to support this demand remains a substantial burden on operators, putting an increased pressure on the margins.

Under these circumstances, it is additionally challenging for operators to find the funding for the required investments in 5G. Even with the far superior services 5G can provide in terms of speed and latency, as well as the possibility to develop a new stream of advanced smart services and IoT (Internet of Things) solutions, history in previous network upgrades such as 4G has proven that the monetization of these advanced features is challenging in the short term. As with every new technology, the real use cases will only become

clear once the network has been rolled out and the appropriate echo system is developed. This will provide a dilemma for operators to decide when and how to pace the deployment of 5G networks.

In light of the current situation and in order to strengthen our position as one of the primary enablers of Oman's digital ambitions, we have developed our new strategy, "Shift Gear to achieve sustainable profitability growth". Our new strategy builds further on the key transformation initiatives started under Omantel 3.0 by focusing on value generation of our core services through leveraging insights & data as well as digital functionality to continuously improve the quality of our services. In addition, we are building a collaboration eco-system to diversify and generate new value from non-telco services such as ICT, value added services and new market opportunities. In addition to the above, Omantel has introduced stringent controls in spending to assure the impact of Covid-19 is minimized while continuing to invest in essential strategic domains.

### Thanks and appreciation

We take this opportunity to express our heartfelt thanks to our shareholders and loyal customers for their continued support that enabled us to achieve these excellent results. Also, we wholeheartedly appreciate the sincere contribution of the Executive Management and Employees for the performance in the challenging situation. With your support, we are confident that Omantel will continue its good performance and will be able to reach new heights of excellence.

On behalf of the Board of Directors and the staff, we are honored to express our sincere gratitude to His Majesty Sultan Haitham bin Tariq for His visionary leadership. We pray to Almighty Allah to grant him long live, health and welfare to achieve more progress, prosperity and welfare for Oman and its people

### **CHAIRMAN**