

Respected Shareholders,

We are pleased to present to you a summary of the results of the operations for the year ended 31st December 2022.

Operating performance:

REVENUE: Group Revenue for the year ended 31st December 2022 has reached RO 2682.8 million compared to RO 2408.3 million for the corresponding period 2021 which represents an increase of 11.4%. The Group revenue include acquired business of Zain Group, with reported revenues of RO 2,129 Mn.

Omantel (*Domestic performance*) Revenues reached RO 565.5 million compared to RO 531.4 million for the corresponding period 2021 which represents an increase of 6.4%. Revenues growth achieved in Mobile Postpaid, Fixed Broadband and cost optimization measures have contributed in managing the profitability for the year 2022.

EXPENSES: Group's total Operating expenses increased to RO 1,305.3 Mn compared to RO 1267.5 Mn for the corresponding period 2021, an increase of 3%.

NET PROFIT: The Group achieved an after tax Net Profit of RO 278.9 Mn compared to RO 233.6 Mn in 2021. After adjusting for minority interest the net profit for the period is RO 91.3 Mn compared to RO 67.5 Mn in 2021, an increase of 35.3%

Oman Domestic operations Net profit for the Year 2022 stands at RO 86 Mn, which is an increase of 16% in comparison to Year 2021 performance of RO 74 Mn. Net profit for year 2022 includes capital gain arising out of Sale of Towers amounting to RO 28 Mn (net of taxes). Profitability was effectively managed by capitalizing on growth in Mobile Postpaid revenues which increased by 11.2%, Fixed broadband by 3.3% with stable revenues from Wholesale segment. This was also 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 31st December 2022 is RO 0.121 (including EPS of 0.037 from discontinued operations (Towersale) compared to RO 0.089 (including EPS of 0.004 from discontinued operations) for the corresponding period of year 2021.

Dividend

Board has recommended a final dividend of 55 bz per share for the year ended 31 December 2022 and an interim dividend of 5 Bz per share for the year 2023 (to be distributed in August 2023) and is subject to the approval of shareholders in the Annual General meeting.

SUBSCRIBER BASE

The total domestic subscriber base as of December 2022 (including mobile and fixed businesses) was 3.216 Mn (excluding Mobile Resellers) compared to 3.208 Mn of the corresponding period of the previous year, recording a growth of 0.3% over the last period. Total subscriber base with mobile resellers reached 3.8 Mn.

Subsidiary Companies:

1) Mobile Telecommunication Company (Zain):

Zain Group revenues reached RO 2,129 Mn as of December 2022 compared to the corresponding period revenues of RO 1,887 Mn. EBITDA stands at RO 828.6 Mn, compared to the corresponding period EBITDA of RO 780.2 Mn recording a growth of 6.2%. Net profit stands at RO 276.5 Mn compared to RO 249.8 Mn of the previous period an increase of 10.7%

Total customer base of Zain Group increased by 7% to 52.4 Mn compared to 48.9 Mn of the previous period.

Market Share: Omantel's Mobile market subscriber share (*including Mobile Resellers*) is 47.4% compared to 51% in 2021. The Fixed Telephone (post & pre-paid) market share is 71.3% with a revenue market share of 81.8%.

Tower deal and REIF:

In pursuance of our Asset-Lite strategy, Omantel completed 2 high profile deleveraging deals that will enable us achieving an optimized capital structure and liquidity. In December 2022, Omantel concluded sale of its passive infrastructure comprising over 2,519 tower sites to a mobile tower infrastructure company Helios Towers plc, for a cash consideration of US\$ 494 Mn.

Furthermore, we, successfully monetized our investment in Omantel Head Quarter building located in Madinat Al Irfan-Muscat. The transaction included a sale and lease back of the HQ building through a REIF structure which has allowed Omantel to generate considerable liquidity, yet retaining a considerable degree of control over the REIF which will help Omantel in participating in the value created by the REIF in future for the shareholders. 'Pearl REIF', successfully completed its initial public offering corresponding to 136.7 Mn investment units at the offering price of RO 0.112/share. Following the IPO, Omantel is holding the remaining 142.3 Mn units of Perl REIF translating into a 33.51% shareholding.

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 2022:

- 1. Oman Charitable Organization (OCO):** Omantel contributed RO 100K to the Oman Charitable Organization (OCO) as part of CSR initiatives.
- 2. IT & Coding Curriculum:** In continuation of the agreement between Omantel and the Ministry of Education, Omantel contributed RO 100K during 2022 to launching the IT & Coding Curriculum of school grades 1-2 for the academic year 2022-2023 and to develop an IT and coding curriculum for primary school students from Grades 1 to 4, which aims to develop an educational curriculum to provide students with the skills of the future and the fourth industrial revolution in line with Oman Vision 2040.

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3. **House Maintenance Project (Maskani Ma'amani):** As an annual campaign, Omantel subsidized RO 100K during 2022 with a sustainable partnership with Dar Al Atta charitable organization, which continues since 2014; this project had contributed to maintaining 172 houses across Oman for underprivileged people.
4. **Relief work in Oman's rain affected areas:** As part of its ongoing CSR efforts, Omantel donated 150K for relief work in south Batinah, with a partnership with DAR AL ATTA, helped to restore services and helped those affected by the heavy rainfalls in Wilayats of South Batinah.
5. **Innovation and Technology Transfer Center:** Omantel entered into a cooperation with Sultan Qaboos University (SQU) for the fourth year in a row to contributed (RO 50K) to the establishment of a state-of-the-art Innovation and Technology Transfer Center at SQU. The Cooperation Program is part of the mutual efforts to foster innovation in Oman and create the conditions that will enhance its contribution to driving economic growth, improving the lives of people in Oman, and creating an innovation and knowledge-based economy.
6. **Other CSR Initiatives: Mubadara Training Program:** Omantel contributed RO 26K, In its first edition, Mubadara training program was born as a new branch of Mubadara awards. In collaboration with the Ministry of Social Development and implementation by the Omani Society for Educational Technology with the participation of 60 females from the Omani Women's Associations across the Sultanate with the aim of empowering them through technology to enhance their homebased businesses. **Scholarships for students belonging to Social Security families** Omantel Supported second year payment of RO 34K).

Future outlook:

Our Corporate Strategy – Shift Gear to Achieve Sustainable Profitability Growth

2022 can be defined as a very exciting year for the Omantel and the telecom market in Oman. We have seen a substantial competitive shift with the launch of the third mobile network operator in Oman. The introduction of the new player has clearly showed an improvement of active subscribers in the country, however the overall market revenue and especially margins are showing a decline, confirming the earlier indications of a saturated market in core telco services. Despite this challenging environment, Omantel has, through a successful execution of its Shift Gear strategy, been able to minimize the impact of the intensified competition. This is further helped by early signals of economic improvement following Covid-19 and growing confidence in new investments from private entities and government institutions. Nevertheless, we remain cautious as the improvements in spending patterns continue to be slow and cost optimization and control remains high on the agenda of consumers and enterprises.

The decline of revenues and margins in telecom services, combined with a continuous growth in demand for data volumes, triggered by the unrelentless success of OTT (over-the-top) services such as Netflix, Youtube, Instagram and WhatsApp, remains one of the key challenges for operators globally, regionally and in Oman. The growth in data requires substantial upgrades in network infrastructure, while customers are not willing to pay extra for more bandwidth, resulting in operators to increase data volumes for similar price points and ARPU. This challenge is especially demonstrated in the allocation of funding for investments in 5G. While 5G offers significant opportunities leveraging its superior services in terms of speed and latency, the development of a new stream of advanced solutions and IoT services will require

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time before the investments can be fully monetized, something we have also seen in previous network upgrades.

We continue to see growth potential in the Home Broadband Services, converting copper customers to higher speed broadband services using 5G FWA (Fixed Wireless Access) and fiber. In addition, the 4th industrial revolution and the digital transformation of private and public entities provides growth opportunities in ICT services and solutions, a domain in which Omantel has been investing over the past years to provide an expanded portfolio of tailor made ICT products and services.

Thanks to our ambitious diversification strategy, capitalizing on Oman's unique geographical location, Omantel has managed to become an industry leader and a main wholesale provider serving telecom operators, Hyperscalers and content providers locally, regionally and globally. Omantel has anchored its position to become a global hub with investments made in over 20 subsea cable systems globally, 7 unique subsea cable landing stations connecting to over 120 cities in more than 50 countries.

In light of the current situation and in order to further strengthen our position as one of the primary enablers of Oman's digital ambitions, Omantel's "Shift Gear to achieve sustainable profitability growth" strategy continues to be our primary tool to optimize value generation for both our customers and shareholders. Shift Gear builds further on the key transformation initiatives and focusses on a number of key business enablers:

- Focus on differentiating activities to generate value, especially in our core telco services, infrastructure, our brand and our position as a key international communications hub
- This will be achieved by fully leverage our transformation to become a digital native operator, extracting value and insights from our data and continue to enhance our Customer Experience as well as our human capital
- Simultaneously, we develop new areas of growth from new business opportunities, primarily in the ICT and value added services domain, while at the same time identifying innovative solutions through the Omantel Innovation Labs. Building a strong ecosystem of complementary players is a key part of our strategy.
- In addition, Omantel continues to implement stringent cost optimization mechanisms 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